

**HOME IMPROVEMENT FINANCE ACT (EXCERPT)**  
**Act 332 of 1965**

**445.1301 Finance charges.**

Sec. 301. (1) The maximum finance charge included in a home improvement installment contract payable in substantially equal successive monthly installments beginning 1 month from the date the finance charge accrues, shall not exceed \$8.00 per \$100.00 per annum. However, on a contract which is entered into before December 31, 1991, and which is entered into after the interest rate paid at 2 successive auctions of 26 week United States treasury bills is 8% or more, the finance charge may be equivalent to 16.5% interest or less per annum on the unpaid balance. If the interest rate paid at 2 successive auctions of 26 weeks United States treasury bills again falls below 8%, the finance charge on a contract entered into after that date shall not exceed \$8.00 per \$100.00 per annum, unless the interest rate paid at 2 successive auctions of 26 week United States treasury bills again is 8% or more, in which case the finance charge may be equivalent to 16.5% interest or less per annum on the unpaid balance. The finance charge shall be computed on the principal amount financed on the contract notwithstanding that the time balance is required to be paid in installments. The finance charge shall not accrue over a longer period than one which commences on the date of completion of the contract and ends on the date when the final installment is payable. For a period less or greater than 12 months or for amounts less or greater than \$100.00, the amount of the maximum finance charge shall be increased or decreased proportionately. A fractional monthly period of 15 days or more may be considered a full month. If the finance charge computed as above provided is less than \$12.00, a minimum finance charge of \$12.00 may be made.

(2) Subject to the limitations in subsection (3), if a contract is payable other than in substantially equal successive monthly installments, as where payable in irregular or unequal installments either in amount or periods thereof, or in regular installments followed by or interspersed with an irregular, unequal or larger installment or installments, or if the finance charge accrues from a date more than 1 month before the first installment is payable, the finance charge may not exceed an amount which, having due regard for the schedule of installment payments, will provide the same yield as if the contract were payable in accordance with the standard payment terms stated in subsection (1).

(3) If the amount of any installment is 2 times or more the amount of any other installment except the down payment, the amount of the finance charge in respect to the portion of the principal amount financed included in such larger installment shall not exceed the equivalent of 6% per annum simple interest for the period from the due date on which finance charge begins to accrue to the date of such larger installment and such portion of the finance charge shall be payable in substantially equal periodic installments throughout such period.

**History:** 1965, Act 332, Eff. Jan. 1, 1966;—Am. 1980, Act 406, Imd. Eff. Jan. 8, 1981;—Am. 1983, Act 13, Eff. Mar. 22, 1983;—Am. 1988, Act 429, Imd. Eff. Dec. 27, 1988.

**Compiler's note:** Act 13 of 1983 was not signed by the Governor, but, having been presented to him at 11:21 a.m. on March 8, 1983, and not having been returned by him to the house in which it originated, became law at the expiration of the constitutional 14-day period, the Legislature having continued in session.