



Senate Fiscal Agency  
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Senate Bill 664 (Substitute S-2 as reported)  
Sponsor: Senator Mike Kowall  
Committee: Banking and Financial Institutions

### **CONTENT**

The bill would amend the Debt Management Act to do the following:

- Require a licensee, before entering into a contract to provide debt management services, to develop a plan outlining how a debtor would meet the payment obligations of his or her debt management plan if the debtor's monthly expense and debt payments exceeded his or her net income.
- Modify the requirements for information that must be included in a budget analysis (which a licensee must prepare before entering into a contract to provide services).
- Allow a licensee to charge a nonrefundable fee for establishing a debt management plan for a debtor.
- Increase from \$25 to \$50 the initial fee a licensee may charge for establishing a debt management plan, and allow a fee for the purchase of credit reports and educational materials.
- Require a licensee to obtain consent to participate in a debt management plan from at least 51% of the debtor's creditors within 90 days, rather than the current 45 days, after establishing the plan, and otherwise revise the requirements for obtaining consent.
- Allow a debtor to add or remove one or more debt obligations from the contract by submitting a written request to the licensee.
- Revise the standards for annual reviews of a licensee's procedures.
- Allow a licensee to cancel a contract under certain conditions, if a debtor failed to make a payment, and delete provisions allowing a debtor to file a letter of continuation of a contract after failing to make a payment.
- Require a licensee to state on a website available to the public that the licensee was licensed in this State.
- Remove a requirement that advertising be filed with the Department of Insurance and Financial Services, but prohibit a licensee from advertising, printing, or displaying a false, misleading, or deceptive statement.

MCL 451.412 et al.

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-14-14

Fiscal Analyst: Josh Sefton