

HOUSE BILL NO. 4889

September 11, 2025, Introduced by Reps. Mueller, Martin, Wozniak, Schuette and Borton and referred to Committee on Regulatory Reform.

A bill to amend 1981 PA 70, entitled

"An act to regulate the collection practices of certain persons; to provide for the powers and duties of certain state agencies; and to provide penalties and civil fines,"

by amending sections 1 and 2 (MCL 445.251 and 445.252), section 1 as amended by 2016 PA 168.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. (1) As used in this act:
- 2 (a) "Claim" or "debt" means an obligation or alleged
- 3 obligation for the payment of money or thing of value arising out

1 of an expressed or implied agreement or contract for a purchase
2 made primarily for personal, family, or household purposes.

3 (b) "Collection agency" means a person that is directly
4 engaged in collecting or attempting to collect a claim owed or due
5 or asserted to be owed or due **to** another **person**, or repossessing or
6 attempting to repossess a thing of value owed or due or asserted to
7 be owed or due **to** another person, arising out of an expressed or
8 implied agreement. Collection agency includes an individual who, in
9 the course of collecting, repossessing, or attempting to collect or
10 repossess, represents ~~himself or herself~~ **that individual** as a
11 collection or repossession agency, or a person that performs
12 collection activities. ~~that are regulated under article 9 of the~~
13 ~~occupational code, 1980 PA 299, MCL 339.901 to 339.920.~~ Collection
14 agency includes a person that furnishes or attempts to furnish a
15 form or a written demand service that is represented to be a
16 collection or repossession technique, device, or system to be used
17 to collect or repossess claims, if the form contains the name of a
18 person other than the creditor in a manner that indicates that a
19 request or demand for payment is being made by a person other than
20 the creditor even though the form directs the debtor to make
21 payment directly to the creditor rather than to the other person
22 whose name appears on the form. Collection agency includes a person
23 that uses a fictitious name or the name of another in the
24 collection or repossession of claims to convey to the debtor that a
25 third person is collecting or repossessing or has been employed to
26 collect or repossess the claim.

27 (c) "Communicate" means to convey information regarding a debt
28 directly or indirectly to a person through any medium.

29 (d) "Consumer" or "debtor" means an individual who is

1 obligated or allegedly obligated to pay a debt.

2 (e) "Creditor" or "principal" means a person that offers or
3 extends credit creating a debt or a person to which a debt is owed
4 or due or asserted to be owed or due. Creditor or principal does
5 not include a person that receives an assignment or transfer or a
6 debt solely for the purpose of facilitating collection of the debt
7 for the assignor or transferor. In those instances, the assignor or
8 transferor of the debt ~~shall continue to be~~ **is** considered the
9 creditor or the principal for purposes of this act.

10 (f) "Person" means an individual, sole proprietorship,
11 partnership, association, corporation, limited liability company,
12 or other legal entity.

13 (g) "Regulated person" means a person whose collection
14 activities are confined and are directly related to the operation
15 of a business other than that of a collection agency including any
16 of the following:

17 (i) A regular employee who collects accounts for 1 employer if
18 the collection efforts are carried on in the name of the employer.

19 (ii) A state or federally chartered bank that collects ~~its~~ **the**
20 **bank's** own claim.

21 (iii) A trust company that collects ~~its~~ **the trust company's** own
22 claim.

23 (iv) A state or federally chartered savings and loan
24 association that collects ~~its~~ **the association's** own claim.

25 (v) A state or federally chartered credit union that collects
26 ~~its~~ **the credit union's** own claim.

27 (vi) A licensee under the regulatory loan act, 1939 PA 21, MCL
28 493.1 to 493.24.

29 ~~(vii) A business that is licensed by this state under a~~

1 ~~regulatory act that regulates collection activity.~~

2 (vii) ~~(viii)~~ An abstract company that is engaged in an escrow
3 business.

4 (viii) ~~(ix)~~ A licensed real estate broker or salesperson if the
5 claim the broker or salesperson is collecting is related to or in
6 connection with the broker's or salesperson's real estate business.

7 (ix) ~~(x)~~ A public officer or a person that is acting under a
8 court order.

9 (x) ~~(xi)~~ An attorney who is handling a claim or collection on
10 behalf of a client and in the attorney's own name.

11 (2) As used in this act, "collecting or attempting to collect
12 a claim", "repossessing or attempting to repossess a thing of
13 value", and "collection activities" do not include any of the
14 following activities of a claim forwarder or remarketer ~~pursuant to~~
15 **in accordance with** a contract with a creditor:

16 (a) Forwarding repossession assignments on behalf of the
17 creditor only to a ~~licensed~~ collection agency ~~that is licensed~~
18 ~~under article 9 of the occupational code, 1980 PA 299, MCL 339.901~~
19 ~~to 339.920,~~ for repossessing or attempting to repossess a thing of
20 value owed or alleged to be owed on a claim.

21 (b) ~~Pursuant to~~ **Under** the authorization of a creditor and on
22 the creditor's behalf, providing or procuring the services of an
23 auction or other remarketer in connection with the disposition or
24 preparation for disposition of a thing of value that was previously
25 repossessed by a creditor or by another person on behalf of the
26 creditor.

27 (c) Communicating with a creditor or the collection agency
28 regarding the performance of any of the activities described in
29 subdivision (a) or (b).

1 Sec. 2. A regulated person shall not ~~commit 1 or more~~ **do any**
 2 of the following: ~~acts:~~

3 (a) ~~Communicating~~ **Communicate** with a debtor in a misleading or
 4 deceptive manner, such as using the stationery of an attorney or
 5 credit bureau unless the regulated person is an attorney or is a
 6 credit bureau and ~~it is disclosed~~ **the attorney or credit bureau**
 7 **discloses** that ~~it~~ **the regulated person** is the collection department
 8 of the credit bureau.

9 (b) ~~Using forms or instruments which simulate~~ **Use a form or**
 10 **instrument that simulates** the appearance of judicial process.

11 (c) ~~Using seals or printed forms~~ **Use a seal or printed form** of
 12 a government agency or instrumentality.

13 (d) ~~Using forms~~ **Use a form** that may otherwise induce the
 14 belief that ~~they have~~ **the form has** judicial or official sanction.

15 (e) ~~Making~~ **Make** an inaccurate, misleading, untrue, or
 16 deceptive statement or claim in a communication to collect a debt
 17 or ~~concealing~~ **conceal** or not ~~revealing~~ **reveal** the purpose of a
 18 communication ~~when it~~ **that** is made in connection with collecting a
 19 debt.

20 (f) ~~Misrepresenting~~ **Misrepresent** in a communication with a
 21 debtor 1 or more of the following:

22 (i) The legal status of a legal action being taken or
 23 threatened.

24 (ii) The legal rights of the creditor or debtor.

25 (iii) That the nonpayment of a debt will result in the debtor's
 26 arrest or imprisonment, or the seizure, garnishment, attachment, or
 27 sale of the debtor's property.

28 (iv) That ~~accounts have~~ **an account has** been turned over to **an**
 29 innocent ~~purchasers~~ **purchaser** for value.

1 (g) ~~Communicating~~**Communicate** with a debtor without accurately
2 disclosing the caller's identity or cause expenses to the debtor
3 for a long distance telephone call, telegram, or other charge.

4 (h) ~~Communicating~~**Communicate** with a debtor, except through
5 billing procedure when the debtor is actively represented by an
6 attorney, the attorney's name and address are known, and the
7 attorney has been contacted in writing by the ~~credit grantor~~
8 **creditor** or the ~~credit grantor's~~**creditor's** representative or
9 agent, unless the attorney representing the debtor fails to answer
10 written communication or fails to discuss the claim on ~~its~~**the**
11 **claim's** merits ~~within not more than~~ 30 days after ~~receipt of the~~
12 **attorney receives** the written communication.

13 (i) ~~Communicating~~**Communicate** information relating to a
14 debtor's indebtedness to an employer or an employer's agent unless
15 the communication is specifically authorized in writing by ~~the~~**the**
16 debtor ~~subsequent to the forwarding of~~**after** the claim for
17 collection **has been forwarded**, the communication is in response to
18 an inquiry initiated by the debtor's employer or the employer's
19 agent, or the communication is for the purpose of acquiring
20 location information about the debtor.

21 (j) ~~Using or employing, in~~**In** connection with collection of a
22 claim, ~~a person~~**use or employ an individual who is** acting as a
23 peace or law enforcement officer or any other officer authorized to
24 serve legal papers.

25 (k) ~~Using~~**Use** or ~~threatening~~**threaten** to use physical violence
26 in connection with collection of a claim.

27 (l) ~~Publishing, causing~~**Publish, cause** to be published, or
28 ~~threatening~~**threaten** to publish ~~lists~~**a list** of debtors, except for
29 credit reporting purposes, when in response to a specific inquiry

1 from a prospective ~~credit grantor~~ **creditor** about a debtor.

2 (m) ~~Using~~ **Use** a shame card ~~, or~~ shame automobile ~~, or~~
3 otherwise bring to public notice that the consumer is a debtor,
4 except with respect to a legal proceeding ~~which~~ **that** is instituted.

5 (n) ~~Using~~ **Use** a harassing, oppressive, or abusive method to
6 collect a debt, including causing a telephone to ring or engaging a
7 ~~person~~ **an individual** in telephone conversation repeatedly,
8 continuously, or at unusual times or places ~~which are known to be~~
9 **that the regulated person knows is** inconvenient to the debtor. All
10 communications ~~shall~~ **must** be made from 8 a.m. to 9 p.m. unless the
11 debtor expressly agrees in writing to communications at another
12 time. All telephone communications made from 9 p.m. to 8 a.m. ~~shall~~
13 ~~be~~ **are** presumed to be made at an inconvenient time in the absence
14 of facts to the contrary.

15 (o) ~~Using~~ **Use** profane or obscene language.

16 (p) ~~Using~~ **Use** a method **that is** contrary to a postal law or
17 regulation to collect an account.

18 (q) ~~Failing~~ **Fail** to implement a procedure designed to prevent
19 a violation by an employee.

20 (r) ~~Communicating~~ **Communicate** with a consumer regarding a debt
21 by ~~post card~~ **postcard**.

22 ~~(s) Employing a person required to be licensed under article 9~~
23 ~~of Act No. 299 of the Public Acts of 1980, being sections 339.901~~
24 ~~to 339.916 of the Michigan Compiled Laws, to collect a claim unless~~
25 ~~that person is licensed under article 9 of Act No. 299 of the~~
26 ~~Public Acts of 1980.~~

27 Enacting section 1. This amendatory act does not take effect
28 unless House Bill No. 4887 (request no. H02604'25) of the 103rd
29 Legislature is enacted into law.