

REGULATION OF COLLECTION PRACTICES (EXCERPT)
Act 70 of 1981

445.251 Definitions.

Sec. 1. (1) As used in this act:

(a) "Claim" or "debt" means an obligation or alleged obligation for the payment of money or thing of value arising out of an expressed or implied agreement or contract for a purchase made primarily for personal, family, or household purposes.

(b) "Collection agency" means a person that is directly engaged in collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another person, arising out of an expressed or implied agreement. Collection agency includes an individual who, in the course of collecting, repossessing, or attempting to collect or repossess, represents himself or herself as a collection or repossession agency, or a person that performs collection activities that are regulated under article 9 of the occupational code, 1980 PA 299, MCL 339.901 to 339.920. Collection agency includes a person that furnishes or attempts to furnish a form or a written demand service that is represented to be a collection or repossession technique, device, or system to be used to collect or repossess claims, if the form contains the name of a person other than the creditor in a manner that indicates that a request or demand for payment is being made by a person other than the creditor even though the form directs the debtor to make payment directly to the creditor rather than to the other person whose name appears on the form. Collection agency includes a person that uses a fictitious name or the name of another in the collection or repossession of claims to convey to the debtor that a third person is collecting or repossessing or has been employed to collect or repossess the claim.

(c) "Communicate" means to convey information regarding a debt directly or indirectly to a person through any medium.

(d) "Consumer" or "debtor" means an individual who is obligated or allegedly obligated to pay a debt.

(e) "Creditor" or "principal" means a person that offers or extends credit creating a debt or a person to which a debt is owed or due or asserted to be owed or due. Creditor or principal does not include a person that receives an assignment or transfer or a debt solely for the purpose of facilitating collection of the debt for the assignor or transferor. In those instances, the assignor or transferor of the debt shall continue to be considered the creditor or the principal for purposes of this act.

(f) "Person" means an individual, sole proprietorship, partnership, association, corporation, limited liability company, or other legal entity.

(g) "Regulated person" means a person whose collection activities are confined and are directly related to the operation of a business other than that of a collection agency including any of the following:

(i) A regular employee who collects accounts for 1 employer if the collection efforts are carried on in the name of the employer.

(ii) A state or federally chartered bank that collects its own claim.

(iii) A trust company that collects its own claim.

(iv) A state or federally chartered savings and loan association that collects its own claim.

(v) A state or federally chartered credit union that collects its own claim.

(vi) A licensee under the regulatory loan act, 1939 PA 21, MCL 493.1 to 493.24.

(vii) A business that is licensed by this state under a regulatory act that regulates collection activity.

(viii) An abstract company that is engaged in an escrow business.

(ix) A licensed real estate broker or salesperson if the claim the broker or salesperson is collecting is related to or in connection with the broker's or salesperson's real estate business.

(x) A public officer or a person that is acting under a court order.

(xi) An attorney who is handling a claim or collection on behalf of a client and in the attorney's own name.

(2) As used in this act, "collecting or attempting to collect a claim", "repossessing or attempting to repossess a thing of value", and "collection activities" do not include any of the following activities of a claim forwarder or remarketer pursuant to a contract with a creditor:

(a) Forwarding repossession assignments on behalf of the creditor only to a licensed collection agency that is licensed under article 9 of the occupational code, 1980 PA 299, MCL 339.901 to 339.920, for repossessing or attempting to repossess a thing of value owed or alleged to be owed on a claim.

(b) Pursuant to the authorization of a creditor and on the creditor's behalf, providing or procuring the services of an auction or other remarketer in connection with the disposition or preparation for disposition of a thing of value that was previously repossessed by a creditor or by another person on behalf of the creditor.

(c) Communicating with a creditor or the collection agency regarding the performance of any of the activities described in subdivision (a) or (b).

History: 1981, Act 70, Imd. Eff. June 29, 1981;—Am. 2016, Act 168, Eff. Sept. 7, 2016.