

## INTEREST RATES (EXCERPT)

### Act 326 of 1966

#### **438.31a Payment of reasonable and necessary charges in addition to interest; exceptions.**

Sec. 1a. A state or national bank, except as federal law and regulation provide otherwise, insurance company, or lender approved as a mortgagee under the national housing act, 12 U.S.C. 1701 to 1750g, or regulated by a federal agency, may require a borrower to pay reasonable and necessary charges which are the actual expenses incurred by the lender in connection with the making, closing, disbursing, extending, readjusting, or renewing of a loan. The charges shall be in addition to interest authorized by law, and are not a part of the interest collected or agreed to be paid on the loan within the meaning of a law of this state which limits the rate of interest which may be exacted in a transaction. Reasonable and necessary charges shall consist of recording fees; title examination or title insurance; the preparation of a deed, appraisal, or credit report; plus a loan processing fee. The charges shall be paid only once by the borrower to either the seller of the mortgage or the lender. A charge for inspection required by a local unit of government shall be paid by the seller and shall not be charged to the borrower. This section does not apply to a corporation organized under Act No. 156 of the Public Acts of 1964, as amended, being sections 489.501 to 489.920 of the Michigan Compiled Laws, or a federally chartered savings and loan association.

**History:** Add. 1968, Act 266, Imd. Eff. July 1, 1968;—Am. 1969, Act 255, Imd. Eff. Aug. 11, 1969;—Am. 1978, Act 27, Imd. Eff. Feb. 24, 1978.

**Popular name:** Usury Act