

Chapter 15
Interest on Home Loans

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47-15-101. Definitions. —

As used in this chapter, unless the context otherwise requires:

(1) “Home loan” means a loan which is:

(A) Secured by real estate owned and occupied by the borrower for family residential purposes and which may include not more than three (3) additional residential units; and

(B) Amortized over a period greater than one hundred eighty-one (181) months; and

(2) Other terms used in this chapter, but not defined in this chapter, have the same meaning given to them by § [47-14-102](#).

[Acts 1979, ch. 208, § 1; T.C.A., § [47-14-201](#).]

47-15-102. Maximum rates. —

(a) The maximum effective rate of interest per annum for home loans is hereby set at an amount equal to two (2) percentage points above the most recent weighted average yield of the accepted offers of the Federal National Mortgage Association's current free market system auction for commitments to purchase conventional home mortgages (FNMA Auction) as determined pursuant to § [47-15-103](#).

(b) In the event the Federal National Mortgage Association discontinues the conduct of

the auction, the maximum effective rate of interest per annum for home loans shall be set at an amount equal to four (4) percentage points above the index of market yields of long term government bonds adjusted to a thirty (30) year maturity by the department of the treasury.

(c) The maximum effective rate of interest per annum for home loans shall not, in any event, exceed eighteen percent (18%) per annum.

[Acts 1979, ch. 208, § 2; T.C.A., § 47-14-202; Acts 1987, ch. 291, § 1.]

47-15-103. Determination and publication of rates — Reliance thereon. —

(a) (1) The rate set in § [47-15-102](#) shall be determined by the commissioner of financial institutions on or before the twentieth day of each month and shall be in effect during the following calendar month.

(2) The commissioner, upon making such determination, shall promptly make an official announcement of such rate and shall publish such announcement in such manner as the commissioner may deem appropriate, thereafter causing the same to be published in the Tennessee Administrative Register.

(3) Such rate shall remain in effect until the next official announcement and publication.

(b) The determination by the commissioner as provided herein shall not be deemed a “rule” within the meaning of § [4-5-102](#), and such action of the commissioner shall be exempt from the provisions of the Uniform Administrative Procedures Act, compiled in title [4](#), chapter 5.

(c) In contracting for interest pursuant to the provisions of § [47-15-102](#), any person shall

be entitled to rely upon the formula rate thus announced or published by the commissioner.

[Acts 1979, ch. 208, § 3; T.C.A., § 47-14-203; Acts 1987, ch. 291, § 2.]

47-15-104. Contract provisions. —

(a) Home loan contracts to which this chapter applies may provide for the payment of a fixed rate of interest, a variable rate of interest, or any combination of fixed and variable rates in any sequence, subject to the provisions of subsection (b).

(b) (1) A contract may provide for a fixed rate of interest:

(A) Permissible at the time the contract to make the loan is executed;

(B) Permissible at the time the loan is made;

(C) Permissible at the time the interest rate on the loan is converted from a variable to a fixed rate, or from one fixed rate to another fixed rate, whether such conversion is by terms of the contract or by renewal, modification, extension or otherwise;

(D) Permissible at the time of any renewal or extension of the loan or any note evidencing the loan; or

(E) Permissible by virtue of any combination of any of the foregoing.

(2) A contract may provide for a rate of interest that may vary from time to time at

such regular or irregular intervals as may be agreed by the parties, provided that such variable rate shall not exceed the greater of:

(A) That authorized by statute at the agreed time of each variance; or

(B) That authorized at the time of execution of the contract or note evidencing the indebtedness upon which such variable rate is or is to be charged.

(3) The parties may agree to a minimum fixed rate of interest to be applicable to a rate which is or may become otherwise variable; provided, that such agreed minimum fixed rate of interest does not exceed the rate permitted at the time the contract to make the loan is executed, or at the time the note is executed, or at the time of any renewal or extension thereof, whichever is greater.

[Acts 1979, ch. 208, § 5; T.C.A., § 47-14-204; Acts 1992, ch. 629, § 2.]

47-15-105 — 47-15-116. [Transferred.]