
Senate Fiscal Agency
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Senate Bill 664 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Shirley Johnson
Committee: Banking and Financial Institutions

CONTENT

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

- Delete the maximum term length of a contract between a licensee and a client.
- Specify individuals who would have to be investigated when an application for a license was filed and fees were paid.
- Require a license applicant to pass an examination administered by the Director of the Department of Consumer and Industry Services, or his or her designee, before a license was granted.
- Provide for electronic record-keeping, and specify that trust accounts could be reconciled electronically or by other methods.
- Require licensees annually to verify payments to selected creditor accounts and review certain items.
- Require that a debtor's initial \$25 fee be returned if 51% of the creditors did not approve a debt management plan.
- Provide that a creditor's consent to a debt management plan could be sought by telephone, facsimile, electronic mail, or first-class mail.
- Require information about the debtor in a budget analysis
- Allow a licensee to use a sweep arrangement under certain circumstances.
- Require a licensee to give the debtor a written statement at least every 90 days, instead of within 120 days, after the contract was entered into.
- Require a licensee to furnish a debtor with a written notice of a sale, transfer, or assignment of a contract to another licensee.
- Provide that a debtor would have the right to cancel the contract by midnight of the third business day after the first day the contract was in effect, by delivering a written notice to the licensee.

MCL 451.412 et al.

Legislative Analyst: N. Nagata

FISCAL IMPACT

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

Date Completed: 3-14-00

Fiscal Analyst: M. Tyszkiewicz