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GENERAL USURY CEILING

House Bill 4893

Sponsor: Rep. Thomas G. Power

Committee: Corporations & Finance

Complete to 6-7-91

A SUMMARY OF HOUSE BILL 4893 AS INTRODUCED 5-30-91

The general usury act currently imposes an annual interest rate limit of seven percent on written loans and provides numerous exceptions to this limit, most of which apply to persons in the business of extending credit. Thus, this rate ceiling generally has been interpreted to apply only to loans made between individuals not in the business of lending. The bill would amend the act to specify that parties "not engaged in the business of lending money" could stipulate in writing for the payment of any rate of interest not exceeding 11 percent per annum, including all finance charges as defined in the federal Truth in Lending Act. The bill would maintain the general usury interest rate limit of seven percent per year on written loans but specifies that this rate would have to include all finance charges as defined in the federal act.

MCL 438.31