

THE SECONDARY MORTGAGE LOAN ACT (EXCERPT)
Act 125 of 1981

493.71 Interest rate; limitation; computation; prepaid finance charge or fee.

Sec. 21. (1) A licensee or registrant may charge, contract for, receive, or collect on a secondary mortgage loan an interest rate not exceeding the interest rate permitted by the credit reform act, 1995 PA 162, MCL 445.1851 to 445.1864. Interest on a secondary mortgage loan under this act shall not be added or deducted in advance but shall be computed on the basis of the actual unpaid balance of the principal of the loan on a daily or monthly basis for the time actually outstanding until the loan is paid in full.

(2) This section does not prohibit a lender from offering the borrower, in connection with a secondary mortgage loan that involves other than open-end credit, an option to pay a prepaid finance charge in exchange for a lower contract interest rate or to charge a prepayment fee in the amount permitted under section 1c of 1966 PA 326, MCL 438.31c.

History: 1981, Act 125, Imd. Eff. July 23, 1981;—Am. 1982, Act 361, Imd. Eff. Dec. 23, 1982;—Am. 1983, Act 43, Imd. Eff. May 12, 1983;—Am. 1983, Act 251, Imd. Eff. Dec. 29, 1983;—Am. 1984, Act 416, Imd. Eff. Dec. 28, 1984;—Am. 1985, Act 155, Imd. Eff. Nov. 15, 1985;—Am. 1995, Act 164, Eff. Mar. 28, 1996;—Am. 1997, Act 91, Imd. Eff. Aug. 1, 1997.

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.

Popular name: Secondary Mortgage Loan Act