A bill to amend 2005 PA 244, entitled
"Deferred presentment service transactions act,"
by amending sections 2, 11, 22, 31, 32, 33, and 35 (MCL 487.2122, 487.2131, 487.2142, 487.2151, 487.2152, 487.2153, and 487.2155), section 2 as amended by 2016 PA 140 and section 35 as amended by 2016 PA 141.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2. (1) As used in this act:

(a) "Applicant" means a person that is seeking a license to engage in the business of providing deferred presentment service transactions under this act.

(b) "Check" means a draft that is payable on demand and drawn on a bank, savings bank, savings and loan association, or credit union. Check includes any negotiable instrument that represents
evidence of an obligation to pay even if it is described on its face by another term.

c) "Closed" in connection with a deferred presentment service transaction means that 1 of the following has occurred concerning each of the customer's checks that is the basis of the deferred presentment service transaction:

(i) The check is redeemed by the customer by payment to the licensee of the face amount of the check in cash or payment from a debit card that meets the requirements of section 35(11).

(ii) The check is exchanged by the licensee for a cashier's check or cash from the customer's financial institution.

(iii) The check is deposited by the licensee and the licensee has evidence that the person has satisfied the obligation.

(iv) The check is collected by the licensee or its agent through any civil remedy available under the laws of this state.

(v) The check is collected by means of a repayment plan agreed on by the customer and the licensee or as the result of credit counseling where the licensee is paid the amount agreed upon by the licensee under that plan.

(vi) The check is collected by the licensee under section 35(9) and the licensee has evidence that the person has satisfied the obligation.

d) "Commissioner" means the director or his or her authorized representative.

e) "Customer" means an individual who inquires into the availability of or applies for a deferred presentment service transaction or a drawer who enters into a deferred presentment
service transaction.

(f) "Database provider" means 1 of the following:
   (i) A third party provider selected by the director under section 22 to operate the statewide database described in that section.
   (ii) If the director has not selected a third party provider under section 22, the director.

(g) Subject to subsection (2), "deferred presentment service transaction" means a transaction between a licensee and a customer under which the licensee agrees to do all of the following:
   (i) Pay to the customer an agreed-upon amount in exchange for a fee.
   (ii) Hold a customer's check for a period of time before negotiation, redemption, or presentment of the checks.

(h) "Department" means the department of insurance and financial services.
   (i) "Director" means the director of the department or his or her authorized representative.
   (j) "Drawee" means a bank, savings bank, savings and loan association, credit union, or other person on which a check is drawn.
   (k) "Drawer" means a customer who enters into a deferred presentment service transaction with a licensee.
   (l) "Executive officer" means an officer or director of a licensee or any other individual who has the authority to participate in the direction, directly or indirectly, through 1 or more persons, or the management or policies of a licensee.
(m) "Financial licensing acts" means this act or any of the
financial licensing acts. "ACTS" MEANS THAT TERM as defined in
section 2 of the consumer financial services act, 1988 PA 161, MCL
487.2052.

(n) "Licensee" means a person that is licensed to engage in
the business of providing deferred presentment service transactions
under this act.

(o) "Maturity date" means the date on which a drawer's check
is to be redeemed, presented for payment, or entered into the
check-clearing process in a deferred presentment service
transaction.

(p) "Office" or "office of financial and insurance services"
means the department.

(q) "Person" means an individual, partnership, association,
corporation, limited liability company, or other legal entity
except a governmental entity.

(r) "Redeem" means that the customer pays to the licensee an
amount equal to the face amount of a check included in a deferred
presentment service transaction, on or before the maturity date or
after the check is deposited and returned unpaid by the drawee, and
the licensee returns the check to the customer.

(S) "SMALL LOAN" MEANS A SMALL LOAN UNDER THE SMALL LOAN
REGULATORY ACT.

(2) Deferred presentment service transaction does not include
a delay in presentment of a loan repayment check, at the request of
the borrower, by a person that is licensed or registered under the
consumer financial services act, 1988 PA 161, MCL 487.2051 to
Sec. 11. (1) Subject to subsection (2), a person shall not engage in the business of providing deferred presentment service transactions after June 1, 2006 through any method, including, but not limited to, mail, telephone, internet, mobile device application, or in person, without a license under this act.

(2) A separate license is required for each location from which the business of providing deferred presentment service transactions is conducted. However, a person that is licensed under this act and the small loan regulatory act may engage in the business of providing deferred presentment service transactions and small loans at the same location under those separate licenses.

(3) (2) This act does not apply to a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits or member accounts are insured by an agency of the United States government.

(4) (3) By January 1, 2006, the commissioner—director by administrative bulletin, order, or rule shall establish an application process and an application timeline for license applications under this act.
A person may continue to engage in the business of providing deferred presentment service transactions in this state after June 1, 2006 and without a license until 1 of the following occurs:

(a) The person fails to meet its applications deadline.
(b) The commissioner acts on the person's complete application.

Sec. 22. (1) On or before December 31, 2006, the commissioner shall develop, implement, and maintain a statewide, common database that has real-time access through an internet connection, is accessible at all time to licensees UNDER THIS ACT AND THE SMALL LOAN REGULATORY ACT, and to the commissioner for purposes of subsections (10) and (11), and meets the requirements of this section. Before the commissioner determines that the database is fully operational for the purposes of this act, for at least 30 days the database provider shall operate a pilot program of the database to test all of the processes of the database. The database provider shall make the pilot program available to all applicants and licensees. During the 30-day period that begins on the date the commissioner determines that the database is fully operational, the commissioner shall not approve the imposition of any database verification fees under section 34(5).

(2) The commissioner may operate the database described in subsection (1) or may select and contract with a single third party provider to operate the database. If the commissioner contracts with a third party provider for the
operation of the database, all of the following apply:

(a) The commissioner—DIRECTOR shall ensure that the third party provider selected as the database provider operates the database pursuant to the provisions of this act.

(b) The commissioner—DIRECTOR shall consider cost of service and ability to meet all the requirements of this section in selecting a third party provider as the database provider.

(c) In selecting a third party provider to act as the database provider, the commissioner—DIRECTOR shall give strong consideration to the third party provider's ability to prevent fraud, abuse, and other unlawful activity associated with deferred presentment service transactions and provide additional tools for the administration and enforcement of this act.

(d) The third party provider shall only use the data collected under this act as prescribed in this act and the contract with the office—DEPARTMENT and for no other purpose.

(e) If the third party provider violates this section, the commissioner—DIRECTOR shall terminate the contract and the third party provider is barred from becoming a party to any other state contracts.

(f) A person injured by the third party provider's violation of this act may maintain a civil cause of action against the third party provider and may recover actual damages plus reasonable attorney fees.

(3) The database described in subsection (1) shall allow a licensee accessing UNDER THIS ACT OR THE SMALL LOAN REGULATORY ACT TO ACCESS the database to do all of the following:
(a) Verify whether a customer has any open deferred presentment service transactions with any licensee that have not been closed.

(b) Provide information necessary to ensure licensee compliance with any requirements imposed by the federal office of foreign asset control—OFFICE OF FOREIGN ASSET CONTROL under federal law.

(c) Track and monitor the number of customers who notify a licensee of violations of this act, the number of times a licensee agreed that a violation occurred, the number of times that a licensee did not agree that a violation occurred, the amount of restitution paid, and any other information the commissioner DIRECTOR requires by rule.

(d) Determine whether a customer is eligible for repayment of the deferred presentment service transaction in installments as provided in section 35(2) and notify the licensee of that eligibility.

(4) While operating the database, the database provider shall do all of the following:

(a) Establish and maintain a process for responding to transaction verification requests due to technical difficulties occurring with the database that prevent the licensee from accessing the database through the internet.

(b) Comply with any applicable provisions of the social security number privacy act, 2004 PA 454, MCL 445.81 to 445.87.

(c) Comply with any applicable provisions of the identity theft protection act, 2004 PA 452, MCL 445.61 to 445.77.
(d) Provide accurate and secure receipt, transmission, and storage of customer data.

(e) Meet the requirements of this act.

(5) When the database provider receives notification that a deferred presentment service transaction is closed under section 34, the database provider shall designate the transaction as closed in the database immediately, but in no event after 11:59 p.m. on the day the commissioner or database provider receives notification.

(6) The database provider shall automatically designate a deferred presentment service transaction as closed in the database 5 days after the transaction maturity date unless a licensee reports to the database provider before that time that the transaction remains open because of the customer's failure to make payment; that the transaction is open because the customer's check or an electronic redeposit is in the process of clearing the banking system; or that the transaction remains open because the customer's check is being returned to the licensee for insufficient funds, a closed account, or a stop payment order, or any other factors determined by the commissioner. If a licensee reports the status of a transaction as open in a timely manner, the transaction remains an open transaction until it is closed under section 34 and the database provider is notified that the transaction is closed under that section.

(7) If a licensee stops providing deferred presentment service transactions, the database provider shall designate all open transactions with that licensee as closed in the database 60 days
after the date the licensee stops offering deferred presentment service transactions, unless the licensee reports to the database provider before the expiration of the 60-day period which of its transactions remain open and the specific reason each transaction remains open. The licensee shall also provide to the commissioner DIRECTOR a reasonably acceptable plan that outlines how the licensee will continue to update the database after it stops offering deferred presentment service transactions. The commissioner DIRECTOR shall promptly approve or disapprove the plan and immediately notify the licensee of his or her decision. If the plan is disapproved, the licensee may submit a new plan or may submit a modified plan for the licensee to follow. If at any time the commissioner DIRECTOR reasonably determines that a licensee that has stopped offering deferred presentment service transactions is not updating the database in accordance with its approved plan, the commissioner DIRECTOR shall immediately close or instruct the database provider to immediately close all remaining open transactions of that licensee.

(8) The response to an inquiry to the database provider by a licensee shall only state that a person is eligible or ineligible for a new deferred presentment service transaction and describe the reason for that determination. Only the person seeking the transaction may make a direct inquiry to the database provider to request a more detailed explanation of a particular transaction that was the basis for the ineligibility determination. Any information regarding any person's transactional history is confidential, is not subject to public inspection, is not a public
record subject to the disclosure requirements of the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, is not subject to discovery, subpoena, or other compulsory process except in an action under section 53, and shall not be disclosed to any person other than the commissioner.

(9) The database provider may charge licensees **UNDER THIS ACT** a verification fee for access to the database, in amounts approved by the commissioner **DIRECTOR** under section 34(5). **THE DATABASE PROVIDER MAY CHARGE LICENSEES UNDER THE SMALL LOAN REGULATORY ACT A VERIFICATION FEE FOR ACCESS TO THE DATABASE, IN AMOUNTS APPROVED BY THE DIRECTOR.**

(10) The commissioner **DIRECTOR** may access the database provided under subsection (1) only for purposes of an investigation of, examination of, or enforcement action concerning an individual database provider, licensee, customer, or other person. The commissioner **DIRECTOR** and any employees of the commissioner, the office, or this state shall not obtain or access a customer's social security number, driver license number, or other state-issued identification number in the database except as provided in this subsection. An individual who violates this subsection is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $1,000.00, or both, and if convicted, an individual who violates this subsection shall be dismissed from office or discharged from employment.

(11) The commissioner **DIRECTOR** shall investigate violations of and enforce this section. The commissioner **DIRECTOR** shall not delegate its responsibilities under this subsection to any third
party provider.

(12) The commissioner—DIRECTOR shall do all of the following:

(a) Require by rule that data are retained in the database only as required to ensure licensee compliance with this act.

(b) Require by rule that data in the database concerning a customer transaction are archived within 365 days after the customer transaction is closed unless needed for a pending enforcement action.

(c) Require by rule that any identifying customer information is deleted from the database when data are archived.

(d) Require by rule that data in the database concerning a customer transaction are deleted from the database 3 years after the customer transaction is closed or any enforcement action pending 3 years after the customer transaction is closed is completed, whichever is later.

(13) The commissioner—DIRECTOR may maintain access to data archived under subsection (12) for future legislative or policy review.

(14) THE DEPARTMENT BY RULE MAY PROVIDE FOR A SINGLE, COMBINED DATABASE FOR PURPOSES OF THIS ACT AND THE SMALL LOAN REGULATORY ACT, IF THE COMBINED DATABASE MEETS THE REQUIREMENTS OF THIS SECTION AND SECTION 19 OF THE SMALL LOAN REGULATORY ACT.

Sec. 31. (1) A licensee shall post prominently in an area designed to be seen by the customer before he or she enters into a deferred presentment service transaction the following notice in at least 36-point type:

"1. A deferred presentment service transaction is not intended
to meet long-term financial needs. We can only defer cashing your check for up to 31 days.

2. You should use this service only to meet short-term cash needs.

3. State law prohibits us from entering into a transaction with you if you already have a deferred presentment service agreement in effect with us or have more than one deferred presentment service agreement in effect with any other person who provides this service.

4. If you enter into a transaction with us, we must immediately give you a copy of your signed agreement.

5. We will pay the proceeds of a transaction to you by check, by money order, or in cash, as you request.

6. State law entitles you to the right to cancel an agreement and receive a refund of the fee. To do this, if you enter into a transaction today, you must notify us and return the money you receive by the time this office closes tomorrow or on our next business day if we are not open tomorrow.

7. State law prohibits us from renewing an agreement for a fee. You have to pay any other agreement in full before obtaining additional money from us.

8. State law prohibits us from using any criminal process to collect on an agreement.

9. State law entitles you to information regarding filing a complaint against us if you believe that we have violated the law. If you feel we are acting unlawfully, you should call the Office of Financial and Insurance Services DEPARTMENT OF INSURANCE AND
10. If you are unable to pay your deferred presentment service transaction and have entered into 8 deferred presentment service transactions with any licensee in any 12-month period, state law entitles you to request a repayment of that transaction in installments. We are required to advise you of this option at the time it is available. If you elect this option, you must notify us, either orally or in writing, within 30 days after the maturity date of the deferred presentment transaction. The notice must be provided to us at our place of business. You may be charged an additional fee when the transaction is rescheduled in installments. You will be ineligible to enter into a deferred presentment service transaction with any licensee during the term of the repayment plan. If we refuse to provide this option under the stipulations above, you should contact the Office of Financial and Insurance Services—DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES toll-free at 1-877-999-6442.

(2) A licensee shall post prominently in an area designed to be seen by the customer before he or she enters into a deferred presentment service transaction a schedule of all fees and charges imposed for deferred presentment service transactions in at least 36-point type.

(3) A LICENSEE THAT CONDUCTS DEFERRED PRESENTMENT SERVICE TRANSACTIONS ON THE INTERNET SHALL POST THE NOTICE DESCRIBED IN SUBSECTION (1) AND THE FEE SCHEDULE DESCRIBED IN SUBSECTION (2) IN A PROMINENT AND CONSPICUOUS PLACE ON ITS INTERNET WEBSITE THAT IS FULLY ACCESSIBLE TO ITS CUSTOMERS AND THE PUBLIC.
Sec. 32. (1) A licensee shall document a deferred presentment service transaction by entering into a written deferred presentment service agreement signed by both the customer and the licensee.

(2) A licensee shall include all of the following in the written deferred presentment service agreement:

(a) The name of the customer.

(b) The name, street address, facsimile number, and telephone number of the licensee.

(c) The signature and printed or typed name of the individual who enters into the deferred presentment service agreement on behalf of the licensee.

(d) The date of the transaction.

(e) The transaction number assigned by the database provider, if any.

(f) The amount of the check presented to the licensee by the customer.

(g) An itemization of the fees to be paid by the customer.

(h) A calculation of the cost of the fees and charges to the customer, expressed as a percentage rate per year.

(i) A clear description of the customer's payment obligation under the agreement.

(j) A schedule of all fees associated with the deferred presentment service transaction and an example of the amounts the customer would pay based on the amount of the deferred presentment service transaction.

(k) The maturity date.

(l) A provision that the licensee will defer presentment,
defer negotiation, and defer entering a check into the check-
clearing process until the maturity date.

(m) A description of the process a drawer may use to file a
complaint against the licensee.

(n) The following notice in at least 12-point type:
"1. A deferred presentment service transaction is not intended
to meet long-term financial needs. We can only defer cashing your
check for up to 31 days.

2. You should use this service only to meet short-term cash
needs.

3. State law prohibits us from entering into this transaction
with you if you already have a deferred presentment service
agreement in effect with us or have more than one deferred
presentment service agreement in effect with any other person who
provides this service.

4. We must immediately give you a copy of your signed
agreement.

5. We will pay the proceeds of this transaction to you by
check, by money order, or in cash, as you request.

6. State law entitles you to the right to cancel this
agreement and receive a refund of the fee. To do this, you must
notify us and return the money you receive today by the time this
office closes tomorrow or on our next business day if we are not
open tomorrow.

7. State law prohibits us from renewing this agreement for a
fee. You have to pay an agreement in full before obtaining
additional money from us.
8. State law prohibits us from using any criminal process to collect on this agreement.

9. State law entitles you to information regarding filing a complaint against us if you believe that we have violated the law. If you feel we are acting unlawfully, you should call the Office of Financial and Insurance Services DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES toll-free at 1-877-999-6442.

10. If you are unable to pay your deferred presentment service transaction and have entered into 8 deferred presentment service transactions with any licensee in any 12-month period, state law entitles you to request a repayment of that transaction in installments. We are required to advise you of this option at the time it is available. If you elect this option, you must notify us, either orally or in writing, within 30 days after the maturity date of the deferred presentment transaction. The notice must be provided to us at our place of business. You may be charged an additional fee when the transaction is rescheduled in installments. You will be ineligible to enter into a deferred presentment service transaction with any licensee during the term of the repayment plan. If we refuse to provide this option under the stipulations above, you should contact the Office of Financial and Insurance Services DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES toll-free at 1-877-999-6442."

(3) A licensee may include an arbitration provision in a deferred presentment service transaction agreement if the arbitration provision meets all of the following:

(a) Provides that the licensee agrees to pay any costs of the
(b) Provides that an arbitration proceeding shall be held within 10 miles of the drawer's address contained in the deferred presentment service transaction agreement unless the drawer consents to another location after an arbitrable dispute occurs.

(c) Provides that an arbitration proceeding shall be conducted by a neutral arbitrator who was not and is not currently being paid by the licensee and who has no financial interest in a party to the arbitration.

(d) Requires that the arbitrator shall provide the drawer with all the substantive rights that the drawer would have if the drawer's claim were asserted in a court proceeding and shall not limit any other claim or defense the drawer has concerning the claim.

Sec. 33. (1) A licensee may enter into 1 deferred presentment service transaction with a customer for any amount up to $600.00. A licensee may charge the customer a service fee for each deferred presentment service transaction. A service fee is earned by the licensee on the date of the transaction and is not interest. A licensee may charge both of the following as part of the service fee, as applicable:

(a) An amount that does not exceed the aggregate of the following, as applicable:

(i) Fifteen percent of the first $100.00 of the deferred presentment service transaction.

(ii) Fourteen percent of the second $100.00 of the deferred presentment service transaction.
(iii) Thirteen percent of the third $100.00 of the deferred presentment service transaction.

(iv) Twelve percent of the fourth $100.00 of the deferred presentment service transaction.

(v) Eleven percent of the fifth $100.00 of the deferred presentment service transaction.

(vi) Eleven percent of the sixth $100.00 of the deferred presentment service transaction.

(b) The amount of any database verification fee allowed under section 34(5).

(2) A licensee shall not enter into a deferred presentment service transaction with a customer if the customer has an open deferred presentment service transaction with the licensee or has more than 1 open deferred presentment service transaction with any other licensee, and shall verify whether the customer has an open deferred presentment service transaction with the licensee or has more than 1 open deferred presentment service transaction with any other licensee by complying with section 34.

(3) At the time of entering into a deferred presentment service transaction, a licensee shall do all of the following:

(a) Before the drawer signs the agreement, provide the following notice to the drawer, in a document separate from the agreement and in at least 12-point type:

"1. After signing this agreement, if you believe that we have violated the law, you may do 1 of the following:

a. Before the close of business on the day you sign the agreement, notify us in person of the violation. You must provide
supporting documents or other evidence of the violation.

b. At any time before signing a new deferred presentment service agreement with us, notify us in writing of the violation. Your written notice must state the violation and provide supporting documents or other evidence of the violation.

2. We have 3 business days to determine if we agree that we have violated the law and let you know of that determination.

3. If we agree that we have violated the law, we must return your check and you must return the cash received under the agreement. Additionally, for each violation, we must pay you restitution equal to 5 times the amount of the fee we charged you under the agreement but not less than $15.00 or more than the face amount of your check. You may also pursue an action for your actual damages against us.

4. If we do not agree that we have violated the law, we may present your check for payment or enter your check into the check-clearing process on or after the maturity date. If your check is returned to us unpaid, we may take other legal steps to collect our money.

5. If you still believe we violated the law, you may file a written complaint including supporting documents or other evidence with the Office of Financial and Insurance Services. The Office is required to investigate your complaint and has the authority to order us to pay you restitution if they agree that we violated the law. In addition, the Office can order us to pay civil fines or take away our right to do business. To do so, contact the Office of
(b) Provide a copy of the signed agreement to the drawer.

(c) Pay the proceeds under the agreement to the drawer by delivering a business check of the licensee, a money order, or cash, as requested by the drawer.

(4) At the time of entering into a deferred presentment service transaction, a licensee shall not do any of the following:

(a) Charge interest under the agreement.

(b) Include a maturity date that is more than 31 days after the date of the transaction.

(c) Charge an additional fee for cashing the licensee's business check or money order if the licensee pays the proceeds to the drawer by business check or money order.

(d) Include a confession of judgment in the agreement.

(e) Except as provided in this act, charge or collect any other fees for a deferred presentment service transaction.

(5) A licensee shall not refuse to provide a deferred presentment service transaction to a customer solely because the customer has exercised his or her rights under this act.

(6) Each licensee shall post a sign, NOTICE, printed in bold faced, BOLDFACED, 36-point type, in a conspicuous location at each customer service window, station, or desk at each place of business, that states the following:

"Under Michigan law, you are entitled to receive the proceeds of this transaction in cash. If you request the proceeds in a check or money order, you may be charged additional check cashing or
other processing fees by others for cashing the check or money order.”.

(7) A LICENSEE THAT CONDUCTS DEFERRED PRESENTMENT SERVICE TRANSACTIONS ON THE INTERNET SHALL POST THE NOTICE DESCRIBED IN SUBSECTION (6) IN A PROMINENT AND CONSPICUOUS PLACE ON ITS INTERNET WEBSITE THAT IS FULLY ACCESSIBLE TO ITS CUSTOMERS AND THE PUBLIC.

Sec. 35. (1) A licensee shall not renew a deferred presentment service agreement. A licensee may extend a deferred presentment service agreement only if the licensee does not charge a fee in connection with the extended transaction. A licensee who extends an agreement under this subsection shall not create a balance owed above the amount owed on the original agreement.

(2) If a drawer enters into 8 deferred presentment service transactions with any licensee in any 12-month period, the licensee shall provide the drawer an option to repay that eighth transaction and each additional transaction in that 12-month period pursuant to a written repayment plan subject to the following terms:

(a) The drawer shall request the repayment plan, either orally or in writing, within 30 days after the maturity date of the deferred presentment service transaction.

(b) The drawer shall repay the transaction in 3 equal installments with 1 installment due on each of the next 3 dates on which the drawer receives regular wages or compensation from an employer or other regular source of income, pursuant to a written repayment plan agreement.

(c) The drawer shall pay a fee to the licensee for administration of the repayment plan. The initial amount of the fee
is $15.00. Beginning March 1, 2011, and by March 1 of every fifth year after March 1, 2011, the licensee may adjust the fee by an amount determined by the director to reflect the cumulative percentage change in the Detroit consumer price index over the preceding 5 calendar years. As used in this subsection, "Detroit consumer price index" means the most comprehensive index of consumer prices available for the Detroit area from the Bureau of Labor Statistics of the United States Department of Labor.

(d) The drawer shall agree not to enter into any additional deferred presentment transactions during the repayment plan term.

(3) A licensee shall advise a customer of the repayment option described in subsection (2) at the time he or she is eligible. If a customer believes he or she has been illegally denied the repayment option under this section, he or she is entitled to contact the department toll-free at 1-877-999-6442. If a customer has entered into 8 deferred presentment service transactions in any 12-month period, the database provider shall notify the licensee when the licensee submits the required customer information to the database for that customer that the customer is entitled to a repayment plan under this section. The database provider shall instruct the licensee to provide the customer with the following notice, in a document separate from the deferred presentment transaction agreement and in at least 12-point type:

"If you are unable to pay your deferred presentment service transaction and have entered into 8 deferred presentment transactions in any 12-month period, state law entitles you to request a repayment of that transaction in installments. We are
required to advise you of this option at the time it is available. If you elect this option, you must notify us, either orally or in writing, within 30 days after the maturity date of the eighth deferred presentment transaction in the 12-month period. The notice must be provided to us at our place of business. You may be charged an additional fee when the transaction is rescheduled in installments. You will be ineligible to enter into a deferred presentment service transaction with any licensee during the term of the repayment plan. If we refuse to provide this option under the stipulations above, you should contact the department of insurance and financial services DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES toll-free at 1-877-999-6442.

(4) During the term of a repayment plan by a drawer under this section, the database provider shall notify the licensee at the time the licensee submits the required customer information to the database for that customer that the customer is presently in a repayment plan under this section with 1 or more other licensees and the licensee shall not enter into a deferred presentment transaction with that individual.

(5) A licensee shall not present a check for payment before the maturity date or during the term of the repayment plan. In addition to the remedies and penalties under this act, a licensee that presents a check for payment before the maturity date or during the term of the repayment plan is liable for all expenses and damages caused to the drawer and the drawee as a result of the violation. If a drawer has not requested a repayment plan on or before the maturity date, the licensee may redeem, present for
payment, or enter the check into the check-clearing process under
the terms of the original deferred presentment service transaction
agreement.

(6) A drawer satisfies his or her obligation under a deferred
presentment service agreement when the check the licensee is
holding is paid by the drawee or is redeemed by the drawer by
paying to the licensee an amount equal to the full amount of the
check.

(7) Unless the drawer has entered into a written repayment
plan under subsection (2), a licensee shall deposit a check held in
connection with a deferred presentment service transaction on the
maturity date if the check is not redeemed in the manner described
in section 2(1)(c)(i), or exchanged in the manner described in
section 2(1)(c)(ii), on or before the maturity date.

(8) A licensee shall deposit a check held in connection with a
deferred presentment service transaction on any repayment plan
installment date described in subsection (2) if the drawer fails to
make the installment payment.

(9) If the drawer has an outstanding deferred presentment
service transaction in which a check held in connection with the
transaction was deposited and returned unpaid, the licensee may
collect the check by means of 1 or more telephone-initiated entries
if all of the following are met:
(a) The drawer agrees to each telephone-initiated entry.
(b) Each telephone-initiated entry is a single, date-specific
payment and does not authorize more than 1 payment or periodic
payments.
(c) The licensee does not charge the drawer a fee in connection with the telephone-initiated entry or entries.

(10) If the payment to satisfy an outstanding deferred presentment transaction obligation is made in person, the licensee shall immediately return the check held in connection with the deferred presentment service transaction to the drawer. If the payment to satisfy the obligation is not made in person, the licensee shall return the check to the drawer by mailing it to the address listed on the deferred presentment transaction service agreement within 1 business day after the licensee obtains evidence that the drawer has satisfied the obligation.

(11) A licensee shall only accept a payment by debit card to redeem a check the licensee is holding if the drawer certifies to the licensee that the debit card draws funds from the same account on which the check is drawn.

(12) As used in this section, "telephone-initiated entry" means a debit transaction to a drawer's account that is processed through an automated clearing house, as that term is defined in section 1 of 2002 PA 738, MCL 124.301, and initiated pursuant to an authorization obtained from the drawer orally by telephone.

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted into law.

Enacting section 2. This amendatory act does not take effect unless Senate Bill No._431 of the 99th Legislature is enacted into law.