

REGULATORY LOAN ACT (EXCERPT)
Act 21 of 1939

493.12a False, misleading, deceptive, or irresponsible advertising unlawful; definition; requirements for advertising.

Sec. 12a. (1) False, misleading, deceptive, or irresponsible advertising is unlawful and is defined as follows:

(a) Advertising which lures, entices, induces, or tends to induce a person to incur a debt by unreasonably minimizing the consequences of assuming a legal repayment obligation or by depicting the assumption of a debt obligation as a frivolous transaction.

(b) Advertising that describes or depicts the benefits or advantages of having the money from a loan, without describing or depicting the obligation of repaying the loan with interest.

(c) Advertising with claims and representations that are not accurate or provable.

(d) Advertising which misrepresents facts or creates misleading impressions.

(e) Advertising which uses the phrase "lowest rates", "lowest rates in the city", or similar phrases unless the rates are actually lower than those of other lenders.

(f) Advertising which uses the phrase "new reduced rates", "new low rates", "reduced rates", or similar phrases for more than 60 days after the changed rates become effective.

(g) Advertising which causes a probability of confusion or misunderstanding as to the legal rights, obligations, or remedies of a lender, or as to the terms or conditions of credit.

(h) Advertising which represents that a borrower will receive a rebate, discount, or other benefit as an inducement for entering into a transaction, if the benefit is contingent on an event to occur subsequent to the consummation of the transaction.

(i) Advertising which suggests or infers that a loan is not a loan, or that interest is not charged, or that the borrower is not under an obligation to repay.

(2) A licensee shall not advertise any size of loan, security required for a loan, rate of charge, or other condition of lending except with the full intent of making loans at those rates, or lower rates, and under those conditions, to applicants who meet the standards or qualifications prescribed.

History: Add. 1978, Act 528, Eff. Mar. 30, 1979;—Am. 1991, Act 14, Eff. Oct. 1, 1991;—Am. 2001, Act 270, Imd. Eff. Jan. 11, 2002.

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.