

SENATE BILL NO. 632

November 01, 2023, Introduced by Senators ANTHONY, DAMOOSE, IRWIN, GEISS, CHANG, SHINK, BAYER and MCMORROW and referred to the Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 2005 PA 244, entitled
"Deferred presentment service transactions act,"
by amending section 33 (MCL 487.2153).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 33. (1) A licensee may enter into 1 deferred presentment
2 service transaction with a customer for any amount up to \$600.00. A
3 licensee may charge the customer a service fee for each deferred
4 presentment service transaction. ~~A service fee is earned by the~~
5 ~~licensee on the date of the transaction and is not interest. A~~

1 licensee may charge both of the following as part of the service
2 fee, as applicable:

3 (a) An amount that does not exceed ~~the aggregate of the~~
4 ~~following, as applicable:~~

5 ~~(i) Fifteen percent of the first \$100.00 of the deferred~~
6 ~~presentment service transaction.~~

7 ~~(ii) Fourteen percent of the second \$100.00 of the deferred~~
8 ~~presentment service transaction.~~

9 ~~(iii) Thirteen percent of the third \$100.00 of the deferred~~
10 ~~presentment service transaction.~~

11 ~~(iv) Twelve percent of the fourth \$100.00 of the deferred~~
12 ~~presentment service transaction.~~

13 ~~(v) Eleven percent of the fifth \$100.00 of the deferred~~
14 ~~presentment service transaction.~~

15 ~~(vi) Eleven percent of the sixth \$100.00 of the deferred~~
16 ~~presentment service transaction.~~ **an annual percentage rate of 36%.**

17 **As used in this subdivision, "annual percentage rate" means a rate**
18 **calculated for a military annual percentage rate under 32 CFR**
19 **232.4.**

20 (b) The amount of any database verification fee allowed under
21 section 34(5).

22 (2) A licensee shall not enter into a deferred presentment
23 service transaction with a customer if the customer has an open
24 deferred presentment service transaction with the licensee or has
25 more than 1 open deferred presentment service transaction with any
26 other licensee, and shall verify whether the customer has an open
27 deferred presentment service transaction with the licensee or has
28 more than 1 open deferred presentment service transaction with any
29 other licensee by complying with section 34.

1 (3) At the time of entering into a deferred presentment
2 service transaction, a licensee shall do all of the following:

3 (a) Before the drawer signs the agreement, provide the
4 following notice to the drawer, in a document separate from the
5 agreement and in at least 12-point type:

6 "1. After signing this agreement, if you believe that we have
7 violated the law, you may do 1 of the following:

8 a. Before the close of business on the day you sign the
9 agreement, notify us in person of the violation. You must provide
10 supporting documents or other evidence of the violation.

11 b. At any time before signing a new deferred presentment
12 service agreement with us, notify us in writing of the violation.
13 Your written notice must state the violation and provide supporting
14 documents or other evidence of the violation.

15 2. We have 3 business days to determine if we agree that we
16 have violated the law and let you know of that determination.

17 3. If we agree that we have violated the law, we must return
18 your check and you must return the cash received under the
19 agreement. Additionally, for each violation, we must pay you
20 restitution equal to 5 times the amount of the fee we charged you
21 under the agreement but not less than \$15.00 or more than the face
22 amount of your check. You may also pursue an action for your actual
23 damages against us.

24 4. If we do not agree that we have violated the law, we may
25 present your check for payment or enter your check into the check-
26 clearing process on or after the maturity date. If your check is
27 returned to us unpaid, we may take other legal steps to collect our
28 money.

29 5. If you still believe we violated the law, you may file a

1 written complaint including supporting documents or other evidence
2 with the ~~Office of Financial and Insurance Services. Department of~~
3 **Insurance and Financial Services**. The ~~Office Department~~ is required
4 to investigate your complaint and has the authority to order us to
5 pay you restitution if they agree that we violated the law. In
6 addition, the ~~Office Department~~ can order us to pay civil fines or
7 take away our right to do business. To do so, contact the ~~Office of~~
8 ~~Financial and Insurance Services Department of Insurance and~~
9 **Financial Services** toll-free at 1-877-999-6442."

10 (b) Provide a copy of the signed agreement to the drawer.

11 (c) Pay the proceeds under the agreement to the drawer by
12 delivering a business check of the licensee, a money order, or
13 cash, as requested by the drawer.

14 (4) At the time of entering into a deferred presentment
15 service transaction, a licensee shall not do any of the following:

16 (a) Charge interest under the agreement.

17 (b) Include a maturity date that is more than 31 days after
18 the date of the transaction.

19 (c) Charge an additional fee for cashing the licensee's
20 business check or money order if the licensee pays the proceeds to
21 the drawer by business check or money order.

22 (d) Include a confession of judgment in the agreement.

23 (e) Except as provided in this act, charge or collect any
24 other fees for a deferred presentment service transaction.

25 (5) A licensee shall not refuse to provide a deferred
26 presentment service transaction to a customer solely because the
27 customer has exercised ~~his or her~~ **the customer's** rights under this
28 act.

29 (6) Each licensee shall post a sign, printed in bold faced,

1 36-point type, in a conspicuous location at each customer service
2 window, station, or desk at each place of business, that states the
3 following:

4 "Under Michigan law, you are entitled to receive the proceeds
5 of this transaction in cash. If you request the proceeds in a check
6 or money order, you may be charged additional check cashing or
7 other processing fees by others for cashing the check or money
8 order."

9 **(7) A deferred presentment service transaction that violates**
10 **this section is void and uncollectible as to any principal, fee, or**
11 **charge.**

12 Enacting section 1. This amendatory act takes effect 90 days
13 after the date it is enacted into law.