

Legislative Analysis



LOAN REFERRAL FEES

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Senate Bill 238 as reported from House committee

Sponsor: Sen. Darwin L. Booher

House Committee: Financial Services

Senate Committee: Banking and Financial Institutions

Complete to 10-26-17

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 171 of 2017)

SUMMARY:

Senate Bill 238 would amend the Regulatory Loan Act to allow a licensee to pay a fee to a person who locates a potential borrower for, or introduces or refers a potential borrower to, the licensee, as long as both of the following conditions are met:

- The potential borrower is not directly or indirectly charged for the fee, in whole or in part, if he or she enters into a loan with the licensee.
- The fee does not exceed \$500.

Currently, R 493.20 of the Michigan Administrative Code prohibits licensees from paying for loan applications or recommendations. SB 238 would supersede that rule and allow licensees to pay referral fees under the conditions and limitations described above.

MCL 493.12

FISCAL IMPACT:

Senate Bill 238 would not have a fiscal impact on any units of state or local government.

POSITIONS:

A representative of OneMain Financial testified in support of the bill. (10-18-17)

Michigan Bankers Association supports the bill. (10-25-17)

Department of Insurance and Financial Services is neutral on the bill. (10-18-17)

Michigan Credit Union League is neutral on the bill. (10-25-17)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.