

REGULATORY LOAN ACT (EXCERPT)

Act 21 of 1939

493.15a Regulatory loan contract; nonperformance by borrower; advances by licensee; termination of insurance upon reinstatement of contractual duties by borrower.

Sec. 15a. (1) If a regulatory loan contract contains obligations by the borrower to perform certain duties pertaining to insuring or preserving collateral and the licensee, because of the borrower's failure to perform these duties, pays for performance of the duties on behalf of the borrower, the licensee may add the amounts paid to the debt and collect interest at the contract rate on the amounts.

(2) Within 30 days after advancing any sums under this section, the licensee shall notify the borrower in writing of the amount of the sums advanced, any charges with respect to this amount, any revised payment schedule, and a brief description of the services or products paid for by the licensee, including the type and amount of insurance coverages, if applicable.

(3) The licensee shall promptly terminate insurance or other services procured under this section once the borrower provides evidence that the performance of contractual duties have been reinstated.

History: Add. 2001, Act 270, Imd. Eff. Jan. 11, 2002.