



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

BILL ANALYSIS



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

Senate Bill 441 (Substitute S-1 as reported)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Regulatory Loan Act to delete the Act's \$15,000 regulatory loan ceiling; delete the specified minimum and maximum amount of a fee for a biennial examination by the Financial Institutions Bureau (FIB) (which conflicts with the Act's general fee schedule); include a limited liability company in the Act's definition of "person"; and make other changes.

The Act prohibits a person from engaging in the business of making loans in an amount within the regulatory loan ceiling without first obtaining a license from the FIB Commissioner for each location at which business is conducted under the Act. The Act also allows a licensee to lend money in an amount not to exceed the regulatory loan ceiling. "Regulatory loan ceiling" means \$15,000. The bill would delete that definition and references to the ceiling in those provisions.

The Act allows the FIB Commissioner to examine the records of every licensee and person engaged in business regulated under the Act. The Act also requires that, at least once every two years, the Commissioner examine the books, accounts, records, and files of a regulatory loan licensee. The bill would delete a requirement that a licensee pay not less than \$20 per hour or more than \$40 per hour for each examiner engaged in the examination. (Another section of the Act sets a minimum fee of \$40 per hour and a maximum fee of \$70 per hour for each examiner.)

The Act prohibits a licensee from inducing or permitting a person to become directly obligated under more than one loan contract at the same time. The bill would limit that prohibition to more than one loan contract not secured by personal property.

The Act allows a licensee to obtain or provide credit life insurance on the life of the borrower, pursuant to the Credit Insurance Act, but only on one of them if there are two or more obligors. The bill specifies instead that a licensee could obtain or provide credit insurance as defined in the Credit Insurance Act.

MCL 493.1 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The bill would eliminate the examination fee schedule as listed in Section 10, which conflicts with the general fee schedule already listed in Section 8.

Date Completed: 3-13-96

Fiscal Analyst: M. Barsch

floor\sb441

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.