

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 489**

A bill to amend 1939 PA 21, entitled  
"Regulatory loan act of 1963,"  
by amending the title and sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10,  
11, 12, 12a, 12c, 12d, 13, 13a, 14, 14a, 15, 17, 18, and 21  
(MCL 493.1, 493.2, 493.3, 493.4, 493.5, 493.6, 493.7, 493.8,  
493.9, 493.10, 493.11, 493.12, 493.12a, 493.12c, 493.12d, 493.13,  
493.13a, 493.14, 493.14a, 493.15, 493.17, 493.18, and 493.21),  
the title and section 17 as amended by 1980 PA 392, sections 1,  
10, 13, and 13a as amended by 1996 PA 184, sections 2, 7, 8, 12c,  
and 21 as amended by 1992 PA 71, sections 4, 11, 12, 12a, and 14  
as amended by 1991 PA 14, and section 18 as amended by 1995  
PA 165, and by adding section 15a; and to repeal acts and parts  
of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

2

1

TITLE

2

An act to define and regulate the business of making regulatory loans; to permit the licensing of persons engaged in that business; ~~to authorize licensees to make charges at a greater rate than unlicensed lenders; to prescribe maximum rates of charge which licensees are permitted to make; to regulate the advertising of the business of making regulatory loans; to authorize credit life insurance and to permit charges for that insurance; to prohibit assignments of wages or salaries, earned or to be earned, when given as security for a loan or as consideration for a payment of a regulatory loan; to provide for the administration of this act and for the promulgation of rules; to authorize the making of examinations and investigations and the publication of reports of examinations and investigations; to provide for a review of decisions and findings of the commissioner of the financial institutions bureau under this act; and to prescribe penalties.~~

18

Sec. 1. (1) ~~Except as otherwise provided by this act, a~~

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~~person shall not engage in the business of making loans of money, credit, goods, or things in action and charge, contract for, or receive on the loan a greater rate of interest, discount, or consideration than the lender would be permitted by law to charge if the lender were not a licensee under this act and without first obtaining a license from the commissioner, for each location at which the business is to be conducted under this act, or by obtaining a license under the consumer financial services act, Act No. 161 of the Public Acts of 1988, being sections 487.2051~~

27

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

3

1 ~~to 487.2072 of the Michigan Compiled Laws.~~ THIS ACT SHALL BE  
2 KNOWN AND MAY BE CITED AS THE "REGULATORY LOAN ACT".

3 (2) As used in this act:

4 ~~(a) "Person" means an individual, partnership, association,~~  
5 ~~corporation, limited liability company, or other legal entity.~~

6 ~~(b) "Licensee" means a person licensed under this act.~~

7 ~~(c) "License" means a single license issued to a single~~  
8 ~~place of business.~~

9 ~~(d) "Liquid assets" means cash, unrestricted deposits in~~  
10 ~~banks, and readily marketable securities at their then market~~  
11 ~~value.~~

12 ~~(e) "Assets" means liquid assets, collectible loans made in~~  
13 ~~accordance with this act, and personal property acquired in the~~  
14 ~~general conduct of business transacted under this act.~~

15 ~~(f) "Commissioner" means the commissioner of the financial~~  
16 ~~institutions bureau in the department of commerce.~~

17 ~~(g) "Advertising" means publishing or broadcasting, or caus-~~  
18 ~~ing to be published or broadcast, material that has been prepared~~  
19 ~~for public distribution by means of newspapers, magazines, or~~  
20 ~~electronic media. Advertising does not include a stockholder~~  
21 ~~communication, such as an annual report, interim financial~~  
22 ~~report, registration statement, security, prospectus, application~~  
23 ~~for listing a security on a stock exchange, or proxy materials.~~  
24 ~~Advertising does not include a communication addressed to a~~  
25 ~~person who has previously executed a loan agreement relative to~~  
26 ~~that person's account.~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

4

1       (A) "ADVERTISING" MEANS PUBLISHING OR BROADCASTING, OR  
2 CAUSING TO BE PUBLISHED OR BROADCAST, MATERIAL THAT HAS BEEN  
3 PREPARED FOR PUBLIC DISTRIBUTION BY MEANS OF NEWSPAPERS, MAGA-  
4 ZINES, OR ELECTRONIC MEDIA. ADVERTISING DOES NOT INCLUDE A  
5 STOCKHOLDER COMMUNICATION, SUCH AS AN ANNUAL REPORT, INTERIM  
6 FINANCIAL REPORT, REGISTRATION STATEMENT, SECURITY, PROSPECTUS,  
7 APPLICATION FOR LISTING A SECURITY ON A STOCK EXCHANGE, OR PROXY  
8 MATERIALS. ADVERTISING DOES NOT INCLUDE A COMMUNICATION  
9 ADDRESSED TO A PERSON WHO HAS PREVIOUSLY EXECUTED A LOAN AGREE-  
10 MENT RELATIVE TO THAT PERSON'S ACCOUNT.

11       (B) "ASSETS" MEANS LIQUID ASSETS, COLLECTIBLE LOANS MADE IN  
12 ACCORDANCE WITH THIS ACT, AND PERSONAL PROPERTY ACQUIRED IN THE  
13 GENERAL CONDUCT OF BUSINESS TRANSACTED UNDER THIS ACT.

14       (C) "COMMISSIONER" MEANS THE COMMISSIONER OF THE OFFICE OF  
15 FINANCIAL AND INSURANCE SERVICES IN THE DEPARTMENT OF CONSUMER  
16 AND INDUSTRY SERVICES.

17       (D) "LICENSEE" MEANS A PERSON LICENSED OR REQUIRED TO BE  
18 LICENSED UNDER THIS ACT.

19       (E) "LIQUID ASSETS" MEANS CASH, UNRESTRICTED DEPOSITS IN  
20 BANKS, AND READILY MARKETABLE SECURITIES AT THEIR THEN MARKET  
21 VALUE.

22       (F) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, ASSOCIATION,  
23 CORPORATION, LIMITED LIABILITY COMPANY, OR OTHER LEGAL ENTITY.

24       Sec. 2. (1) EXCEPT AS OTHERWISE PROVIDED UNDER THIS ACT, A  
25 PERSON SHALL NOT ENGAGE IN THE BUSINESS OF MAKING LOANS OF MONEY,  
26 CREDIT, GOODS, OR THINGS IN ACTION AND CHARGE, CONTRACT FOR, OR  
27 RECEIVE ON THE LOAN A GREATER RATE OF INTEREST, DISCOUNT, OR

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

5

1 CONSIDERATION THAN THE LENDER WOULD BE PERMITTED BY LAW TO CHARGE  
2 IF THE LENDER WERE NOT A LICENSEE UNDER THIS ACT AND WITHOUT  
3 FIRST OBTAINING A LICENSE FROM THE COMMISSIONER, OR BY OBTAINING  
4 A LICENSE UNDER THE CONSUMER FINANCIAL SERVICES ACT, 1988 PA 161,  
5 MCL 487.2051 TO 487.2072.

6       (2) ~~-(1)-~~ Application for ~~each~~ A license shall be in writ-  
7 ing, under oath, and in the form prescribed by the commissioner,  
8 and contain the name and the address, both of the residence and  
9 place of business, of the applicant, if the applicant is a  
10 copartnership or association, of every member, and if a corpora-  
11 tion, of each officer and director. ~~;- also the county and munic-~~  
12 ~~ipality with street and number, if any,~~ THE APPLICATION SHALL  
13 ALSO INCLUDE THE ADDRESS where the business is to be conducted  
14 ~~-,~~ and all other relevant information as the commissioner may  
15 require. The applicant at the time of making ~~each~~ THE applica-  
16 tion shall pay to the commissioner an investigation and annual  
17 ~~license~~ OPERATING fee as provided by this act. ~~If the appli-~~  
18 ~~cation is filed after June 30 in any year, the applicant shall~~  
19 ~~pay the investigation fee and 1/2 of the annual license fee.~~

20       (3) ~~-(2)-~~ An applicant shall prove, in form satisfactory to  
21 the commissioner, that the applicant has available ~~liquid~~  
22 ~~assets~~ NET WORTH of at least ~~\$50,000.00~~ \$100,000.00 for the  
23 operation of the business at the location specified in the  
24 application.

25       Sec. 3. The applicant, at the time of filing ~~each such~~ AN  
26 application, shall also file when requested by the commissioner a  
27 bond in ~~such~~ AN amount ~~and sureties~~ to be approved by ~~him~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

6

1 THE COMMISSIONER, in which the applicant shall be the obligor.  
2 ~~and of which a surety company shall be the surety, if such a~~  
3 ~~company shall be found qualified by law in this state and~~ THE  
4 SURETY COMPANY ISSUING THE BOND SHALL BE QUALIFIED, able, and  
5 willing to write bonds required by this act. The ~~said~~ bond  
6 shall run to the people of the state of Michigan ~~for the use~~  
7 ~~of,~~ and may be sued on by ~~—~~ the state or any person ~~or~~  
8 ~~persons~~ who may have A cause of action against the obligor. ~~of~~  
9 ~~said bond under the provisions of this act. Such~~ THE bond shall  
10 be conditioned that ~~said~~ THE obligor will ~~faithfully conform~~  
11 ~~to and abide by the provisions of~~ COMPLY WITH this act and ~~of~~  
12 all rules and regulations ~~lawfully made by the commissioner~~  
13 ~~hereunder~~ MADE UNDER THIS ACT, and will pay to the state and to  
14 any ~~such~~ person ~~or persons~~ any and all ~~moneys that may~~  
15 ~~become~~ MONEY due or owing to the state or to ~~such~~ THE person  
16 ~~or persons~~ from ~~said~~ THE obligor. ~~under and by virtue of the~~  
17 ~~provisions of this act.~~

18       Sec. 4. (1) Upon the filing of the application, the payment  
19 of the fees, and the approval of the bond, the commissioner shall  
20 investigate the ~~facts~~ APPLICANT and if he or she finds that the  
21 financial responsibility, experience, character, and general fit-  
22 ness of the applicant ~~—, of the members if the applicant is a~~  
23 ~~copartnership or association, and of the officers and directors~~  
24 ~~if the applicant is a corporation~~ are such as to command the  
25 confidence of the community and to warrant belief that the busi-  
26 ness will be operated lawfully, honestly, fairly, and efficiently  
27 within the purposes of this act and that the applicant has

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

7

1 ~~available for the operation of the business at the specified~~  
2 ~~location liquid assets~~ A NET WORTH in the amounts ~~specified in~~  
3 REQUIRED UNDER section 2, ~~the foregoing facts being conditions~~  
4 ~~precedent to the issuance of a license under this act, he or she~~  
5 THE COMMISSIONER shall issue ~~and deliver~~ a license to the  
6 applicant to ~~make loans in accordance with the provisions of~~  
7 ~~this act~~ CONDUCT BUSINESS at the location OR LOCATIONS specified  
8 in the application. ~~, which~~ THE license shall remain in ~~full~~  
9 ~~force and~~ effect until it is surrendered by the licensee or  
10 revoked or suspended AS PROVIDED UNDER THIS ACT.

11 (2) If the commissioner finds that the applicant fails to  
12 meet the requirements of this ~~section~~ ACT, he or she shall not  
13 issue a license and shall notify the applicant of the denial and  
14 return to the applicant the bond and ~~the sum~~ FEE paid by the  
15 applicant, ~~as a license fee,~~ retaining the ~~\$300.00~~ investiga-  
16 tion fee to cover the costs of investigating the application.

17 (3) The commissioner shall approve or deny every application  
18 for license within 60 days from the ~~application's filing~~ DATE  
19 THAT THE APPLICATION WAS FILED with the fees and the approved  
20 bond.

21 (4) ~~(2)~~ If the application is denied, the commissioner  
22 shall within 20 days from the date of denial file with the  
23 ~~financial institutions bureau~~ OFFICE OF FINANCIAL AND INSURANCE  
24 SERVICES a written transcript of ~~evidence and a~~ THE decision  
25 and findings ~~with respect to the denial~~ containing the evidence  
26 and the reasons supporting the denial and shall serve upon the  
27 applicant a copy of the filing.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

8

1       Sec. 5. (1) ~~Such~~ EXCEPT AS OTHERWISE PROVIDED UNDER THIS  
2 SECTION, THE license shall state the address at which the  
3 PRINCIPAL OFFICE OF THE business is to be conducted and shall  
4 state fully the name of the licensee, and if the licensee is a  
5 co-partnership or association, the names of the members,  
6 ~~thereof,~~ and if a corporation, the date and place of its  
7 incorporation. ~~Such~~

8       (2) THE license shall be kept conspicuously posted in the  
9 ~~place~~ PLACES of business ~~mentioned~~ SPECIFIED in the license.  
10 ~~, and shall not be transferable or assignable.~~

11       (3) THE LICENSE IS NOT TRANSFERABLE OR ASSIGNABLE WITHOUT  
12 THE PRIOR APPROVAL OF THE COMMISSIONER.

13       (4) THE SALE, TRANSFER, ASSIGNMENT, OR CONVEYANCE OF MORE  
14 THAN 25% OF THE OUTSTANDING VOTING STOCK OF A LICENSEE THAT IS A  
15 CORPORATION, OR MORE THAN 25% OF THE INTEREST IN A LICENSEE THAT  
16 IS A PARTNERSHIP OR OTHER UNINCORPORATED LEGAL ENTITY, SHALL BE  
17 CONSIDERED TO BE A TRANSFER OF THE LICENSE.

18       Sec. 6. (1) EVERY LICENSEE SHALL MAINTAIN AT ALL TIMES NET  
19 WORTH IN THE AMOUNT REQUIRED UNDER SECTION 2.

20       (2) If the commissioner ~~shall find~~ DETERMINES at any time  
21 that any bond is insecure, ~~or~~ exhausted, or otherwise of doubt-  
22 ful validity or collectability, ~~an additional bond to be~~  
23 ~~approved by him, with 1 or more sureties to be approved by him~~  
24 ~~and of the character specified in section 3 of this act in the~~  
25 ~~sum~~ THE COMMISSIONER MAY REQUIRE THE LICENSEE TO OBTAIN AN ADDI-  
26 TIONAL BOND IN AN AMOUNT of not more than \$1,000.00. ~~, shall be~~  
27 ~~filed by the licensee~~ THE LICENSEE SHALL FILE THE NEW BOND



**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

9

1 within 10 days after THE COMMISSIONER HAS ISSUED written demand  
2 upon the licensee. ~~by the commissioner.~~

3 ~~Every licensee shall maintain at all times assets in the~~  
4 ~~amounts specified in section 2 hereof for each licensed place of~~  
5 ~~business either in liquid form available for the operation of or~~  
6 ~~actually used in the conduct of such business at the location~~  
7 ~~specified in the license.~~

8 Sec. 7. (1) ~~Only 1 place of business shall be maintained~~  
9 ~~under a license, but the commissioner may issue more than 1~~  
10 ~~license to the same licensee upon compliance with the provisions~~  
11 ~~of this act that cover the original issuance of a license. A~~  
12 LICENSEE UNDER THIS ACT MAY CHANGE ITS NAME OR PLACE OF BUSINESS  
13 SHOWN ON THE LICENSE BY GIVING PRIOR WRITTEN NOTICE TO THE COM-  
14 MISSIONER AND RETURNING THE LICENSE TO THE COMMISSIONER. THE  
15 COMMISSIONER SHALL AMEND THE LICENSE CERTIFICATE TO SHOW THE NEW  
16 NAME OR THE NEW PLACE OF BUSINESS AND THE DATE OF THE NEW  
17 CERTIFICATE.

18 (2) ~~A licensee may change a licensed place of business to a~~  
19 ~~street address other than that designated in the license by~~  
20 ~~giving written notice to the commissioner who shall indicate~~  
21 ~~approval of the change by issuing a new license. A LICENSEE MAY~~  
22 ENGAGE IN ACTIVITIES FOR WHICH A LICENSE IS REQUIRED AT MORE THAN  
23 1 PLACE OF BUSINESS BY PROVIDING NOT LESS THAN 30 DAYS' WRITTEN  
24 NOTICE TO THE COMMISSIONER BEFORE OPENING EACH ADDITIONAL PLACE  
25 OF BUSINESS. THIS SUBSECTION DOES NOT APPLY TO ANY PLACE OF  
26 BUSINESS LISTED IN THE LICENSEE'S APPROVED APPLICATION FOR  
27 LICENSURE.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

10

1       (3) ~~The licensee at the time of giving written notice to~~  
2 ~~change the street address or change the name of the licensee~~  
3 ~~shall pay to the commissioner a fee for amending the license as~~  
4 ~~provided in section 8.~~ A LICENSEE THAT CEASES ENGAGING IN BUSI-  
5 NESS ACTIVITIES THAT ARE SUBJECT TO THIS ACT AT A PLACE OF BUSI-  
6 NESS SHALL PROVIDE WRITTEN NOTICE TO THE COMMISSIONER WITHIN 30  
7 DAYS.

8       Sec. 8. (1) The commissioner shall annually establish the  
9 schedule of fees sufficient to pay the ~~bureau's~~ costs of admin-  
10 istering this act. The fees are as follows:

11       (a) For the investigation of an applicant for a license, not  
12 less than ~~\$200.00~~ \$250.00 or more than ~~\$600.00~~ \$1,000.00,  
13 which is not refundable.

14       (b) For the issuance or annual renewal of a license, ~~not~~  
15 ~~less than \$300.00 or more than \$800.00, which is to be paid on or~~  
16 ~~before December 22 each year. A license renewal fee paid after~~  
17 ~~December 22 is subject to a penalty of \$25.00 for each day the~~  
18 ~~fee is delinquent or \$1,000.00, whichever is less.~~ AN ANNUAL  
19 OPERATING FEE BASED UPON THE VOLUME AND TYPES OF ACTIVITIES CON-  
20 DUCTED BY THE LICENSEE DURING THE PREVIOUS CALENDAR YEAR. THE  
21 ANNUAL OPERATING FEE SET BY THE COMMISSIONER UNDER THIS SUBSEC-  
22 TION SHALL BE BASED UPON INFORMATION IN REPORTS FILED UNDER  
23 SECTION 11.

24       (c) For amending a license, not less than ~~\$20.00~~ \$50.00 or  
25 more than ~~\$75.00~~ \$100.00.

26       ~~(d) For examination of the licensee, not less than \$40.00~~  
27 ~~or more than \$70.00 per hour for each examiner involved in an~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

11

1 ~~examination. In addition, a licensee shall pay the actual travel~~  
2 ~~and lodging expenses incurred by bureau employees who travel out~~  
3 ~~of Michigan to examine the records of the licensee.~~

4 (2) At the time of paying the annual ~~license~~ OPERATING  
5 fee, each licensee shall file with the commissioner a bond ~~for~~  
6 ~~each license held in the amount and character~~ as required by  
7 section 3.

8 (3) If any fees or penalties provided for in this act are  
9 not paid when required, the ~~attorney general~~ COMMISSIONER may  
10 maintain an action against the delinquent licensee for the recov-  
11 ery of the fees or penalties together with interest and costs.

12 (4) ~~Fees~~ EXCEPT AS OTHERWISE PROVIDED BY THIS ACT, THE  
13 FEES received ~~pursuant to~~ UNDER this act are not refundable.

14 (5) A licensee who fails to submit to the commissioner a  
15 report required ~~pursuant to~~ UNDER section 11 is subject to a  
16 penalty of ~~-\$25.00-~~ \$50.00 for each day the report is delinquent  
17 or ~~-\$1,000.00-~~ \$5,000.00, whichever is less.

18 (6) Money received under this act shall be paid into the  
19 state treasury to the credit of the ~~financial institutions~~  
20 ~~bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES and shall be  
21 used for the operation of the ~~financial institutions bureau~~  
22 OFFICE OF FINANCIAL AND INSURANCE SERVICES.

23 Sec. 9. (1) The commissioner, upon 10 days' written notice  
24 to the licensee stating the contemplated action and the grounds  
25 ~~therefor~~ FOR THE ACTION, and upon reasonable opportunity to be  
26 heard, ~~shall~~ MAY revoke any license if he ~~shall find that~~ OR  
27 SHE FINDS ANY OF THE FOLLOWING:

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

12

1 (a) The licensee ~~, with respect to such license,~~ has  
2 failed, after 5 days' written notice of default, to pay the  
3 annual ~~license~~ OPERATING fee, ~~or~~ to maintain ~~in effect~~ the  
4 bond ~~or bonds~~ required under ~~the provisions of~~ this act, or  
5 to comply with any demand, ruling, or requirement of the commis-  
6 sioner ~~lawfully made pursuant to and within the authority of~~  
7 MADE UNDER this act.

8 (b) The licensee either knowingly or without the exercise of  
9 due care ~~to prevent the same,~~ has violated any provision of  
10 this act or any rule ~~lawfully~~ made by the commissioner under  
11 ~~the authority of~~ this act.

12 (c) Any fact or condition THAT exists which, if it had  
13 existed at the time of the original application for the license,  
14 ~~clearly~~ would have warranted the commissioner in refusing orig-  
15 inally to issue the license.

16 (2) If the commissioner ~~shall find~~ FINDS that probable  
17 cause for revocation of any license exists and that the enforce-  
18 ment of the act requires immediate suspension of the license  
19 pending investigation, he OR SHE may, upon 3 days' written notice  
20 and a hearing, suspend any license for a period not exceeding 30  
21 days.

22 ~~The commissioner may revoke or suspend only the particular~~  
23 ~~license with respect to which grounds for revocation or suspen-~~  
24 ~~sion may occur or exist, or, if he shall find that such grounds~~  
25 ~~for revocation or suspension are of general application to all~~  
26 ~~offices, or to more than 1 office, operated by the licensee, he~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

13

1 ~~shall revoke or suspend all of the licenses issued to the~~  
2 ~~licensee or such licenses as such grounds apply to.~~

3 (3) ~~Any~~ A licensee may surrender ~~any~~ ITS license by  
4 delivering to the commissioner written notice that ~~he~~ IT sur-  
5 renders the license. ~~, but the~~ THE surrender ~~shall~~ DOES not  
6 affect the licensee's civil or criminal liability for acts com-  
7 mitted ~~prior to~~ BEFORE THE surrender.

8 (4) ~~No~~ A revocation or suspension or surrender of ~~any~~ A  
9 license ~~shall~~ DOES NOT impair or affect the obligation of any  
10 preexisting lawful contract between the licensee and any  
11 borrower.

12 ~~Every license shall remain in force until the same shall~~  
13 ~~have been surrendered, revoked or suspended in accordance with~~  
14 ~~this act but the~~

15 (5) THE commissioner shall have authority ~~on his own~~  
16 ~~initiative~~ to reinstate suspended licenses or to issue new  
17 licenses to a licensee whose license shall have been revoked if  
18 no fact or condition ~~then~~ exists ~~which~~ THAT clearly would  
19 have warranted the commissioner in refusing originally to issue  
20 the license.

21 (6) ~~Whenever~~ IF the commissioner ~~shall revoke or suspend~~  
22 REVOKES OR SUSPENDS a license, he OR SHE shall ~~forthwith~~ file  
23 with the ~~financial institutions bureau~~ OFFICE OF FINANCIAL AND  
24 INSURANCE SERVICES a written transcript of ~~evidence and an~~ THE  
25 order ~~to that effect and findings with respect thereto~~ contain-  
26 ing the evidence and the reasons supporting the revocation or

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

14

1 suspension, and ~~forthwith~~ serve upon the licensee a copy  
2 ~~thereof~~ OF THE TRANSCRIPT.

3       Sec. 10. (1) For the purpose of investigating violations of  
4 this act or securing information lawfully required under this  
5 act, the commissioner may at any time, either personally or by a  
6 designated person or persons, investigate the loans and business  
7 and examine the books, accounts, records, and files used with the  
8 loans and business ~~, of every~~ OF ANY licensee ~~and~~ OR ANY  
9 person engaged in the business described in section ~~1, whether~~  
10 ~~the person shall acts or claims to act as a principal or agent,~~  
11 ~~or with or without the authority of this act~~ 2. The commis-  
12 sioner and his or her duly designated representatives shall have  
13 and be given free access to the offices and places of business,  
14 books, accounts, papers, records, files, safes, and vaults of all  
15 persons investigated under this section. The commissioner and  
16 persons duly designated by him or her have the authority to  
17 require the attendance of and to examine under oath all persons  
18 whose testimony the commissioner may require relative to the  
19 loans or business or to the subject matter of an examination,  
20 investigation, or hearing.

21       (2) ~~At least once during every 2-year period, the commis-~~  
22 ~~sioner shall examine the books, accounts, records, and files of a~~  
23 ~~licensee.~~ THE COMMISSIONER AT ANY TIME MAY INVESTIGATE THE BUSI-  
24 NESS ACTIVITIES OF A LICENSEE AS THE COMMISSIONER CONSIDERS NEC-  
25 ESSARY, EXAMINE THE BOOKS, ACCOUNTS, RECORDS, AND FILES USED AND  
26 MAINTAINED BY ANY LICENSEE, AND REQUIRE THE LICENSEE TO FURNISH  
27 ADDITIONAL REPORTS RELATING TO THE LICENSEE'S BUSINESS. THE

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

15

1 COMMISSIONER SHALL EXAMINE THE BOOKS, ACCOUNTS, RECORDS, AND  
2 FILES OF A LICENSEE AT LEAST ONCE DURING EVERY 5-YEAR PERIOD.

3 ~~(3) The examination fee shall be invoiced upon the comple-~~  
4 ~~tion of the examination and is due and payable upon receipt of~~  
5 ~~the invoice by the licensee. A licensee is not required to pay~~  
6 ~~more than 1 examination fee in a calendar year.~~

7 (3) ~~(4)~~ This ~~section~~ ACT shall not be construed to pro-  
8 hibit the keeping of records by electronic data processing  
9 methods.

10 ~~(5) The commissioner may maintain a cause of action in the~~  
11 ~~court of claims to recover any fees a licensee fails to pay.~~

12 (4) ~~(6)~~ All fees collected under this section shall be  
13 paid into the state treasury and credited to the ~~financial~~  
14 ~~institutions bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES.

15 Sec. 11. (1) The licensee shall keep and use in the  
16 licensee's business the books, accounts, and records the commis-  
17 sioner may require in order to determine whether the licensee is  
18 complying with ~~the provisions of~~ this act and with the rules  
19 promulgated by the commissioner ~~pursuant to~~ UNDER this act.  
20 The licensee shall preserve within this state and make accessible  
21 to the commissioner, the books, accounts, and records ~~, includ-~~  
22 ~~ing cards used in the card system, if any,~~ for at least 2 years  
23 after making the final entry on any loan recorded in the books,  
24 accounts, and records. Books and accounts may be kept at a loca-  
25 tion other than the licensee's principal place of business, pro-  
26 vided that they are made available to the commissioner upon

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

16

1 request and the licensee pays the actual and reasonable travel  
2 expenses if the examiner must travel out of state.

3       (2) The licensee shall file, annually on or before February  
4 15 of each year, with the commissioner its financial statement in  
5 a uniform format prescribed by the commissioner, including infor-  
6 mation on earnings, for the prior calendar year.

7       (3) ~~The licensee shall file, on or before March 15, 1990,~~  
8 ~~and every third year thereafter, a report with the commissioner~~  
9 ~~giving all relevant information as the commissioner reasonably~~  
10 ~~may require concerning the business and operations during the~~  
11 ~~preceding 3-year period of each licensed place of business con-~~  
12 ~~ducted by the licensee within this state. A report filed under~~  
13 ~~this subsection is exempt from disclosure under the freedom of~~  
14 ~~information act, Act No. 442 of the Public Acts of 1976, being~~  
15 ~~sections 15.231 to 15.246 of the Michigan Compiled Laws, except~~  
16 ~~if the commissioner finds that disclosure of a report would be in~~  
17 ~~the public interest.~~ A LICENSEE SHALL ANNUALLY ON OR BEFORE A  
18 DATE ESTABLISHED BY THE COMMISSIONER FILE WITH THE COMMISSIONER A  
19 REPORT, ON A FORM PROVIDED BY THE COMMISSIONER, STATING THE  
20 LICENSEE'S VOLUME AND TYPE OF BUSINESS ACTIVITIES FOR THE IMMEDI-  
21 ATELY PRECEDING CALENDAR YEAR. THE COMMISSIONER SHALL PROVIDE AT  
22 LEAST 30 DAYS' ADVANCE NOTICE OF THE DATE EACH REPORT IS DUE.

23       (4) All reports shall be made under oath and shall be in the  
24 form prescribed by the commissioner.

25       (5) The commissioner shall make and publish annually an  
26 analysis and recapitulation of the reports filed ~~pursuant to~~  
27 UNDER subsections (2) and (3).



**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

17

1       Sec. 12. (1) A licensee or other person shall not  
2 advertise, print, display, publish, distribute, or broadcast or  
3 cause or permit to be advertised, printed, displayed, published,  
4 distributed, or broadcast, in any manner whatsoever a false, mis-  
5 leading, or deceptive statement or representation with regard to  
6 the rates, terms, or conditions for the lending of money, credit,  
7 goods, or things in action. ~~in an amount or of a value included~~  
8 ~~within the regulatory loan ceiling at a greater rate of charge~~  
9 ~~than lenders not licensed under this act would be permitted by~~  
10 ~~law to make; or, in the case of a licensee, any statement or rep-~~  
11 ~~resentation which refers to the supervision of the business by~~  
12 ~~this state or a department or official of this state except with~~  
13 ~~the approval of the commissioner. The commissioner may order a~~  
14 ~~licensee to desist from conduct which the commissioner finds is a~~  
15 ~~violation of this section.~~

16       ~~(2) The commissioner may require that rates of charge, if~~  
17 ~~stated by a licensee, be stated fully and clearly in a manner the~~  
18 ~~commissioner considers necessary to prevent misunderstanding by~~  
19 ~~prospective borrowers.~~

20       (2) ~~-(3)-~~ A licensee shall not take a lien upon real estate  
21 as security for a loan made under this act, except a lien  
22 acquired by execution or otherwise after the entry of a  
23 judgment.

24       ~~-(4) A licensee shall not conduct the business of making~~  
25 ~~loans under this act within an office, room, suite, or place of~~  
26 ~~business in which any other business is solicited or engaged in,~~  
27 ~~or in association or conjunction with the business, if the~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

18

1 ~~commissioner finds, after 5 days' written notice and after a~~  
2 ~~hearing that the other business is of such a nature that the con-~~  
3 ~~duct has concealed or facilitated evasion of this act or of the~~  
4 ~~general rules lawfully made under this act, and shall order the~~  
5 ~~licensee in writing to desist from that conduct, but the order~~  
6 ~~shall not be made by the commissioner unless the commissioner~~  
7 ~~finds that the other business has been so conducted at that par-~~  
8 ~~ticular location that it has concealed or facilitated evasion of~~  
9 ~~this act.~~

10       ~~(5) A licensee shall not transact business or make a loan~~  
11 ~~provided for by this act under any other name or at any other~~  
12 ~~place of business within this state than that named in the~~  
13 ~~license, unless it is also an office of the licensee duly~~  
14 ~~licensed under this act. This subsection shall not be construed~~  
15 ~~to prohibit a licensee from transacting business or making a loan~~  
16 ~~by mail.~~

17       (3) ~~-(6)-~~ A licensee shall not take a confession of judgment  
18 or a power of attorney to appear or to confess judgment on behalf  
19 of a borrower. A licensee shall not take a note or evidence of  
20 indebtedness that does not accurately disclose the actual amount  
21 of the loan, the time for which it is made, and the agreed rate  
22 of charge, or an instrument in which blanks are left to be filled  
23 in after execution.

24       (4) ~~-(7)-~~ A licensee shall not discriminate against a person  
25 in the extension of credit on the basis of sex or marital  
26 status.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

19

1       Sec. 12a. (1) False, misleading, deceptive, or  
2 irresponsible advertising is unlawful and is defined as follows:

3       (a) Advertising which lures, entices, induces, or tends to  
4 induce a person to incur a debt by unreasonably minimizing the  
5 consequences of assuming a legal repayment obligation or by  
6 depicting the assumption of a debt obligation as a frivolous  
7 transaction.

8       (b) Advertising that describes or depicts the benefits or  
9 advantages of having the money from a loan, without describing or  
10 depicting the obligation of repaying the loan with interest.

11       (c) Advertising with claims and representations that are not  
12 accurate or provable.

13       (d) Advertising which misrepresents facts or creates mis-  
14 leading impressions.

15       ~~(e) Advertising which contains a statement which, though~~  
16 ~~true, implies an untruth.~~

17       (E) ~~(f)~~ Advertising which uses the phrase "lowest rates",  
18 "lowest rates in the city", or similar phrases unless the rates  
19 are actually lower than those of other lenders.

20       (F) ~~(g)~~ Advertising which uses the phrase "new reduced  
21 rates", "new low rates", "reduced rates", or similar phrases for  
22 more than 60 days after the changed rates become effective.

23       (G) ~~(h)~~ Advertising which causes a probability of confu-  
24 sion or misunderstanding as to the legal rights, obligations, or  
25 remedies of a lender, or as to the terms or conditions of  
26 credit.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

20

1       (H) ~~-(i)-~~ Advertising which represents that a borrower will  
2 receive a rebate, discount, or other benefit as an inducement for  
3 entering into a transaction, if the benefit is contingent on an  
4 event to occur subsequent to the consummation of the  
5 transaction.

6       (I) ~~-(j)-~~ Advertising which suggests or infers that a loan  
7 is not a loan, or that interest is not charged, or that the bor-  
8 rower is not under an obligation to repay.

9       (2) A licensee shall not advertise any size of loan, secur-  
10 ity required for a loan, rate of charge, or other condition of  
11 lending except with the full intent of making loans at those  
12 rates, or lower rates, and under those conditions, to applicants  
13 who meet the standards or qualifications prescribed.

14       Sec. 12c. (1) If the commissioner has probable cause to  
15 believe that a licensee has engaged, is engaged, or is about to  
16 engage in advertising that is false, misleading, deceptive, or  
17 irresponsible as defined in section 12a, and upon notice given in  
18 accordance with this section, the commissioner shall report the  
19 matter to the attorney general. ~~Upon receipt of the notice,~~  
20 ~~the~~ THE attorney general OR THE COMMISSIONER may bring an action  
21 to restrain the licensee by temporary or permanent injunction  
22 from engaging in the advertising. The action may be brought in  
23 the circuit court for the county where the licensee is estab-  
24 lished or conducts business or in the circuit court for Ingham  
25 county. The court may award costs to the prevailing party. For  
26 persistent and knowing violation of section 12a the court may  
27 assess the defendant a civil penalty of not more than \$5,000.00.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

21

1       (2) Unless waived by the court on good cause shown, not less  
2 than 10 days before the commencement of a proceeding under this  
3 section the commissioner shall notify the licensee of the  
4 intended referral to the attorney general and provide the  
5 licensee an opportunity to cease and desist from the alleged  
6 unlawful advertising or to confer with the commissioner in  
7 person, by counsel, or by other representative as to the proposed  
8 action before the proposed filing date.

9       (3) Service of the notice may be given to the licensee by  
10 mail, postage prepaid, to the licensee's usual place of business  
11 or, with respect to a corporation, only to a resident agent who  
12 is designated to receive service of process or to an officer of  
13 the corporation.

14       (4) ~~-(3)-~~ If the commissioner has authority to institute a  
15 proceeding ~~pursuant to~~ UNDER this section, the commissioner,  
16 upon the concurrence of the attorney general, may accept an  
17 assurance of discontinuance of advertising that is alleged to be  
18 unlawful under section 12a from the person who is alleged to have  
19 engaged, be engaging, or be about to engage in the advertising.  
20 The assurance does not constitute an admission of guilt nor can  
21 it be introduced in any other proceeding. An assurance of dis-  
22 continuance shall be in writing and filed with the circuit court  
23 for Ingham county. The clerk of the court shall maintain a  
24 record of the filings. Unless rescinded by the parties or voided  
25 by the court for good cause, the assurance may be enforced in the  
26 circuit court by the parties to the assurance. The assurance may  
27 be modified by the parties or by the court for good cause.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

22

1       (5) ~~-(4)-~~ A person who knowingly violates the terms of an  
2 injunction, order, decree, or judgment issued ~~pursuant to~~ UNDER  
3 this section is subject to a civil penalty of not more than  
4 \$500.00 for each violation. For the purposes of this section,  
5 the court issuing an injunction, order, decree, or judgment shall  
6 retain jurisdiction, and the cause shall be continued. The  
7 attorney general OR THE COMMISSIONER may petition for recovery of  
8 a civil penalty as provided by this section.

9       (6) ~~-(5)-~~ The action or the failure to act by the commis-  
10 sioner under this section shall not be considered specific autho-  
11 rization of conduct barring the attorney general from bringing an  
12 action ~~pursuant to~~ UNDER the Michigan consumer protection act,  
13 ~~Act No. 331 of the Public Acts of 1976, being sections 445.901~~  
14 ~~to 445.922 of the Michigan Compiled Laws~~ 1976 PA 331,  
15 MCL 445.901 TO 445.922.

16       Sec. 12d. A person may bring an action in the circuit court  
17 of the county in which ~~the home~~ AN office of a licensee is  
18 located, or in the circuit court for Ingham county, to enjoin a  
19 licensee from advertising in violation of section 12a.

20       Sec. 13. (1) A licensee may lend money and may contract  
21 for, compute, and receive interest charges on the loan at a rate  
22 that does not exceed the rate permitted by the credit reform act,  
23 ~~Act No. 162 of the Public Acts of 1995, being sections 445.1851~~  
24 ~~to 445.1864 of the Michigan Compiled Laws~~ 1995 PA 162,  
25 MCL 445.1851 TO 445.1864. A loan by a licensee may be 1 of the  
26 following:

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

23

1 (a) A closed-end loan.

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

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

9 (3) Charges on loans made under this act shall not be paid,  
10 deducted, or received in advance, or compounded. All charges on  
11 loans made under this act shall be computed on the unpaid princi-  
12 pal balance or portions of the balance, specifically expressed in  
13 every obligation signed by the borrower, and computed on the  
14 basis of the number of days actually elapsed.

15 (4) In addition to the interest and charges provided for in  
16 this act, a loan processing fee not to exceed ~~2%~~ 5% of the  
17 principal, up to ~~\$40.00~~ \$250.00, may be charged for each  
18 closed-end loan made, and may be included in the principal of the  
19 loan. THE \$250.00 LIMIT ON THE LOAN PROCESSING FEE SHALL BE  
20 ADJUSTED EVERY 2 YEARS TO REFLECT THE PERCENTAGE CHANGE IN THE  
21 UNITED STATES CONSUMER PRICE INDEX FOR THE 2 IMMEDIATELY PRECED-  
22 ING CALENDAR YEARS, ROUNDED TO THE NEAREST HUNDRED DOLLARS. AS  
23 USED IN THIS SUBSECTION, "UNITED STATES CONSUMER PRICE INDEX"  
24 MEANS THE UNITED STATES CONSUMER PRICE INDEX FOR ALL URBAN CON-  
25 SUMERS IN THE UNITED STATES CITY AVERAGE, AS DEFINED AND REPORTED  
26 BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR  
27 STATISTICS, AND AFTER CERTIFICATION BY THE COMMISSIONER. A

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

24

1 licensee may require the borrower to pay the late charges  
2 permitted by ~~Act No. 162 of the Public Acts of 1995~~ THE CREDIT  
3 REFORM ACT, 1995 PA 162, MCL 445.1851 TO 445.1864. A licensee  
4 shall not induce or permit a person to become obligated, directly  
5 or contingently, under more than 1 loan contract not secured by  
6 personal property at the same time for the purpose or with the  
7 result of obtaining a loan processing fee not otherwise permitted  
8 by this section. No other amount shall be directly or indirectly  
9 charged, contracted for, or received, except the lawful fees, if  
10 any, actually and necessarily paid by the licensee to a govern-  
11 mental entity for the filing, recording, or releasing of either  
12 of the following:

13       (a) A financing statement or an instrument securing the  
14 loan, or both.

15       (b) A record noting or releasing a lien or transferring a  
16 certificate of title under the Michigan vehicle code, ~~Act~~  
17 ~~No. 300 of the Public Acts of 1949, being sections 257.1 to~~  
18 ~~257.923 of the Michigan Compiled Laws~~ 1949 PA 300, MCL 257.1 TO  
19 257.923.

20       (5) The fees permitted under this section may be collected  
21 at any time on or after the date the loan is made.

22       (6) A licensee may charge a handling fee ~~of \$5.00~~ for the  
23 return of an unpaid and dishonored check, draft, negotiable  
24 order, or similar instrument given to the licensee in full or  
25 partial repayment of a loan AS AUTHORIZED BY THE CREDIT REFORM  
26 ACT, 1995 PA 162, MCL 445.1851 TO 445.1864.



**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

25

1       (7) A LICENSEE MAY RECOVER FROM THE BORROWER THE COSTS AND  
2 EXPENSES OF RETAKING, HOLDING, REPAIRING, PREPARING FOR SALE, AND  
3 SELLING ANY PERSONAL PROPERTY IN ACCORDANCE WITH SECTIONS 9609  
4 AND 9615 OF THE UNIFORM COMMERCIAL CODE, 1962 PA 174,  
5 MCL 440.9609 AND 440.9615.

6       (8) ~~-(7)-~~ A licensee may charge a reasonable annual fee for  
7 the privilege of receiving open-end credit from the licensee.

8       ~~-(8) If an amount other than the charges permitted by this~~  
9 ~~act is charged, contracted for, or received for any reason other~~  
10 ~~than a bona fide clerical error, the loan contract shall be void~~  
11 ~~and the licensee shall not collect or receive any principal,~~  
12 ~~charges, or recompense whatsoever.~~

13       (9) A LICENSEE MAY CHARGE A REASONABLE FEE PER PAYMENT IF A  
14 BORROWER MAKES A PAYMENT OR PAYMENTS BY AUTHORIZING A LICENSEE  
15 VERBALLY OR IN WRITING TO EXECUTE A DEBIT OR OTHERWISE PROCESS A  
16 PAYMENT, THROUGH AUTOMATED CLEARING PROCEDURES, DRAWN ON THE  
17 BORROWER'S DEPOSIT ACCOUNT. THIS SUBSECTION SHALL NOT BE CON-  
18 STRUED TO PERMIT THE IMPOSITION OF A FEE IN CASES WHERE THE BOR-  
19 ROWER, AT THE TIME OF CONSUMMATION OF THE LOAN, AUTHORIZES THE  
20 LICENSEE TO EFFECT ALL PERIODIC INSTALLMENT PAYMENTS BY WAY OF  
21 ELECTRONIC AUTOMATED CLEARING PROCEDURES DRAWN ON THE BORROWER'S  
22 DEPOSIT ACCOUNT.

23       (10) IN ADDITION TO THE PENALTIES PROVIDED BY THIS ACT, A  
24 VIOLATION OF THIS ACT WITH RESPECT TO A PARTICULAR REGULATORY  
25 LOAN TRANSACTION IS ALSO SUBJECT TO THE PENALTY AND REMEDY PROVI-  
26 SIONS OF THE CREDIT REFORM ACT, 1995 PA 162, MCL 445.1851 TO  
27 445.1864.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

26

1       (11) ~~—(9)—~~ As used in this section, "open-end credit" means  
2 credit that is not secured by an interest in real property and is  
3 extended under a plan in which both of the following apply:

4       (a) The licensee reasonably contemplates repeated  
5 transactions.

6       (b) The amount of credit that may be extended to the bor-  
7 rower during the term of the plan is generally made available to  
8 the extent that any part of the outstanding balance is repaid.

9       Sec. 13a. (1) In addition to charges allowed under  
10 section 13, at the option of the borrower, a licensee may obtain  
11 or provide 1 or both of the following and deduct from the princi-  
12 pal of a loan and retain an amount equal to the premium lawfully  
13 charged by the insurance company:

14       (a) Credit insurance as defined in the credit insurance act,  
15 ~~Act No. 173 of the Public Acts of 1958, being sections 550.601~~  
16 ~~to 550.624 of the Michigan Compiled Laws~~ 1958 PA 173,  
17 MCL 550.601 TO 550.624.

18       (b) Any other insurance under the insurance code of 1956,  
19 ~~Act No. 218 of the Public Acts of 1956, being sections 500.100~~  
20 ~~to 500.8302 of the Michigan Compiled Laws~~ 1956 PA 218,  
21 MCL 500.100 TO 500.8302.

22       (2) The insurance permitted by this section shall be in  
23 force when the loan is made. If the borrower obtains the insur-  
24 ance from or through a licensee, the statement required by sec-  
25 tion 14 shall show the cost of the insurance and the licensee  
26 shall provide to the borrower a copy of the policy, certificate,  
27 or other evidence of the insurance. This act does not prohibit

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

27

1 the licensee or any employee, affiliate, subsidiary, or associate  
2 of the licensee from collecting the premium or identifiable  
3 charge for the insurance permitted by this section or from  
4 receiving and retaining any gain or other benefit resulting from  
5 the insurance. A licensee shall not require the purchase of  
6 insurance as a condition precedent to the making of a loan.

7 Sec. 14. A licensee shall:

8 (a) Deliver to the borrower a disclosure statement in com-  
9 pliance with ~~regulation Z,~~ 12 C.F.R. part 226.

10 (b) Give to the borrower a plain and complete receipt for  
11 cash payments made on account of a loan at the time the payments  
12 are made, specifying the amount applied to charges and the  
13 amount, if any, applied to principal, and stating the unpaid  
14 principal balance ~~, if any,~~ of the loan. An unitemized receipt  
15 may be given temporarily and within 30 days a receipt as pre-  
16 scribed above delivered or mailed.

17 (c) Permit payment to be made in advance in any amount on  
18 any contract of loan at any time during regular business hours,  
19 but the licensee may apply that payment first to all charges in  
20 full at the agreed rate up to the date of the payment.

21 (d) Upon repayment of the loan in full, mark plainly every  
22 obligation and security signed by the borrower with the word  
23 "Paid" or "Canceled", and release any mortgage, restore any  
24 pledge, cancel and return any note, and cancel and return any  
25 assignment given to the licensee by the borrower.

26 ~~(e) Display in each licensed place of business a full and~~  
27 ~~accurate schedule of the maximum charges authorized by this act~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

28

1 ~~to be made upon loans of all classes and the method of computing~~  
2 ~~the charges.~~

3       Sec. 14a. Compliance with the requirements of the consumer  
4 credit protection act, Public Law 90-321, 82 statute 146, ~~et~~  
5 ~~seq.~~, commonly referred to as the federal truth in lending act  
6 is compliance with section 12 as to advertising, section 13a as  
7 to cost of insurance, and section 14.

8       Sec. 15. ~~A licensee shall not directly or indirectly~~  
9 ~~charge, contract for, or receive an interest, discount, or con-~~  
10 ~~sideration greater than the lender would be permitted by law to~~  
11 ~~charge if the licensee were not licensed under this act upon a~~  
12 ~~part or all of any aggregate indebtedness of the same borrower,~~  
13 ~~or upon the loan, use, or forbearance of money, goods, or things~~  
14 ~~in action, or upon the loan, use, or sale of credit, of the~~  
15 ~~amount or value of more than the regulatory loan ceiling. This~~  
16 ~~prohibition shall also apply to a licensee who permits a person,~~  
17 ~~as borrower or as indorser, guarantor, or surety for a borrower~~  
18 ~~or otherwise, to owe directly or contingently or both to the~~  
19 ~~licensee at any time a sum of more than the regulatory loan ceil-~~  
20 ~~ing for principal. If a licensee acquires, directly or indirect-~~  
21 ~~ly, by purchase or discount the bona fide obligation of a pur-~~  
22 ~~chaser of goods or services from the person selling the goods or~~  
23 ~~rendering the services, then the amount of the purchased or dis-~~  
24 ~~counted indebtedness to the licensee shall not be included in~~  
25 ~~computing the aggregate indebtedness of the borrower to the~~  
26 ~~licensee for the purposes of this prohibition. A LICENSEE MAY~~  
27 ~~PURCHASE A CONTRACT MADE IN COMPLIANCE WITH THE RETAIL~~

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

29

1 INSTALLMENT SALES ACT, 1966 PA 224, MCL 445.851 TO 445.873, OR  
2 THE HOME IMPROVEMENT FINANCE ACT, 1965 PA 332, MCL 445.1101 TO  
3 445.1431.

4       SEC. 15A. (1) IF A REGULATORY LOAN CONTRACT CONTAINS OBLI-  
5 GATIONS BY THE BORROWER TO PERFORM CERTAIN DUTIES PERTAINING TO  
6 INSURING OR PRESERVING COLLATERAL AND THE LICENSEE, BECAUSE OF  
7 THE BORROWER'S FAILURE TO PERFORM THESE DUTIES, PAYS FOR PER-  
8 FORMANCE OF THE DUTIES ON BEHALF OF THE BORROWER, THE LICENSEE  
9 MAY ADD THE AMOUNTS PAID TO THE DEBT AND COLLECT INTEREST AT THE  
10 CONTRACT RATE ON THE AMOUNTS.

11       (2) WITHIN 30 DAYS AFTER ADVANCING ANY SUMS UNDER THIS SEC-  
12 TION, THE LICENSEE SHALL NOTIFY THE BORROWER IN WRITING OF THE  
13 AMOUNT OF THE SUMS ADVANCED, ANY CHARGES WITH RESPECT TO THIS  
14 AMOUNT, ANY REVISED PAYMENT SCHEDULE, AND A BRIEF DESCRIPTION OF  
15 THE SERVICES OR PRODUCTS PAID FOR BY THE LICENSEE, INCLUDING THE  
16 TYPE AND AMOUNT OF INSURANCE COVERAGES, IF APPLICABLE.

17       (3) THE LICENSEE SHALL PROMPTLY TERMINATE INSURANCE OR OTHER  
18 SERVICES PROCURED UNDER THIS SECTION ONCE THE BORROWER PROVIDES  
19 EVIDENCE THAT THE PERFORMANCE OF CONTRACTUAL DUTIES HAVE BEEN  
20 REINSTATED.

21       Sec. 17. (1) An assignment of, or order for payment of,  
22 salary, wages, commissions, or other compensation for services,  
23 earned or to be earned, given to secure a loan made by a licensee  
24 under this act, shall not be valid. A chattel mortgage or other  
25 lien on household goods then in the possession and use of the  
26 borrower shall not be valid unless it is in writing and signed in  
27 person by the borrower.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

30

1       (2) If the borrower is married, a chattel mortgage or other  
2 lien on household goods shall not be valid unless it is signed in  
3 person by both husband and wife. ~~— however, —~~ THE written assent  
4 of a spouse UNDER THIS SECTION shall not be required when husband  
5 and wife have been living separate and apart for a period of not  
6 less than 5 months before the making of the chattel mortgage or  
7 other lien. ~~Notwithstanding the provisions of section 17, all~~  
8 ~~wage assignments taken or executed before the effective date of~~  
9 ~~this act shall remain in full force and effect.~~

10       Sec. 18. (1) A person, except as authorized by this act,  
11 shall not directly or indirectly charge, contract for, or receive  
12 an interest, discount, or consideration greater than the lender  
13 would be permitted by law to charge if the lender were not  
14 licensed under this act upon the loan, use, or forbearance of  
15 money, goods, or things in action. ~~—, or upon the loan, use, or~~  
16 ~~sale of credit of the amount or value included within the regula-~~  
17 ~~tory loan ceiling.~~

18       (2) The prohibition specified in subsection (1) applies to a  
19 person who or which, by any device, subterfuge, or pretense  
20 charges, contracts for, or receives greater interest, considera-  
21 tion, or charges than authorized by this act for the loan, use,  
22 or forbearance of money, goods, or things in action or for the  
23 loan, use, or sale of credit.

24       (3) This act does not apply to loans legally made in another  
25 state or country by a licensee under a regulatory loan law simi-  
26 lar in principle to this act, except that loans made by mail to  
27 Michigan residents are subject to this act.

**SB0489, As Passed House, December 13, 2001**

Senate Bill No. 489

31

1       Sec. 21. ~~In addition to the provisions of this act, the~~  
2 ~~commissioner may make rules, specific rulings, demands, and find-~~  
3 ~~ings for the enforcement of this act, but which are not inconsis-~~  
4 ~~tent with this act. Rules shall be filed by the commissioner~~  
5 ~~with the financial institutions bureau in an indexed, permanent~~  
6 ~~book, with the effective date of the rules suitably indicated,~~  
7 ~~and the book shall be a public record. A copy of a rule promul-~~  
8 ~~gated pursuant to this act shall be mailed by the commissioner to~~  
9 ~~all licensees under this act at their respective licensed places~~  
10 ~~of business at least 10 days before the effective date of that~~  
11 ~~rule.~~ THE COMMISSIONER MAY PROMULGATE RULES THAT ARE NECESSARY  
12 FOR THE ADMINISTRATION AND ENFORCEMENT OF THIS ACT UNDER THE  
13 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
14 24.328.  
15       Enacting section 1. Sections 1a and 25 of the regulatory  
16 loan act of 1963, 1939 PA 21, MCL 493.1a and 493.25, are  
17 repealed.