

**DEBT MANAGEMENT ACT (EXCERPT)**  
**Act 148 of 1975**

**451.423 Initial fee; consent of creditor; presumption.**

Sec. 13. (1) When a licensee establishes a debt management plan for a debtor, the licensee may charge and receive an initial fee of \$50.00.

(2) A licensee shall attempt to obtain consent to participate in a debt management plan from at least 51%, in number or dollar amount, of the debtor's creditors within 90 days after establishing the debt management plan. If the required consent is not actually received by the licensee, the licensee shall provide notice to the debtor of the lack of required consent and the debtor may, at its option, close the account. If the debtor decides to close the account, any unexpended funds shall be returned to the debtor or disbursed as directed by the debtor.

(3) For purposes of subsection (2), a licensee may seek the consent of a creditor to participate in a debt management plan by sending a notice of a debt management plan to the creditor by an appropriate means including by telephone, facsimile, electronic means, or first-class mail. If the creditor does not respond within 14 days after the notice is sent, the licensee may presume that the creditor has given consent. However, this subsection does not require that a licensee send notice of a debt management plan to all of a debtor's creditors.

(4) If a payment under the debt management plan is sent to the creditor, the licensee may presume acceptance of the payment and plan by the creditor 7 days after sending the payment. As an alternative to sending notice under subsection (3), a licensee may seek the consent of a creditor for purposes of subsection (2) by sending a payment to the creditor under the terms of the debt management plan.

**History:** 1975, Act 148, Eff. Mar. 31, 1976;—Am. 2000, Act 255, Imd. Eff. June 29, 2000;—Am. 2014, Act 362, Eff. Mar. 16, 2015.

**Compiler's note:** For transfer of statutory authority, powers, duties, and functions of the corporations, securities and land development bureau to the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled MCL 445.2003 of the Michigan compiled laws.

**DEBT MANAGEMENT ACT (EXCERPT)**  
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**451.424 Contract between licensee and debtor; requirements.**

Sec. 14. (1) A contract between a licensee and debtor shall include all of the following:

(a) Each creditor to which payments will be made and the amount owed each creditor. A licensee may rely on records of the debtor and other information available to it to determine the amount owed to a creditor.

(b) The total amount of the licensee's charges.

(c) The beginning and termination dates of the contract.

(d) The principal amount and approximate interest charges of the debtor's obligations to be paid under the debt management plan.

(e) The name and address of the licensee and of the debtor.

(f) Any other provisions or disclosures that the director determines are necessary for the protection of the debtor and the proper conduct of business by a licensee.

(2) Unless otherwise approved by the department and except for an amount due for 1 or more monthly fees, a closeout fee, credit reports, or educational products or materials, a licensee shall distribute to the creditors of the debtor, at least monthly, all money received from a debtor or on behalf of a debtor unless otherwise directed by the debtor.

(3) By submitting a written request to the licensee, a debtor may add or remove 1 or more debt obligations from a contract at any time. If the licensee determines after preparing an updated budget analysis that the debtor can reasonably fulfill the requirements of the debt management plan, the licensee may amend the contract as requested by the debtor.

(4) If a debtor's contract with a licensee expires and 1 or more debt obligations included in that contract are not yet liquidated, the licensee may extend or enter into an additional contract with the debtor if the licensee determines that the debt management plan is suitable for the debtor.

**History:** 1975, Act 148, Eff. Mar. 31, 1976;—Am. 2000, Act 255, Imd. Eff. June 29, 2000;—Am. 2014, Act 362, Eff. Mar. 16, 2015.

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**DEBT MANAGEMENT ACT (EXCERPT)**  
**Act 148 of 1975**

**451.428 Fee under debt management plan; purchase of credit reports or educational materials and products; charge for cancellation or default; when contract effective; cancellation of contract; excessive charge.**

Sec. 18. (1) In addition to the fee described in section 13(1), a licensee may charge a reasonable fee for providing debt management services under a debt management plan. The fee under this subsection shall not exceed 15% of the amount of the debt to be liquidated during the express term of the plan.

(2) A licensee may offer a debtor the option to purchase credit reports or educational materials and products, and charge a fee to the debtor if the debtor elects to purchase any of those items from the licensee. Fees charged under this subsection are not subject to the 15% limitation on fees described in subsection (1).

(3) Except for a cancellation described in subsection (4), in the event of cancellation of or default in the performance of the contract by the debtor before its successful completion, a licensee may collect \$25.00 in addition to any fees and charges of the licensee previously received by the licensee. This \$25.00 fee is not subject to the 15% limitation on fees and charges under subsection (1).

(4) A contract is in effect when it is signed by the licensee and the debtor and the debtor has made a payment of any amount to the licensee. The debtor has the right to cancel the contract until 12 midnight of the third business day after the first day the contract is in effect by delivering written notice of cancellation to the licensee. A cancellation described in this section is not subject to, and a licensee shall not collect, the fee described in subsection (3).

(5) If a debtor fails to make a payment of any amount to a licensee within 60 days after the date a payment is due under a contract, the licensee may, in its discretion, cancel the debt management contract if it determines that the plan is no longer suitable for the debtor, the debtor fails to affirmatively communicate to the licensee the debtor's desire to continue the plan, or the creditors of the debtor refuse to continue accepting payments under the plan.

(6) A licensee shall not contract for, receive, or charge a debtor an amount greater than authorized by this act. A person that violates this subsection, except as the result of an inadvertent clerical or computer error, shall return to the debtor the amount of the payments received from or on behalf of the debtor and not distributed to creditors, and, as a penalty, an amount equal to the amount overcharged.

**History:** 1975, Act 148, Eff. Mar. 31, 1976;—Am. 2000, Act 255, Imd. Eff. June 29, 2000;—Am. 2014, Act 362, Eff. Mar. 16, 2015.

**Compiler's note:** For transfer of statutory authority, powers, duties, and functions of the corporations, securities and land development bureau to the office of financial and insurance services by type III transfer, see E.R.O. No. 2000-2, compiled at MCL 445.2003 of the Michigan compiled laws.

# Contact the Department of Insurance and Financial Services



**Hours of Operation** Monday - Friday 8:00 AM - 5:00 PM (EST)  
**Phone Number** 517-284-8800 or 877-999-6442 (Toll-Free)  
**Fax Number** 517-284-8837  
**DIFS General Mailing Address** DIFS  
PO Box 30220  
Lansing MI 48909-7720  
**Delivery / Street Address** DIFS  
**See note about USPS Overnight below** 530 W. Allegan Street, 7th Floor  
Lansing, MI 48933

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**General Questions** [difs-info@michigan.gov](mailto:difs-info@michigan.gov)  
**Auto, Home, Life and Other Insurance** [difs-ins-info@michigan.gov](mailto:difs-ins-info@michigan.gov)  
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**Website Issues** [herzbergm@michigan.gov](mailto:herzbergm@michigan.gov)

## Office Location

The Department of Insurance and Financial Services' main office is located on the seventh floor of the Mason Building in Lansing, Michigan.

[Office Location Map](#) [Downtown Lansing parking map](#)

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