

# SENATE BILL No. 779

March 4, 1992, Introduced by Senator DINGELL and referred to the Committee on Corporations and Economic Development.

A bill to amend the title and section 1 of Act No. 11 of the  
Public Acts of 1869, entitled

"An act relating to interest upon installments falling due upon written contracts,"

being section 438.101 of the Michigan Compiled Laws; and to add section 2.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Section 1. The title and section 1 of Act No. 11 of the  
2 Public Acts of 1869, being section 438.101 of the Michigan  
3 Compiled Laws, are amended and section 2 is added to read as  
4 follows:

5	TITLE
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6       An act ~~relating to~~ AUTHORIZING THE CHARGING OF interest  
7 upon installments ~~falling due upon~~ OF INTEREST THAT ARE UNPAID  
8 FOR CERTAIN written contracts.

1       Sec. 1. ~~That when any~~ EXCEPT AS OTHERWISE PROVIDED BY  
2 SECTION 2, IF AN installment of interest ~~upon any~~ ON A note,  
3 bond, ~~mortgage~~ or other written contract ~~shall have~~ HAS  
4 become due and ~~the same shall remain~~ IS unpaid, interest may be  
5 computed and collected on ~~any such installment so due and~~ THE  
6 unpaid ~~—~~ INTEREST from the time ~~at which~~ it became due at the  
7 same rate as specified in ~~any such~~ THE note, bond, ~~mortgage~~  
8 or other written contract, not ~~exceeding~~ TO EXCEED 10%. ~~per~~  
9 ~~cent and if no~~ IF A rate of interest ~~be~~ IS NOT specified in  
10 ~~such~~ THE instrument OF INDEBTEDNESS, then ~~at~~ the rate ~~of~~  
11 SHALL BE 7% ~~per centum~~ per annum.

12       SEC. 2. (1) EXCEPT FOR THE PERSONAL RESIDENCE OF A DEBTOR  
13 AND REGARDLESS OF WHETHER THE INTEREST IS DUE, INTEREST MAY BE  
14 COMPUTED AND COLLECTED ON UNPAID INTEREST OF INSTRUMENTS OF  
15 INDEBTEDNESS IN WHICH THE ORIGINAL PRINCIPAL WAS \$100,000.00 OR  
16 MORE AND THE INDEBTEDNESS IS SECURED BY REAL PROPERTY.

17       (2) THE RATE THAT MAY BE CHARGED PURSUANT TO SUBSECTION (1)  
18 SHALL BE THE RATE SPECIFIED IN THE INSTRUMENT OF INDEBTEDNESS.  
19 IF A RATE OF INTEREST IS NOT SPECIFIED IN THE INSTRUMENT, THEN  
20 THE RATE SHALL BE 7% PER ANNUM.