

COUNCIL OF THE DISTRICT OF COLUMBIA

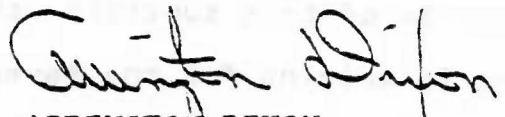
NOTICE

D. C. LAW 3-38

"Interest Rate Modification Act of 1979"

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 3-172 on first and second readings, October 23, 1979 and November 11, 1979 respectively. Following the signature of the Mayor on November 11, 1979, this legislation was assigned Act No. 3-119, published in the November 16, 1979, edition of the D.C. Register, (Vol. 26 page 2183) and transmitted to Congress on November 11, 1979.

Pursuant to P. L. 96-124, the Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has been waived, and, therefore, cites this enactment as D.C. Law 3-38 effective November 20, 1979.



ARRINGTON DIXON
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

The 30 day Congressional Review Period was waived by Congress for this Council Act, and approved by the President of the United States on November 20, 1979, to become effective immediately.

D.C. LAW 3-38

EFFECTIVE DATE NOV 20 1979

AN ACT
D.C. ACT 3-119

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

NOV 06 1979

To raise the interest rate ceiling in the District of Columbia on residential mortgage loans and certain consumer loans, and for other purposes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "Interest Rate Modification Act of 1979".

Sec. 2. Section 28-3301 of the District of Columbia Code is amended to read as follows:

"(a) Except as otherwise provided in section 28-3308, and chapter 36 of this subtitle, the parties to an instrument in writing for the payment of money at a future time may contract therein for the payment of interest on the principal amount thereof at a rate not exceeding 15 percent per annum.

"(b) Any loan which is secured by a mortgage or deed of trust on residential real property shall be subject to the following requirements:

"(1) the rate of interest thereon, pursuant to an agreement in writing between the borrower and lender, does not exceed simple interest on the unpaid principal balance of the loan at the rate of 15 percent per annum;

"(2) the loan is both contracted for and consummated after October 5, 1979, and no written commitment to make the loan at a lower rate of interest than the maximum rate permitted hereunder was issued by the lender to the borrower prior to the effective date of this act;

"(3) the loan may be prepaid by the borrower at no penalty at any time following the expiration of three years from the execution of the mortgage or deed of trust; and

"(4) any borrower who has made a down payment equaling 20 percent or more of the total purchase price of the property is not required by the lender to make advance payments of real estate taxes or casualty insurance premiums to enable the lender to have funds on hand for disbursement for payment of such taxes or insurance premiums and such borrower is informed in writing of his right to pay such taxes and insurance premiums directly.

"(c) Any loan which is secured directly or indirectly by a mortgage or deed of trust other than a first mortgage or first deed of trust on residential real property in addition

to meeting the conditions of subsection (b) shall also be subject to the following conditions:

"(1) the loan shall contain a schedule of payments under which each payment shall be equal to, or substantially equal to, the other payments and the intervals between payments shall be substantially equal; and

"(2) the promissory note evidencing the debt shall be, and shall state on its face that it is, not negotiable.

"(d) Notwithstanding any other provision of this chapter any loan having an original principal amount in excess of \$5,000.00 shall not be subject to the provisions of Chapter 33 of Title 28 of the District of Columbia Code, and it shall be lawful to contract for, or receive, any rate of interest thereon, if any of the following conditions are satisfied:

"(1) the borrower is a not for profit corporation, whether organized under the laws of the United States, the District of Columbia or any other jurisdiction; or

"(2) the borrower is an individual, group of individuals, corporation, unincorporated association, partnership, or other entity, and the loan is made for the purpose of acquiring or carrying on a business, professional, or commercial activity; or

"(3) the borrower is an individual, group of individuals, corporation, unincorporated association, partnership, or any other entity, and the loan is made for the purpose of acquiring any real or personal property as an investment or for carrying on an investment activity; or

"(4) the borrower is a religious society, as referred to in sections 587 through 598 of An Act To establish a code of law for the District of Columbia, approved March 3, 1901 (31 Stat. 1282; D.C. Code, secs. 29-501 through 29-512), and sections 453 through 456 of the Revised Statutes of the District of Columbia (R.S.D.C.) (D.C. Code, secs. 29-513 through 29-516), and the loan is made for the purpose of acquiring or making an improvement on any real or personal property for purposes other than commercial or investment activities.

"(a)(1) 'Point' means a fee, premium, bonus, loan origination fee, service charge or any other charge equal to 1 percent of the principal amount of a loan which is charged by the lender at or before the time the loan is made as additional compensation for the loan.

"(2) Except for loans insured or guaranteed in full or in part by the Federal Housing Administration, Veterans Administration or any other federal agency and loans

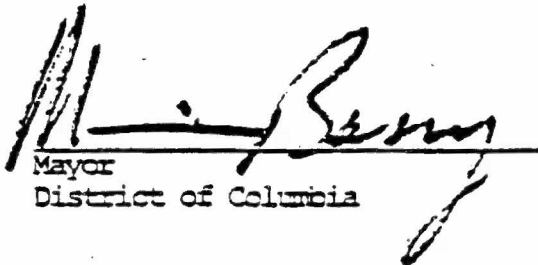
described in subsection (d), a lender may not charge a borrower more than 1 point."

Sec. 3. Section 28-3308 of the District of Columbia Code is amended by striking out the figure "11 1/2" and inserting in lieu thereof the figure "15".

Sec. 4. The "Regulation Establishing Interest Rates for Certain Loans", enacted August 1, 1974 (Regulation 74-21), is hereby repealed.

Sec. 5. If a provision of this act or its application to a particular person or circumstance is held invalid, such invalidity does not affect other provisions or applications.

Sec. 6. This act shall take effect as provided for acts of the Council of the District of Columbia in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act.


Mayor
District of Columbia


Chairman
Council of the District of Columbia

APPROVED: November 6, 1979

COUNCIL OF THE DISTRICT OF COLUMBIA

BOARD OF OFFICIAL COUNCIL ACTION

DOCKET NO: Bill 3-172

ACTION: To Adopt (10-23-79)

VOICE VOTE: Unanimous

Absent: All Present

ROLL CALL VOTE:

COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.
DIXON					KANE					SHACKLETON				
WINTER					MASON					SPAULDING				
CLARK					MOORE					WILSON				
HARRY					RAY									
ADAMS					ROTARY									

CERTIFICATION OF RECORD

[Signature]
Secretary to the Council

ACTION: To Adopt (11-6-79)

VOICE VOTE: _____

Absent: _____

ROLL CALL VOTE:

COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.
DIXON					KANE					SHACKLETON				
WINTER					MASON					SPAULDING				
CLARK					MOORE					WILSON				
HARRY					RAY									
ADAMS					ROTARY									

CERTIFICATION OF RECORD

[Signature]
Secretary to the Council

ACTION: _____

VOICE VOTE: _____

Absent: _____

ROLL CALL VOTE:

COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.	COUNCIL MEMBER	AVE	ST	NO.	NO.
DIXON					KANE					SHACKLETON				
WINTER					MASON					SPAULDING				
CLARK					MOORE					WILSON				
HARRY					RAY									
ADAMS					ROTARY									

CERTIFICATION OF RECORD

Secretary to the Council