

SAVINGS AND LOAN ACT OF 1980 (EXCERPT)
Act 307 of 1980

491.718 Interest on loans.

Sec. 718. (1) On all loans other than loans under subsection (2), (3), or (4), or section 702, an association or federal association may charge simple interest computed on the basis of the unpaid balance in an amount not to exceed 14.55% per year.

(2) For an installment loan for the purchase of a motor vehicle, an association or federal association may charge simple interest computed on the basis of the unpaid balance in an amount not to exceed 16.5% per year, except that on installment contracts for a loan made after December 31, 1985, for the purchase of a motor vehicle, an association or federal association may charge simple interest computed on the basis of the unpaid balance in an amount not to exceed 14.55% per year. Notwithstanding any other provision of this act, on a loan made pursuant to this subsection an association or federal association may require a borrower to pay reasonable and necessary charges which are the actual expenses incurred by the association or federal association in connection with making, closing, disbursing, extending, readjusting, or renewing the loan. Charges pursuant to this subsection shall be in addition to the interest authorized by law and are not part of the interest collected or agreed to be paid on the loan.

(3) On credit card arrangements or other agreements existing before the loan which are authorized by section 704(1)(c), an association or a service corporation may charge a discount of not more than 5% of the gross amount of obligations purchased by the association and may collect simple interest on the unpaid balance in an amount not to exceed 1.5% per month.

(4) On a loan secured by a lien, which is not a first lien against single family residential real property, and on a loan of less than \$100,000.00 secured by a lien which is not a first lien against real property other than a single family residence, an association may collect simple interest in an amount not to exceed 15% per year on the unpaid balance of the loan. This subsection shall not impair the validity of a transaction or rate of interest lawful without regard to this subsection.

History: 1980, Act 307, Eff. Jan. 1, 1981;—Am. 1981, Act 54, Imd. Eff. June 1, 1981;—Am. 1981, Act 163, Imd. Eff. Dec. 2, 1981;—Am. 1982, Act 321, Imd. Eff. Dec. 3, 1982;—Am. 1984, Act 359, Imd. Eff. Dec. 27, 1984.