



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 842 (as introduced 3-3-16)
Sponsor: Senator Dave Robertson
Committee: Banking and Financial Institutions

Date Completed: 3-8-16

CONTENT

The bill would amend the Regulatory Loan Act to specify that if a fee or charge were not paid to a licensee, a fee or charge by a third party in connection with a regulatory loan transaction would not be considered a fee or a charge by the licensee.

The Act generally prohibits a person from engaging in the business of making loans of money, credit, or goods, or charging or receiving on the loan a greater rate of interest or consideration than the lender would be permitted to charge if it were not a licensee under the Act and without first obtaining a license from the Department of Insurance and Financial Services. A licensee is permitted to lend money and may contract for, compute, and receive interest charges on the loan at a rate that does not exceed that permitted by the Credit Reform Act. The Regulatory Loan Act also allows a licensee to charge various fees under certain conditions.

The bill specifies that if the fee or charge were not paid to the licensee, a fee or charge by a third party, including a credit services organization, in connection with a regulatory loan transaction would not be considered a fee or charge by a licensee and the assessment of that fee or charge would not be a violation of the Act by the licensee.

The bill would define "credit services organization" as that term is defined in Section 2 of the Credit Services Protection Act: a person who, in return for consideration, attempts to sell, provide, or perform one or more of the following: a) the improvement of a person's credit record, history, or rating, b) the obtainment of an extension of credit, c) advice or assistance regarding the improvement or repair of a person's credit record, history, or rating; d) advice or assistance regarding the obtainment of an extension of credit, e) advice or assistance regarding foreclosure of a real estate mortgage, or f) service as an intermediate between a debtor and a creditor on behalf of the debtor regarding credit that was extended before any agreement to have the credit services organization serve as an intermediate.

The bill would take effect 90 days after its enactment.

MCL 493.1 & 493.13

Legislative Analyst: Jeff Mann

FISCAL IMPACT

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

Fiscal Analyst: Glenn Steffens

S1516\sb842sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.