

# HOUSE BILL No. 4701

May 2, 2007, Introduced by Rep. Virgil Smith and referred to the Committee on Banking and Financial Services.

A bill to amend 1917 PA 273, entitled

"An act to regulate and license pawnbrokers in certain governmental units of this state; and to prescribe certain powers and duties of certain local governmental units and state agencies,"

by amending sections 8 and 9 (MCL 446.208 and 446.209), section 8 as amended by 2002 PA 469 and section 9 as amended by 2004 PA 585.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 8. A pawnbroker, at the time of a loan, shall deliver to  
2       the person pawning or pledging any article a memorandum or note  
3       signed by him or her, containing the substance of the entry  
4       required to be made by him or her in his or her book by section 6.  
5       A charge shall not be made or received by the pawnbroker for the  
6       entry, memorandum, or note. The memorandum or note shall be  
7       consecutively numbered and upon its back shall be printed in  
8       English in 12-point type the following: "If interest or charges in

1 excess of ~~3%~~5% per month, plus storage charges provided in this  
2 document, are asked or received, this loan is void and of no  
3 effect; and the borrower cannot be made to pay back the money  
4 loaned, any interest on the loan, or any charges or any part of the  
5 charges, and the pawnbroker loses all right to the possession of  
6 the goods, article, or thing pawned, and shall surrender the item  
7 to the borrower or pawner upon due demand for the item.".

8       Sec. 9. (1) A licensed pawnbroker may charge upon any loan a  
9 rate of interest not to exceed ~~3%~~5% per month and is not required  
10 to accept any interest less than 50 cents on a single loan. A  
11 pawnbroker may also charge \$1.00 per month or fraction of a month  
12 for the storage of unencumbered personal property under any single  
13 pledge or pawn.

14       (2) A pawnbroker may charge \$1.00 per month or fraction of a  
15 month for a usage fee for unencumbered personal property pawned or  
16 pledged and used by the pawner during the term of the pawn or  
17 pledge. A usage fee charged under this subsection is not considered  
18 interest.

19       (3) A pawnbroker or the pawnbroker's agent or employee shall  
20 not charge or receive interest on the loan in excess of the amounts  
21 provided for in this act.

22       (4) Interest on any loan is not payable in advance and shall  
23 be computed on unpaid monthly balances without compounding.

24       (5) A pawnbroker is not entitled to any examination fee and  
25 shall not make any charge in excess of the amounts provided for in  
26 this act.