



**House  
Legislative  
Analysis  
Section**

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**AUTO LOAN INTEREST RATE**

**House Bill 5364 (Substitute H-1)**  
**Sponsor: Rep. John Bennett**  
**Committee: Corporations & Finance**

**Complete to 12-3-91**

**A SUMMARY OF HOUSE BILL 5364 (SUBSTITUTE H-1) AS INTRODUCED 12-2-91**

The credit union act currently allows credit unions--and other depository financial institutions (see Note)--to charge a rate of 16.5 percent or less annually on the unpaid balance of an automobile loan, and specifies that this cap applies for all loans made on or before December 31, 1991. (After this date, the rate cap would revert to 15 percent.) The bill would amend the act to delete the sunset date and, thus, would indefinitely extend the current rate of 16.5 percent that may be charged on this type of loan.

Note: As federal law permits depository financial institutions to use the most favorable rates allowed a competitor (according to the "most favored lender" doctrine), the bill in effect would maintain for savings and loans, credit unions and banks the 16.5 percent limit which otherwise would expire under the act on December 31, 1991.

MCL 490.14

House Bill 5364 (12-3-91)