

REGULATORY LOAN ACT (EXCERPT)

Act 21 of 1939

493.12 Statements or representations by licensee; lien on real estate; confession of judgment or power of attorney prohibited; note or evidence of indebtedness; blanks; discrimination on basis of sex or marital status prohibited; knowingly permitting person to violate order; fee; conditions.

Sec. 12. (1) A licensee or other person shall not advertise, print, display, publish, distribute, or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner whatsoever a false, misleading, or deceptive statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action.

(2) A licensee shall not take a lien on real estate as security for a loan made under this act, except a lien acquired by execution or otherwise after the entry of a judgment.

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

(4) A licensee shall not discriminate against an individual in the extension of credit on the basis of sex or marital status.

(5) Except as provided under section 9g, a licensee shall not knowingly permit a person to violate an order that is issued under this act or any other financial licensing act that prohibits that individual from being employed by, an agent of, or a control person of the licensee.

(6) A licensee shall not pay a person a fee for locating a potential borrower for the licensee or introducing or referring a potential borrower to the licensee unless both of the following are met:

(a) The potential borrower is not directly or indirectly charged for all or any part of the fee if he or she enters into a loan with the licensee.

(b) The amount of the fee does not exceed \$500.00.

History: 1939, Act 21, Eff. Sept. 29, 1939;—Am. 1947, Act 130, Eff. Oct. 11, 1947;—CL 1948, 493.12;—Am. 1963, Act 103, Eff. Sept. 6, 1963;—Am. 1971, Act 168, Eff. Mar. 30, 1972;—Am. 1978, Act 528, Eff. Mar. 30, 1979;—Am. 1991, Act 14, Eff. Oct. 1, 1991;—Am. 2001, Act 270, Imd. Eff. Jan. 11, 2002;—Am. 2002, Act 393, Imd. Eff. May 30, 2002;—Am. 2017, Act 171, Eff. Feb. 19, 2018.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibility of the financial institutions bureau and the commissioner of the financial institutions bureau to the commissioner of the office of financial and insurance services and the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.