

SENATE BILL NO. 640

June 9, 1999, Introduced by Senator MC MANUS and referred to the Committee on Financial Services.

A bill to amend 1966 PA 326, entitled

"An act to regulate the rate of interest of money; to provide exceptions; to prescribe the rights of parties; and to repeal certain acts and parts of acts,"

by amending section 1 (MCL 438.31).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) ~~The interest of money shall be at the rate of~~
2 ~~\$5.00 upon \$100.00 for a year, and at the same rate for a greater~~
3 ~~or less sum, and for a longer or shorter time, except that in all~~
4 ~~cases it shall be lawful for the parties to stipulate in writing~~
5 ~~for the payment of any rate of interest, not exceeding 7% per~~
6 ~~annum. This act shall not apply to the rate of interest on any~~
7 ~~note, bond or other evidence of indebtedness issued by any corpo-~~
8 ~~ration, association or person, the issue and rate of interest of~~
9 ~~which have been expressly authorized by the public service~~
10 ~~commission or the securities bureau of the department of~~

1 ~~commerce, or is regulated by any other law of this state, or of~~
2 ~~the United States, nor shall it apply to any time price differen-~~
3 ~~tial which may be charged upon sales of goods or services on~~
4 ~~credit. This act shall not be construed to repeal section 78 of~~
5 ~~Act No. 327 of the Public Acts of 1931, as amended, being sec-~~
6 ~~tion 450.78 of the Compiled Laws of 1948. EXCEPT AS OTHERWISE~~
7 ~~PROVIDED BY LAW, THE RATE OF INTEREST ALLOWED TO BE CHARGED ON A~~
8 ~~NOTE, BOND, OR ANY OTHER FORM OF INDEBTEDNESS SHALL NOT EXCEED 1~~
9 ~~PERCENTAGE POINT OVER THE PRIME RATE DURING THE CONTRACTUAL~~
10 ~~PERIOD OF THE INDEBTEDNESS.~~

11 (2) This act ~~shall~~ DOES not render unlawful ~~,~~ the pur-
12 chase of ~~any~~ A note, bond, or other evidence of indebtedness
13 ~~theretofore~~ issued by any borrower ~~not then~~ WHO WAS NOT domi-
14 ciled in this state, ~~which bear any~~ ON THE DATE THE INDEBTED-
15 NESS WAS ISSUED IF THE rate of interest ~~which is~~ WAS lawful
16 under the ~~law~~ LAWS of the domicile of the borrower ~~at~~ ON the
17 date ~~of issue thereof, and in such case any such~~ THAT THE
18 INDEBTEDNESS WAS ISSUED. THE rate of interest ALLOWED UNDER THE
19 INDEBTEDNESS may be charged and received by ~~any person, firm,~~
20 ~~corporation or association in this state~~ THE PURCHASER OF THE
21 INDEBTEDNESS.