



**House  
Legislative  
Analysis  
Section**

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HOME IMPROVEMENT LOAN INTEREST RATE

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JUL 06 1988

House Bill 5649  
Sponsor: Rep. John Bennett  
Committee: Corporations and Finance

Mich. State Law Library

Complete to 5-27-88

A SUMMARY OF HOUSE BILL 5649 AS INTRODUCED 5-19-88

The Home Improvement Finance Act allows home improvement companies to sell goods and services to retail customers on an installment basis. The act specifies a maximum interest rate that can be charged on the unpaid balance on home improvement contracts of 16.5 percent (unless the interest rate paid at two successive auctions of 26-week U.S. Treasury bills is lower than eight percent, in which case the maximum rate on home improvement contracts cannot exceed \$8 per hundred per annum). The 16.5 percent maximum allowable interest rate applies to all contracts entered into (except as specified) before December 31, 1987, when this rate will revert to eight percent. The bill would extend the sunset date on the 16.5 percent maximum rate to December 31, 1991, at which time the maximum rate would revert to eight percent.

MCL 445.1301

House Bill 5649 (5-27-88)