

**CREDIT REFORM ACT (EXCERPT)**  
**Act 162 of 1995**

**445.1856 Regulated lender; authority to charge fee for late payment or dishonored check; fee or charge not considered as interest; excessive fee or charge.**

Sec. 6. (1) Except for depository institutions and as otherwise provided by law, a regulated lender may do any of the following:

(a) Require the borrower to pay a processing fee in connection with making, closing, disbursing, extending, readjusting, or renewing an extension of credit. The processing fee allowed under this subdivision shall not exceed 2% of the amount of the extension of credit.

(b) Charge the borrower a late fee for an installment payment that is received by the regulated lender after the expiration of an agreed-upon grace period following the date on which the payment was due.

(c) A late fee allowed by this subdivision shall not exceed \$15.00 or 5% of the installment payment, whichever is greater.

(2) A regulated lender may charge a fee not to exceed \$25.00 for a check or other payment instrument that is dishonored because of insufficient funds in the account on which the check or instrument is drawn.

(3) A fee or charge allowed by this section is not considered interest.

(4) A regulated lender shall not require a borrower or buyer to pay an excessive fee or charge.

**History:** 1995, Act 162, Eff. Mar. 28, 1996.

**Compiler's note:** For transfer of authority, powers, duties, functions, and responsibility of the financial institutions bureau and the commissioner of the financial institutions bureau to the commissioner of the office of financial and insurance services and the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.