



# SENATE BILL No. 433

March 28, 1995, Introduced by Senators BERRYMAN and SHUGARS and referred to the Committee on Financial Services.

A bill to amend section 718 of Act No. 307 of the Public Acts of 1980, entitled "Savings and loan act of 1980," as amended by Act No. 359 of the Public Acts of 1984, being section 491.718 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 718 of Act No. 307 of the Public Acts of  
2 1980, as amended by Act No. 359 of the Public Acts of 1984, being  
3 section 491.718 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 718. (1) ~~On all loans other than loans under subsec-~~  
6 ~~tion (2), (3), or (4), or section 702, an association or federal~~  
7 ~~association may charge simple interest computed on the basis of~~  
8 ~~the unpaid balance in an amount not to exceed 14.55% per year.~~

9 ON A LOAN TO A NATURAL PERSON EVIDENCED BY A WRITTEN AGREEMENT,

1 AN ASSOCIATION OR FEDERAL ASSOCIATION MAY CHARGE AN INTEREST RATE  
2 OR OTHER CHARGE AT A RATE AND IN AN AMOUNT NOT GREATER THAN PER-  
3 MITTED BY THE CREDIT REFORM ACT.

4 ~~(2) For an installment loan for the purchase of a motor~~  
5 ~~vehicle, an association or federal association may charge simple~~  
6 ~~interest computed on the basis of the unpaid balance in an amount~~  
7 ~~not to exceed 16.5% per year, except that on installment con-~~  
8 ~~tracts for a loan made after December 31, 1985, for the purchase~~  
9 ~~of a motor vehicle, an association or federal association may~~  
10 ~~charge simple interest computed on the basis of the unpaid bal-~~  
11 ~~ance in an amount not to exceed 14.55% per year. Notwithstanding~~  
12 ~~any other provision of this act, on a loan made pursuant to this~~  
13 ~~subsection an association or federal association may require a~~  
14 ~~borrower to pay reasonable and necessary charges which are the~~  
15 ~~actual expenses incurred by the association or federal associa-~~  
16 ~~tion in connection with making, closing, disbursing, extending,~~  
17 ~~readjusting, or renewing the loan. Charges pursuant to this sub-~~  
18 ~~section shall be in addition to the interest authorized by law~~  
19 ~~and are not part of the interest collected or agreed to be paid~~  
20 ~~on the loan.~~

21 (2) ~~(3)~~ On A credit card ~~arrangements~~ ARRANGEMENT or  
22 other ~~agreements~~ AGREEMENT existing before the loan ~~which are~~  
23 AS authorized by section 704(1)(c), an association or a service  
24 corporation may charge a discount ~~of not more than 5% of~~ ON the  
25 gross amount of obligations purchased by the association. ~~and~~  
26 ~~may collect simple interest on the unpaid balance in an amount~~  
27 ~~not to exceed 1.5% per month.~~

1 (3) ON A LOAN NOT COVERED BY SUBSECTION (1) OR (2), AN  
2 ASSOCIATION OR FEDERAL ASSOCIATION MAY CHARGE AN INTEREST RATE AS  
3 OTHERWISE PERMITTED BY LAW.

4 (4) ~~On a loan secured by a lien, which is not a first lien~~  
5 ~~against single family residential real property, and on a loan of~~  
6 ~~less than \$100,000.00 secured by a lien which is not a first lien~~  
7 ~~against real property other than a single family residence, an~~  
8 ~~association may collect simple interest in an amount not to~~  
9 ~~exceed 15% per year on the unpaid balance of the loan. This~~  
10 ~~subsection~~ SECTION shall not impair the validity of a transac-  
11 tion or rate of interest lawful without regard to this  
12 ~~subsection~~ SECTION.

13 Section 2. This amendatory act shall not take effect unless  
14 Senate Bill No. 438  
15 of the 88th Legislature is enacted into law.