

HOUSE BILL NO. 5161

October 29, 2025, Introduced by Rep. VanderWall and referred to Committee on Regulatory Reform.

A bill to amend 1939 PA 21, entitled
"Regulatory loan act,"
by amending section 13 (MCL 493.13), as amended by 2001 PA 270.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) A licensee may lend money and may contract for,
2 compute, and receive interest charges on the loan at a rate that
3 does not exceed ~~the rate permitted by the credit reform act, 1995~~
4 ~~PA 162, MCL 445.1851 to 445.1864. 36% per annum.~~ A loan by a
5 licensee may be 1 of the following:
6 (a) A closed-end loan.

(b) Open-end credit consisting of direct advances from the licensee or checks issued by the licensee. This subdivision does not apply to open-end credit available through the use of a credit card or charge card.

(2) A licensee shall not induce a person to become directly obligated under more than 1 loan contract not secured by personal property at the same time.

(3) Charges on loans made under this act ~~shall~~**must** not be paid, deducted, or received in advance, or compounded. All charges on loans made under this act ~~shall~~**must** be computed on the unpaid principal balance or portions of the balance, specifically expressed in every obligation signed by the borrower, and computed on the basis of the number of days actually elapsed.

(4) In addition to the interest and charges provided for in this act, a loan processing fee not to exceed 5% of the principal, up to \$250.00, may be charged for each closed-end loan made, and may be included in the principal of the loan. The \$250.00 limit on the loan processing fee ~~shall~~**must** be adjusted every 2 years to reflect the percentage change in the United States ~~consumer price index~~**Consumer Price Index** for the 2 immediately preceding calendar years, rounded to the nearest hundred dollars. As used in this subsection, "~~United States consumer price index~~"**Consumer Price Index**" means the United States ~~consumer price index~~**Consumer Price Index** for all urban consumers in the United States city average, as defined and reported by the United States ~~department of labor, bureau of labor statistics,~~**Department of Labor, Bureau of Labor Statistics** and after certification by the commissioner. A licensee may require the borrower to pay the late charges permitted by the credit reform act, 1995 PA 162, MCL 445.1851 to 445.1864. A

1 licensee shall not induce or permit a person to become obligated,
2 directly or contingently, under more than 1 loan contract not
3 secured by personal property at the same time for the purpose or
4 with the result of obtaining a loan processing fee not otherwise
5 permitted by this section. No other amount ~~shall~~**must** be directly
6 or indirectly charged, contracted for, or received, except the
7 lawful fees, if any, actually and necessarily paid by the licensee
8 to a governmental entity for the filing, recording, or releasing of
9 either of the following:

10 (a) A financing statement or an instrument securing the loan,
11 or both.

12 (b) A record noting or releasing a lien or transferring a
13 certificate of title under the Michigan vehicle code, 1949 PA 300,
14 MCL 257.1 to 257.923.

15 (5) The fees permitted under this section may be collected at
16 ~~any~~**a** time on or after the date the loan is made.

17 (6) A licensee may charge a handling fee for the return of an
18 unpaid and dishonored check, draft, negotiable order, or similar
19 instrument given to the licensee in full or partial repayment of a
20 loan as authorized by the credit reform act, 1995 PA 162, MCL
21 445.1851 to 445.1864.

22 (7) A licensee may recover from the borrower the costs and
23 expenses of retaking, holding, repairing, preparing for sale, and
24 selling any personal property in accordance with sections 9609 and
25 9615 of the uniform commercial code, 1962 PA 174, MCL 440.9609 and
26 440.9615.

27 (8) A licensee may charge a reasonable annual fee for the
28 privilege of receiving open-end credit from the licensee.

29 (9) A licensee may charge a reasonable fee per payment if a

1 borrower makes a payment or payments by authorizing a licensee
2 verbally or in writing to execute a debit or otherwise process a
3 payment, through automated clearing procedures, drawn on the
4 borrower's deposit account. This subsection ~~shall~~**must** not be
5 construed to permit the imposition of a fee in cases where the
6 borrower, at the time of **the** consummation of the loan, authorizes
7 the licensee to effect all periodic installment payments by way of
8 electronic automated clearing procedures drawn on the borrower's
9 deposit account.

10 (10) In addition to the penalties provided by this act, a
11 violation of this act with respect to a particular regulatory loan
12 transaction is also subject to the penalty and remedy provisions of
13 the credit reform act, 1995 PA 162, MCL 445.1851 to 445.1864.

14 (11) As used in this section, "open-end credit" means credit
15 that is not secured by an interest in real property and is extended
16 under a plan in which both of the following apply:

17 (a) The licensee reasonably contemplates repeated
18 transactions.

19 (b) The amount of credit that may be extended to the borrower
20 during the term of the plan is generally made available to the
21 extent that any part of the outstanding balance is repaid.