



# SENATE BILL No. 1180

September 24, 1996, Introduced by Senator BOUCHARD and referred to the Committee on Financial Services.

A bill to amend section 1 of Act No. 52 of the Public Acts of 1970, entitled

"An act to exempt loans to business entities from the provisions of the usury statute,"

as amended by Act No. 20 of the Public Acts of 1983, being section 438.61 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1 of Act No. 52 of the Public Acts of  
2 1970, as amended by Act No. 20 of the Public Acts of 1983, being  
3 section 438.61 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 1. (1) As used in this act: ~~"business"~~

6 (A) "BUSINESS entity" means ~~—(a)—~~ A corporation, trust,  
7 estate, partnership, cooperative, or association ~~—, or —(b)—~~ A  
8 natural person who furnishes to the extender of the credit a

1 sworn statement in writing specifying the type of business and  
2 business purpose for which the proceeds of the loan or other  
3 extension of credit will be used. ~~, but the~~ AN exemption  
4 ~~provided by~~ UNDER this act does not apply if the extender of  
5 credit has notice that the person signing the sworn statement was  
6 not engaged in the business indicated ON THE SWORN STATEMENT.

7 (B) "RELATED ENTITY" MEANS A BUSINESS ENTITY OTHER THAN A  
8 NATURAL PERSON WHOSE MEMBERS, OWNERS, PARTNERS, OR LIMITED PART-  
9 NERS INCLUDE A STATE OR NATIONAL CHARTERED BANK, A STATE OR FED-  
10 ERAL CHARTERED SAVINGS BANK, A STATE OR FEDERAL CHARTERED SAVINGS  
11 AND LOAN ASSOCIATION, A STATE OR FEDERAL CHARTERED CREDIT UNION,  
12 AN INSURANCE CARRIER, OR FINANCE SUBSIDIARY OF A MANUFACTURING  
13 CORPORATION.

14 (2) Notwithstanding ~~the provisions of~~ Act No. 326 of the  
15 Public Acts of 1966, ~~as amended,~~ being sections 438.31 to  
16 438.33 of the Michigan Compiled Laws, AND ACT NO. 259 OF THE  
17 PUBLIC ACTS OF 1968, BEING SECTIONS 438.41 TO 438.42 OF THE  
18 MICHIGAN COMPILED LAWS, but subject to any other applicable law  
19 of this state or of the United States which regulates the rate of  
20 interest, it is lawful in connection with an extension of credit  
21 to a business entity by a state or national chartered bank, A  
22 STATE OR FEDERAL CHARTERED SAVINGS BANK, A STATE OR FEDERAL  
23 CHARTERED SAVINGS AND LOAN ASSOCIATION, A STATE OR FEDERAL  
24 CHARTERED CREDIT UNION, insurance carrier, ~~or~~ finance subsid-  
25 iary of a manufacturing corporation, OR A RELATED ENTITY for the  
26 parties to agree in writing to any rate of interest.

1 (3) Notwithstanding ~~the provisions of~~ Act No. 326 of the  
2 Public Acts of 1966, it is lawful in connection with an extension  
3 of credit to a business entity by any person other than a state  
4 or nationally chartered bank, A STATE OR FEDERAL CHARTERED SAV-  
5 INGS BANK, A STATE OR FEDERAL CHARTERED SAVINGS AND LOAN ASSOCIA-  
6 TION, A STATE OR FEDERAL CHARTERED CREDIT UNION, insurance carri-  
7 er, ~~or~~ finance subsidiary of a manufacturing corporation, OR A  
8 RELATED ENTITY for the parties to agree in writing to any rate of  
9 interest not exceeding ~~+15% per year~~ THE RATE ALLOWED UNDER ACT  
10 NO. 259 OF THE PUBLIC ACTS OF 1968.