

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4413 (Substitute H-4 as passed by the House)  
House Bill 4598 (Substitute H-2 as passed by the House)  
House Bill 4670 (as passed by the House)  
Sponsor: Representative Bob Brown (H.B. 4413)  
Representative Stephen Ehardt (H.B. 4598)  
Representative Samuel Thomas III (H.B. 4670)  
House Committee: Criminal Law and Corrections  
Senate Committee: Banking and Financial Institutions

Date Completed: 10-7-99

## **CONTENT**

**House Bill 4413 (H-4) and House Bill 4598 (H-2) would amend the Michigan Penal Code to make it a felony to apply for a loan or other extension of credit in another person's name. House Bill 4670 would amend the Code of Criminal Procedure to include the proposed felonies in the Code's sentencing guidelines; the bill would categorize the proposed felonies as Class F felonies against property, with a statutory maximum sentence of four years' imprisonment.** The bills are tie-barred to each other.

House Bill 4413 (H-4) would prohibit a person from preparing or submitting an application for a loan or other extension of credit in another person's name without authorization from that person; receiving or possessing an application for a loan or other extension of credit knowing or having reason to know the application was made in another's name without authorization; and receiving or possessing any instrument or device for gaining access to the proceeds of a loan or other extension of credit knowing or having reason to know that the instrument or device was obtained in another's name without authorization. A violation would be a felony punishable by imprisonment for up to four years, a fine of up to \$2,500, or both.

House Bill 4598 (H-2) would prohibit a person from receiving with the intent to forward, possessing with the intent to forward, or forwarding an application for a loan or other extension of credit on behalf of a person to another person knowing or having reason to know the application had been prepared or was submitted in violation of the provisions of House Bill 4413; and receiving with the intent to forward, possessing with the intent to forward, or forwarding any instrument or device for gaining access to the proceeds of a loan or other extension of credit knowing or having reason to know the instrument or device was obtained in violation of House Bill 4413. A violation would be a felony punishable by imprisonment for up to four years, a fine of up to \$100,000, or both.

House Bills 4413 (H-4) and 4598 (H-2) would not apply to a financial institution or an affiliate of a financial institution, or to a director, officer, or employee of a financial institution or an affiliate who:

- Prepared or submitted an application in another person's name without actual prior knowledge that the application was in violation; or received with the intent to forward, possessed with the intent to forward, or forwarded an application in another's name without prior actual knowledge the application was in violation.
- Submitted or forwarded an application prepared in another's name to a Federal, State, or local law enforcement agency or regulatory agency.
- Submitted or forwarded an application prepared in another's name to a credit reporting bureau or other person to determine whether a violation had occurred under the bills or any other law or regulation.
- Received or possessed an application prepared in another's name without prior actual knowledge that the application was prepared in violation of the bills.
- Received or possessed an instrument or device obtained as a result of a violation without actual prior

knowledge that the instrument or device was obtained as a result of a violation; or received with intent to forward, possessed with intent to forward, or forwarded an instrument or device without prior actual knowledge the instrument or device was obtained in violation of the bills.

Under the bills, "financial institution" would mean a person licensed under the Michigan BIDCO Act; a person licensed or registered under the Mortgage Brokers, Lenders, and Servicers Licensing Act; a person licensed or registered under the Secondary Mortgage Loan Act; a person subject to the Retail Installment Sales Act; a regulated lender under the Credit Reform Act; or a person subject to the Motor Vehicle Sales Finance Act.

Proposed MCL 750.219e (H.B. 4413)  
Proposed MCL 750.219f (H.B. 4598)  
MCL 777.161 (H.B. 4670)

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

House Bills 4413 (H-4), 4598 (H-2), and 4670 would have an indeterminate fiscal impact on State and local government.

There are no data available to indicate how many people could be convicted of preparing or submitting a loan application for another individual without authorization from that individual, or submitting such an application to a financial institution. These property crimes would be a Class F felonies, which have a minimum sentence range from 0-3 months to 17-30 months.

If one were to assume that 10 people a year would be found guilty of this offense and would be sentenced to prison for a minimum sentence of 30 months, given that the average cost of incarceration is \$22,000 annually, the cost of incarcerating these offenders would be \$550,000 per year.

Fiscal Analyst: K. Firestone

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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.