



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



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4743 (Substitute H-1 as reported without amendment)

House Bill 4749 (Substitute H-2 as reported without amendment)

Sponsor: Representative Darwin Booher (H.B. 4743)

Representative Ed Clemente (H.B. 4749)

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

CONTENT

House Bills 4743 (H-1) and 4749 (H-2) would amend the Banking Code and the Savings Bank Act, respectively, to do the following:

- Require a bank or savings bank to charge off a debt if it were past due for 12 months, rather than six months.
- Require the bank or savings bank to charge off only the portion of the debt that was not well secured.

Under the Banking Code, if the interest on a debt due to a bank is past due and unpaid for a period of six months, the bank must charge off the debt to its allowance for loan and lease losses, unless the debt is well secured and in the process of collection or it constitutes a claim against a solvent estate in probate.

The Savings Bank Act requires that all debts due to a savings bank on which interest is past due and unpaid for a period of six months be charged off to the savings bank's reserve for bad debts or the profit and loss account, unless the debts are well secured and in the process of collection or they constitute claims against solvent estates in probate.

Under the bills, if the interest on a debt were past due and unpaid for 12 months, the bank or savings bank would have to charge off the portion of the debt that was not well secured unless the debt constituted a claim against a solvent estate in probate.

MCL 487.14205 (H.B. 4743)
487.3512 (H.B. 4749)

Legislative Analyst: Curtis Walker

FISCAL IMPACT

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

Date Completed: 6-17-09

Fiscal Analyst: Elizabeth Pratt
Maria Tyszkiewicz