WEST VIRGINIA CODE: §31A-4-30A

§31A-4-30a. Alternative maximum interest rate on loans by banks chartered under state law.

(a) The Legislature hereby finds and declares that:

(1) Under federal banking laws, national banking associations are permitted to charge interest on loans at a rate not exceeding one percent in excess of the discount rate on ninety-day commercial paper in effect at the federal reserve bank in the federal reserve district where the national banking association is located;

(2) Banks chartered under the laws of West Virginia should be able to charge interest on a comparable basis, and hence avoid being placed at a competitive disadvantage in relation to national banking associations having their principal offices in the state;

(3) It is in the best interest of the citizens of this state to preserve the state banking system and to that end, and in order to foster equitable competition as to interest rates, to provide a means by which banks chartered under the laws of West Virginia, as an alternative to the interest rates authorized by any other provisions of this code, may charge interest at a rate comparable to the rate permitted to national banking associations; therefore,

(4) As an alternative to the interest rate authorized by any other provisions of this code, any bank now or hereafter chartered under the laws of West Virginia may, after the effective date of this section, on any loan of money, contract in writing for the payment of interest at a rate, including points expressed as a percentage of the loan divided by the number of years of the loan contract, not to exceed one percent in excess of the discount rate on ninety-day commercial paper in effect at the federal reserve bank in the federal reserve district where the state bank is located.

(b) For the purpose of subsection (a) of this section, the term "points" is defined as the amount of money, or other consideration, received by any person or by such banks, from whatever source, as a consideration for making the loan and not otherwise expressly permitted by statute.

(c) A commitment to make a loan pursuant to this section which provides for consummation within some future time may be consummated pursuant to the provisions, including interest rate, of such commitment notwithstanding the fact that the maximum rate of interest at the time the loan contract is entered into is less than a commitment rate of interest: Provided, That the commitment rate of interest does not exceed the maximum interest rate in effect on the date the commitment was issued: Provided, however, That the commitment when agreed to by the borrower constitutes a legally binding obligation on the part of such person or such bank to make such a loan within a specified time period in the future at a rate of interest not exceeding the maximum rate of interest effective as of the date of commitment, and the

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commitment does not include any condition for increase of the interest rate at the time of loan consummation even though the maximum rate of interest is then higher.

(d) Nothing contained in this section shall prohibit the parties to any loan transaction from contracting for a rate of interest authorized by any other provision of this code.

WV Legislature