

SENATE BILL No. 680

January 21, 1992, Introduced by Senator KELLY and referred to the Committee on Commerce.

A bill to amend section 12 of Act No. 21 of the Public Acts of 1939, entitled as amended

"Regulatory loan act of 1963,"

as amended by Act No. 14 of the Public Acts of 1991, being section 493.12 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 12 of Act No. 21 of the Public Acts of
2 1939, as amended by Act No. 14 of the Public Acts of 1991, being
3 section 493.12 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 12. (1) A licensee or other person shall not adver-
6 tise, print, display, publish, distribute, or broadcast or cause
7 or permit to be advertised, printed, displayed, published,
8 distributed, or broadcast, in any manner whatsoever a false,
9 misleading, or deceptive statement or representation with regard

1 to the rates, terms, or conditions for the lending of money,
2 credit, goods, or things in action in an amount or of a value
3 included within the regulatory loan ceiling at a greater rate of
4 charge than lenders not licensed under this act would be permit-
5 ted by law to make; or, in the case of a licensee, any statement
6 or representation ~~which~~ THAT refers to the supervision of the
7 business by this state or a department or official of this state
8 except with the approval of the commissioner. The commissioner
9 may order a licensee to desist from conduct ~~which~~ THAT the com-
10 missioner finds is a violation of this section.

11 (2) The commissioner may require that rates of charge, if
12 stated by a licensee, be stated fully and clearly in a manner the
13 commissioner considers necessary to prevent misunderstanding by
14 prospective borrowers.

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

18 (4) A licensee shall not conduct the business of making
19 loans under this act within an office, room, suite, or place of
20 business in which any other business is solicited or engaged in,
21 or in association or conjunction with the business, if the com-
22 missioner finds, after 5 days' written notice and after a hearing
23 that the other business is of such a nature that the conduct has
24 concealed or facilitated evasion of this act or of the general
25 rules lawfully made under this act, and shall order the licensee
26 in writing to desist from that conduct, but the order shall not
27 be made by the commissioner unless the commissioner finds that

1 the other business has been so conducted at that particular
2 location that it has concealed or facilitated evasion of this
3 act.

4 (5) A licensee shall not transact business or make a loan
5 provided for by this act under any other name or at any other
6 place of business within this state than that named in the
7 license, unless it is also an office of the licensee duly
8 licensed under this act. This subsection ~~shall~~ DOES not ~~be~~
9 ~~construed to~~ prohibit a licensee from transacting business or
10 making a loan by mail. THIS SUBSECTION DOES NOT PROHIBIT A
11 LICENSEE FROM SELLING OPTIONAL INSURANCE TO A BORROWER.

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

19 (7) A licensee shall not discriminate against a person in
20 the extension of credit on the basis of sex or marital status.

21 Section 2. This amendatory act shall not take effect unless
22 Senate Bill No. 679

23 of the 86th Legislature is enacted into law.