DISCLOSURES AS TO LOANS FOR EDUCATIONAL PURPOSES
Act 167 of 1976

AN ACT to require certain lenders make certain disclosures in the making and collection of certain loans for educational purposes.

History: 1976, Act 167, Imd. Eff. June 25, 1976.

The People of the State of Michigan enact:

390.1221 Definitions.

Sec. 1. As used in this act:

(a) "Lender" means an institution of higher education, a vocational school, a state agency, or a financial or credit institution in this state which makes or has made loans for educational purposes.

(b) "Loan" means a loan of money for educational purposes to a person enrolled or accepted for enrollment at an institution of higher education or a vocational school in this state, which loan is insured, reinsured, subsidized, guaranteed, or made by the state or an agency thereof, or which is insured, reinsured, subsidized, or guaranteed by the United States government or an agency thereof.

History: 1976, Act 167, Imd. Eff. June 25, 1976.

390.1222 Delivery of written statement to borrower; time; contents.

Sec. 2. (1) At the time a loan is made, and again immediately before a repayment schedule on the loan is signed by the borrower, the lender shall deliver a written statement to the borrower describing in detail whether an option exists, and if so, who may exercise the option, under what conditions the option may be exercised, and what options are available relating to:

(a) The term of the loan.

(b) The repayment period on the loan.

(c) An extension of the term or repayment period on the loan and the conditions of repayment under the extension.

(d) A deferment or forbearance on the repayment of the loan or on interest accruing on the loan, whether interest is to be paid during the deferment or forbearance, and the terms of repayment after the deferment or forbearance.

(e) The period of time between installment payments on the loan and whether graduated or unequal installment payments may be made.

(f) The minimum annual payment on the loan, and if more than 1 loan is taken from the lender or if the borrower takes or has taken a loan from another source, the availability of consolidation, transfer, or assignment of the loans and the minimum annual payment on the aggregate of the loans.

(g) The granting of an interview before or at the time the borrower signs a repayment schedule on the loan.

(h) The revision or renegotiation of the repayment schedule on the loan after repayment has commenced, or if other loans from the lender or another lender are taken after the repayment has commenced.

(2) If an item required to be disclosed under subsection (1) is unknown to the lender, the lender shall state this in the manner prescribed in subsection (1).

History: 1976, Act 167, Imd. Eff. June 25, 1976.

390.1223 Disclosure of restrictive policies or practices.

Sec. 3. If a lender follows or adopts a policy or practice with respect to loans which restricts a repayment option or condition permitted to be made available on the loan, the lender shall disclose this in the manner prescribed in section 2(1) and shall describe how the lender's policy or practice is more restrictive than that permitted.

History: 1976, Act 167, Imd. Eff. June 25, 1976.

390.1224 Notice to obligor of items required to be disclosed.

Sec. 4. A lender shall send a notice detailing the items required to be disclosed by section 2(1) to an obligor on a loan who requests the information in good faith. Thirty days before a lender places a loan in default status, the lender shall send a written notice to the obligor's last known address detailing the items required to be disclosed by section 2(1) and informing the obligor of the lender's intention to place the loan in default status.

History: 1976, Act 167, Imd. Eff. June 25, 1976.

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