

Legislative Analysis



CREDIT SERVICES PROTECTION ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4411 (H-2) as reported from committee

Sponsor: Rep. Jim Lilly

1st Committee: Regulatory Reform

2nd Committee: Judiciary

Complete to 6-19-19

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 13 of 2020)

SUMMARY:

House Bill 4411 would amend the provision of the Credit Services Protection Act that requires an entity selling or attempting to sell the services of a credit services organization to perform the agreed services within 90 days after the buyer signs the contract for them.

Under the bill, this requirement (the limitation of such a contract to 90 days) would not apply to a contract for ongoing services if all of the following conditions were met:

- The agreed services consist solely of either of the following:
 - The improvement of a person's credit record, history, or rating.
 - Advice or assistance regarding the improvement or repair of a person's credit record, history, or rating.
- Under the written agreement, the buyer pays for the ongoing performance of the agreed services in periodic payments over the agreement's term (i.e., as opposed to a single lump-sum payment).
- The written agreement states that it may be canceled at any time by the buyer without penalty or further obligation.

The bill would take effect 90 days after enactment.

MCL 445.1823

BRIEF DISCUSSION:

According to committee testimony, the law currently limits contracts with credit repair organizations to a 90-day term. However, the process of credit repair typically takes longer than 90 days, and adhering to a shorter time frame can lessen the quality of the services provided or require a series of contracts for services addressing the same situation. House Bill 4411 would allow for contracts of longer duration under the conditions described above.

FISCAL IMPACT:

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

POSITIONS:

A representative of Lexington and Progrexion Forward testified in support of the bill.
(5-7-19)

The Michigan Bankers Association indicated a neutral position on the bill. (6-18-19)

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