

REVISED JUDICATURE ACT OF 1961 (EXCERPT)
Act 236 of 1961

600.2952 Failure of maker to pay amount of dishonored check, draft, or order; liability; written demand for payment; delivery and text; effect of payment before trial; jurisdiction of action.

Sec. 2952.

(1) In addition to applicable penal sanctions, a person who makes, draws, utters, or delivers a check, draft, or order for payment of money upon a bank or other depository, person, firm, or corporation that refuses to honor the check, draft, or order for lack of funds or credit to pay or because the maker has no account with the drawee is liable for the amount of the dishonored check, draft, or order, plus a processing fee, civil damages, and costs, as provided in this section.

(2) A payee or an agent of a payee may make a written demand for payment of a check, draft, or order of the type specified in subsection (1), which demand may be delivered to the maker by first-class mail. The text of the written demand shall be as follows:

"A check, draft, or order for payment of money drawn by you for \$ _____ was returned to me/us/our client (client's name) dishonored for:

☐ Insufficient funds

☐ No account

This notice is a formal demand for payment of the full amount of the dishonored check, draft, or order plus a processing fee of \$25.00 for a total amount of \$ _____. If you pay this total amount within 7 days, excluding weekends and holidays, after the date this notice was mailed, no further civil action will be taken against you.

If you do not pay the \$ _____ as requested above, but within 30 days after the date this notice was mailed you pay the amount of the dishonored check, draft, or order plus a \$35.00 processing fee, for a total amount of \$ _____, no further civil action will be taken against you.

If you fail to pay either amount indicated above, I/we/our client will be authorized by state law to bring a civil action against you to determine your legal responsibility for payment of the check, draft, or order and civil damages and costs allowed by law.

If you dispute the dishonoring of this check, draft, or order, you should also contact your bank or financial institution immediately."

(3) The maker of a dishonored check, draft, or order for payment of money is liable to the payee as provided in subsection (4) if the maker fails to pay 1 of the following in cash to the payee or a designated agent of the payee after the mailing of a written demand for payment pursuant to subsection (2):

(a) Within 7 days, excluding weekends and holidays, after the date the written demand provided in subsection (2) is mailed, the full amount of the dishonored check, draft, or order, plus a processing fee of \$25.00.

(b) Within 30 days after the date of the mailing of the notice provided in subsection (2), the full amount of the dishonored check, draft, or order, plus a processing fee of \$35.00.

(4) Except as otherwise provided in subsection (5), a maker who fails to make payment pursuant to subsection (3) and who is found responsible for payment in a civil action is liable to the payee for payment of all of the following:

(a) The full amount of the check, draft, or order.

(b) Civil damages of 2 times the amount of the dishonored check, draft, or order or \$100.00, whichever is greater.

(c) Costs of \$250.00.

(5) Subsection (4) does not apply if, before the trial of an action brought pursuant to this section, the maker pays to the payee or a designated agent of the payee, in cash, the total of the amounts described in subsection (3)(b), plus reasonable costs, not exceeding \$250.00, as agreed to by the parties.

(6) An action under this section may be brought in the small claims division of the district court, if it does not exceed the jurisdiction of the small claims division, or in any other appropriate court. If the amount of the check exceeds the jurisdiction of the small claims division, the action may still be brought in the small claims division, but the amount of damages awarded shall not exceed the jurisdiction of the small claims division.

History: Add. 1984, Act 276, Eff. Mar. 29, 1985 ;-- Am. 1998, Act 313, Eff. Jan. 1, 1999