

# HOUSE BILL No. 5023

July 28, 1989, Introduced by Rep. Power and referred to the Committee on Consumers.

A bill to amend section 1 of Act No. 326 of the Public Acts of 1966, entitled

"An act to regulate the rate of interest of money; to provide exceptions; to prescribe the rights of parties; and to repeal certain acts and parts of acts,"

being section 438.31 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1 of Act No. 326 of the Public Acts of  
2 1966, being section 438.31 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 1. The interest of money shall ~~be at~~ NOT EXCEED the  
5 rate of ~~\$5.00 upon \$100.00 for a year, and at the same rate for~~  
6 ~~a greater or less sum, and for a longer or shorter time~~ 5% PER  
7 ANNUM, except that in all cases it shall be lawful for the  
8 parties to stipulate in writing for the payment of any rate of  
9 interest, COMPUTED FROM TIME TO TIME ONLY ON THE BASIS OF UNPAID

1 BALANCE not exceeding 7% per annum WHICH INTEREST SHALL BE  
2 INCLUSIVE OF ALL AMOUNTS DEFINED AS THE FINANCE CHARGE IN SECTION  
3 106 OF THE TRUTH IN LENDING ACT, TITLE I OF PUBLIC LAW 90-321, 15  
4 U.S.C. 1605, AND THE REGULATIONS PROMULGATED UNDER THAT ACT, 12  
5 C.F.R. PART 226. IT SHALL BE LAWFUL FOR PARTIES WHO ARE NOT  
6 ENGAGED IN THE BUSINESS OF LENDING MONEY TO STIPULATE IN WRITING  
7 FOR THE PAYMENT OF ANY RATE OF INTEREST COMPUTED FROM TIME TO  
8 TIME ONLY ON THE BASIS OF UNPAID BALANCE NOT TO EXCEED 11% PER  
9 ANNUM WHICH INTEREST SHALL BE INCLUSIVE OF ALL AMOUNTS DEFINED AS  
10 THE FINANCE CHARGE IN SECTION 106 OF THE TRUTH IN LENDING ACT,  
11 TITLE I OF PUBLIC LAW 90-321, 15 U.S.C. 1605, AND THE REGULATIONS  
12 PROMULGATED UNDER THAT ACT, 12 C.F.R. PART 226. This act shall  
13 not apply to the rate of interest on any note, bond, or other  
14 evidence of indebtedness issued by any corporation, association,  
15 or person, the issue and rate of interest of which have been  
16 expressly authorized by the public service commission or the  
17 CORPORATIONS AND securities bureau of the department of commerce,  
18 or is regulated by any other law of this state, or of the United  
19 States, nor shall it apply to any time price differential which  
20 may be charged upon sales of goods or services on credit. This  
21 act shall not be construed to repeal section ~~78 of Act No. 327~~  
22 ~~of the Public Acts of 1931, as amended, being section 450.78 of~~  
23 ~~the Compiled Laws of 1948~~ 275 OF ACT NO. 284 OF THE PUBLIC ACTS  
24 OF 1972, BEING SECTION 450.1275 OF THE MICHIGAN COMPILED LAWS.  
25 This act shall not render unlawful, the purchase of any note,  
26 bond, or other evidence of indebtedness ~~theretofore~~ issued by  
27 any borrower not then domiciled in this state, which bear any

1 rate of interest which is lawful under the law of the domicile of  
2 the borrower at the date of issue thereof, and in ~~such~~ THAT  
3 case any ~~such~~ rate of interest may be charged and received by  
4 any person, firm, corporation, or association in this state.