

**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.