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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
INTEREST AND USURY

Introduced By: Senators Murray, Thompson, Acosta, Sosnowski, McKenney, Bissailon,
Kallman, DiMario, Mack, and Valverde

Date Introduced: February 26, 2025

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 6-26 of the General Laws entitled "Interest and Usury" is hereby
2 amended by adding thereto the following section:

3 **6-26-11. The Federal Depository Institutions Deregulation and Monetary Control Act**
4 **of 1980.**

5 In accordance with section 525 of the Depository Institutions Deregulation and Monetary
6 Control Act of 1980 (Pub. L. 96-221; 94 Stat. 161) ("DIDMCA"), it is hereby expressly provided
7 that the State of Rhode Island rejects the application of the amendments made by sections 521
8 through 523 of DIDMCA with respect to loans made in the State of Rhode Island.

9 SECTION 2. Title 19 of the General Laws entitled "FINANCIAL INSTITUTIONS" is
10 hereby amended by adding thereto the following chapter:

11 CHAPTER 14.12

12 ANTI-EVASION OF LENDING RULES ACT OF 2025

13 **19-14.12-1. Short title.**

14 This chapter shall be known and may be cited as "The Anti-Evasion of Lending Rules Act
15 of 2025."

16 **19-14.12-2. Application.**

17 This chapter shall apply to any loan made according to chapters 14.1 and 14.2 of title 19
18 and shall apply to any loan made in the State of Rhode Island through any medium whatsoever

1 including, but not limited to, paper, mail, facsimile, Internet, telephone or any electronic means,
2 regardless of whether the lender has a physical presence in the state.

3 **19-14.12-3. Prohibition of subterfuge to evade lending rules and interest rate limits.**

4 No person shall engage in any device, subterfuge, or pretense to evade the requirements of
5 this chapter or chapters 14.1 and 14.2 of title 19 including, without limitation to:

6 (1) Making a loan disguised as a personal or real property sale and leaseback transaction;

7 (2) Disguising loan proceeds as a cash rebate for the pretextual sale of goods or services;

8 (3) Disguising a loan as the sale or assignment of goods, services or things in action;

9 (4) Disguising loan charges, interest or the annual percentage rate, including without
10 limitation in the price of goods, services or things in action;

11 (5) Offering, charging, contracting for, receiving, arranging or facilitating interest, fees,
12 charges, or other payments or consideration in excess of those permitted by chapters 14.1 and 14.2
13 of title 19;

14 (6) Otherwise obscuring the fact that the transaction is a loan or that it is subject to this
15 chapter or chapters 14.1 and 14.2 of title 19.

16 **19-14.12-4. Application to persons purporting not to be lenders.**

17 If a loan exceeds the rate permitted by chapters 14.1 and 14.2 of title 19, a person shall be
18 a lender subject to the requirements of this chapter notwithstanding the fact that the person purports
19 to act as an agent or service provider or in another capacity for another entity that is exempt from
20 chapters 14.1 and 14.2 of title 19, if, among other things:

21 (1) The person holds, acquires, or maintains, directly or indirectly, the predominant
22 economic interest, risk or reward, in the loan;

23 (2) The person:

24 (i) Markets, solicits, brokers, arranges, facilitates or services loans and directly or
25 indirectly;

26 (ii) Holds or has the right to, requirement to, first right of refusal to, or expectation that it
27 will acquire the loans, a share of receivables or another direct or indirect interest in the loans or
28 loan program; or

29 (3) The totality of the circumstances indicate that the person is the lender and that the
30 transaction is structured to evade the requirements of chapters 14.1 and 14.2 of title 19.
31 Circumstances that weigh in favor of a person being a lender include, without limitation, when the
32 person:

33 (i) Indemnifies, insures or protects an exempt entity from costs or risks related to the loan;

34 (ii) Predominantly designs, controls or operates the loan program;

1 (iii) Holds the trademark or intellectual property rights in the brand, underwriting system,
2 or other core aspects of the loan program; or

3 (iv) Purports to act as an agent or service provider or in another capacity for an exempt
4 entity while acting directly as a lender in other states.

5 **19-14.12-5. Facilitating loans.**

6 No person shall solicit, broker, or engage in any other activity intended to facilitate or result
7 in, or that in fact facilitates or results in, the origination of a loan that violates chapters 14.1 and
8 14.2 of title 19.

9 **19-14.12-6. Violations.**

10 (a) A loan made in violation of this chapter shall be void and uncollectible as to any
11 principal, fee, interest, charge or payment, and the borrower shall be entitled to restitution of any
12 amounts paid.

13 (b) An action for violation of this chapter may be brought in any court of competent
14 jurisdiction.

15 (c) Any person who violates this chapter is liable to the borrower for:

16 (1) Actual and consequential damages, including treble the amount of any excess fee,
17 interest, charge, or payment;

18 (2) Statutory damages of one thousand dollars (\$1,000) per violation;

19 (3) Reasonable attorneys' fees and costs; and

20 (4) Any other legal or equitable relief that the court deems appropriate in addition to any
21 other remedies provided at law.

22 SECTION 3. This act shall take effect on October 1, 2025.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
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1 This act would allow Rhode Island to opt out of the provisions of the “Depository
2 Institutions Deregulation and Monetary Control Act of 1980” (DIDMCA), for loans made within
3 the State of Rhode Island, which allow financial institutions chartered in other states to be exempt
4 from interest rate limits which apply to financial institutions chartered in Rhode Island. This act
5 would also prevent evasion of Rhode Island’s interest rate limits and lending rules by making clear
6 that lenders, whether they identify themselves as such or not, remain bound by Rhode Island’s
7 lending laws for both small loans and loans in general.

8 This act would take effect on October 1, 2025.

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