

Senate Bill 465

By: Senators Black of the 8th, Beach of the 21st, Shafer of the 48th, Ginn of the 47th, Wilkinson of the 50th and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 4 of Title 7 of the Official Code of Georgia Annotated, relating to interest
2 and usury, so as to exempt any charge for a letter of credit from being classified as interest;
3 to provide for related matters; to provide for an effective date; to repeal conflicting laws; and
4 for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 style="text-align:center">**SECTION 1.**

7 Chapter 4 of Title 7 of the Official Code of Georgia Annotated, relating to interest and usury,
8 is amended by adding a new Code section to read as follows:

9 "7-4-2.1.

10 Notwithstanding any provision of law to the contrary, a charge for any letter of credit, as
11 defined by Code Section 11-5-102, issued by any bank operating under the authority of any
12 law of this state, any other state, or the United States, or any territory of the United States,
13 and the transaction with any person related thereto, shall not be considered interest, and the
14 amount of the charge may be added to the principal advanced to determine whether the
15 principal amount of the loan exceeds \$3,000.00 and is less than \$250,000.00. This
16 provision is also applicable to any letter of credit issued by a non-banking-related entity
17 provided that the issuer is not affiliated with the beneficiary of the letter of credit by
18 common ownership or control."

19 style="text-align:center">**SECTION 2.**

20 This Act shall become effective on July 1, 2018.

21 style="text-align:center">**SECTION 3.**

22 All laws and parts of laws in conflict with this Act are repealed.