

HOME IMPROVEMENT FINANCE ACT (EXCERPT)
Act 332 of 1965

445.1204b Home improvement charge agreement; time price differential; lien on buyer's principal residence prohibited; attorney's fee.

Sec. 204b. (1) A home improvement charge agreement may provide for, and the contractor or holder may then charge, collect, and receive, a time price differential for the privilege of paying in installments under the agreement, in an amount not to exceed 1.2% of the unpaid balance per month. An agreement may further provide that if the interest rate paid at 2 successive auctions of 26-week United States treasury bills is 8% or more, then on a home improvement charge sale made after that date the time price differential shall not exceed 1.375% of the unpaid balance per month, but if the interest rate paid at 2 successive auctions of 26-week United States treasury bills falls below 8%, then the time price differential on a home improvement charge sale made after that date shall not exceed 1.2% of the unpaid balance per month, unless the interest rate paid at 2 successive auctions of 26-week United States treasury bills again is 8% or more, in which case the time price differential on a home improvement charge sale made after that date shall not exceed 1.375% of the unpaid balance per month. The time price differential under this subsection shall be computed on all amounts unpaid under the agreement from month to month, which need not be calendar months, or other regular periods. A minimum time price differential not in excess of 70 cents per month may be charged, collected, and received.

(2) The time price differential for purchases made under a home improvement charge agreement shall not be computed or imposed on an amount charged for the sale of goods or services until those goods or services have been delivered to the purchaser of the goods or services. If the time price differential is charged before delivery of the goods or services, the charges applied before the delivery date shall be adjusted upon the request of the purchaser in accordance with part D of title I of the federal consumer credit protection act, 15 U.S.C. 1666 to 1666j.

(3) A change in the rate of the time price differential charged pursuant to a home improvement charge agreement shall not apply to a balance incurred prior to the effective date of the change.

(4) An extension of credit under a home improvement charge agreement shall not be secured by a lien on the buyer's principal residence.

(5) A home improvement charge agreement may also provide for the payment of an attorney's reasonable fee where it is referred for collection to an attorney who is not a salaried employee of the holder of the home improvement charge agreement or an unpaid balance under the agreement, and for court costs.

History: Add. 1985, Act 202, Imd. Eff. Dec. 27, 1985.