



Senate Fiscal Agency
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BILL ANALYSIS

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

Date Completed: 3-13-96

CONTENT

The bill would amend the Regulatory Loan Act to do all of the following:

- 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).
- Apply certain requirements under the Act only to loans not secured by personal property.
- Delete certain limitations on the provision of credit insurance.
- Include a limited liability company in the Act's definition of "person".

Loan Ceiling

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

Biennial Examination

The Act allows the FIB Commissioner or his or her designee to investigate the loans and business and examine the books, accounts, records, and files of every licensee and person engaged in business regulated under the Act. The Act also requires that, at least once during every two-year period, the FIB 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 provides for a minimum fee of \$40 per hour and a maximum fee of \$70 per hour for each examiner.)

Unsecured Loans

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.

Credit Insurance

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 would delete that provision, and 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.

Fiscal Analyst: M. Barsch

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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.