

AN ACT

To amend Republic of Palau Public Law No. 1-24 to clarify that law and to make certain substantive changes thereto, and for other purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIL ERA KELULAU DO ENACT AS FOLLOWS:

1 Section 1. Amendments.

2 (a) Section 2 of Republic of Palau Public Law No. 1-24 is
3 amended to read as follows:

4 "Section 2. Definitions.

5 As used in this Act the words and phrases have the meaning
6 ascribed to them unless the context clearly indicates
7 otherwise.

8 (a) "Annual percentage rate" means interest on the
9 unpaid balance of credit extended expressed as an annual
10 rate.

11 (b) "Credit" means the right extended by the
12 creditor to defer payment of a debt to incur debt and defer its
13 payment or to purchase property or services and defer
14 payment thereof.

15 (c) "Credit card" is any card, plate, coupon book, or
16 other single credit device that may be used from time to time
17 to obtain credit.

18 (d) "Creditor" means a person who extends credit.

19 (e) "Debtor" means a person to whom credit is
20 extended.

21 (f) "Interest" means the sum of all charges paid by a

1 debtor to a creditor as compensation for credit.

2 (g) "Person" means any natural person; partnership;
3 corporation, foreign or domestic; clan; unincorporated entity

1 or other entity cognizable under law.

2 (h) "Prime rate" means the base rate on corporate
3 loans at large U.S. money center commercial banks, as
4 published in the Money Rates section of the Wall Street
5 Journal."

6 (b) Section 3 of Republic of Palau Public Law No. 1-24 is
7 amended to read as follows:

8 "Section 3. Applicability of the Act.

9 (a) This Act shall apply to all creditors including
10 but not limited to banks, savings and loan associations, credit
11 unions and all other financial institutions doing business in
12 the Republic of Palau.

13 (b) The provisions of this Act shall apply only to
14 credit extended after the effective date of this Act."

15 (c) Section 4 of Republic of Palau Public Law No.
16 1-24 is amended to read as follows:

17 "Section 4 Maximum rate of interest.

18 (a) Except as provided in this Act, no creditor shall
19 charge, take, receive, or reserve interest at an annual
20 percentage rate greater than prescribed herein. Such interest
21 may be taken in advance, reckoning the days on which the credit
22 has to run.

23 (b) The maximum annual percentage rate of interest
24 charged, taken, received or reserved on an extension of credit
25 in an amount equal to or less than fifteen thousand dollars

1 (\$15,000.00) shall be no greater than eighteen (18) percent.

2 (c) The maximum annual percentage rate of interest
3 charged, taken, received or reserved on an extension of credit

1 in an amount in excess of fifteen thousand dollars (\$15,000.00)
2 shall be no greater than two and one-quarter (2¼) percentage
3 points above the most recently announced prime rate on the
4 date the credit was extended.

5 (d) Nothing in this Act shall be construed as to
6 prevent any person from charging, taking or receiving, in
7 addition to lawful interest, a late charge on all or a portion
8 of any payment due on an extension of credit which is unpaid
9 after fifteen (15) days from the due date of such payment;
10 provided that, such late charge does not exceed five (5)
11 percent of the amount overdue.

12 (e) Notwithstanding any other provisions of this
13 section, an extension of credit arising from the use of a
14 credit card shall be subject to the laws of the jurisdiction
15 where the principal place of business of the credit card issuer
16 is located, and not to the provisions of this Act."

17 (d) Section 5 of Republic of Palau Public Law No. 1-24 is
18 amended to read as follows:

19 "Section 5. Usurious interest; penalty for taking; statute of
20 limitations.

21 (a) The taking, receiving, reserving or charging of
22 interest at an annual percentage rate greater than is allowed
23 under Section 4 of this act shall be deemed a forfeiture of the
24 entire interest which has been agreed to be paid on the credit
25 extended. If the greater rate of interest has been paid, the

1 debtor, or his legal representatives, may recover back, from
2 the creditor in an action in the nature of an action of debt
3 twice the amount of the interest thus paid along with
4 reasonable attorney's fees; provided that, such action is
5 commenced within three (3) years from the time the usurious

1 transactions occurred.

2 (b) In any action pursuant to this Act, parties may
3 allege any matter which would entitle them to relief or defense
4 in equity in whole or in part, and appropriate equitable
5 principles shall be applied in accordance with applicable rules
6 of civil procedure."

7 Section 2. Effective date. This Act shall take effect upon
8 its approval by the President of the Republic of Palau, or upon its
9 becoming law without such approval, except as otherwise provided by
10 law.

PASSED: October 22, 1982

Approved this 9th day of November, 1982

/s/ _____
Haruo I. Remeliek
President
Republic of Palau