

# HOUSE BILL NO. 4891

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

A bill to amend 1975 PA 148, entitled  
"Debt management act,"  
by amending section 6 (MCL 451.416), as amended by 2014 PA 362.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 6. (1) If ~~it~~**the department** receives a license  
2       application under this act and approves the fees and surety bond,  
3       the department shall investigate the applicant's responsibility,  
4       experience, character, and general fitness. If the result of the  
5       investigation warrants a belief that the applicant will operate the

1 business fairly, honestly, and as required under this act, the  
2 department shall issue a license. The investigation of the  
3 applicant ~~shall~~**must** at least include **the** investigation of the  
4 following, as applicable:

5 (a) If the applicant is a corporation, ~~its~~**the applicant's**  
6 officers and directors.

7 (b) If the applicant is a partnership, ~~its~~**the applicant's**  
8 partners.

9 (c) If the applicant is an association, ~~its~~**the applicant's**  
10 officers.

11 (d) If the applicant is a limited liability company, ~~its~~**the**  
12 **applicant's** manager or managers.

13 (e) If the applicant is any other legal entity, ~~its~~**the**  
14 **applicant's** manager or other person designated to control the  
15 operation of that legal entity.

16 (2) The department shall not issue a license if the  
17 investigation reveals 1 or more of the following:

18 (a) That an individual investigated under subsection (1) meets  
19 any of the following:

20 (i) Was ever convicted of a crime involving moral turpitude  
21 including forgery, embezzlement, obtaining money under false  
22 pretenses, larceny, extortion, conspiracy to defraud, or any other  
23 similar offense.

24 (ii) Violated or failed to comply with this act or a rule  
25 promulgated under this act.

26 (iii) Had a license to engage in the business of debt management  
27 revoked or suspended for any reason other than failure to pay  
28 licensing fees in this state or another state.

29 (iv) Defaulted in the payment of money collected for others,

1 including the discharge of debts through bankruptcy proceedings.  
 2 The director may, in ~~his or her~~ **the director's** discretion, waive  
 3 this restriction if provided with evidence of justifiable cause for  
 4 the bankruptcy, plus convincing evidence of the fitness of the  
 5 bankrupt party to carry out ~~his or her~~ **the bankrupt party's**  
 6 functions under this act.

7 (b) An individual applicant is not ~~at least~~ 18 years of age **or**  
 8 **older** and a citizen of the United States.

9 (c) An applicant that is a partnership, corporation, limited  
 10 liability company, association, or other legal entity required by  
 11 statute to obtain authority to do business in this state has not  
 12 been granted authority to do business in this state.

13 (d) The applicant is an employee or owner of a collection  
 14 agency ~~as defined in section 901 of the occupational code, 1980 PA~~  
 15 ~~299, MCL 339.901,~~ **or of a** process serving business or in any manner  
 16 is affiliated with a collection agency or process serving business.  
 17 The director may, in ~~his or her~~ **the director's** discretion, waive  
 18 this restriction on a showing of sufficient safeguards in the  
 19 operation of the collection agency.

20 (3) If an applicant is an individual, the applicant must  
 21 provide evidence to the director that the applicant is certified as  
 22 a certified counselor before the director grants a license to the  
 23 applicant under this act. If an applicant is a person that is not  
 24 an individual, each counselor who is employed by that person shall  
 25 become a certified counselor within the first 180 days of ~~his or~~  
 26 ~~her~~ **that counselor's** employment.

27 (4) **As used in this section:**

28 (a) **"Collection agency" means a person that is directly**  
 29 **engaged in collecting or attempting to collect a claim owed or due**

1 or asserted to be owed or due to another person, or, subject to  
2 subdivision (b), repossessing or attempting to repossess a thing of  
3 value owed or due or asserted to be owed or due to another person,  
4 arising out of an expressed or implied agreement. Collection agency  
5 includes an individual who, in the course of collecting,  
6 repossessing, or attempting to collect or repossess, represents  
7 that individual as a collection or repossession agency, or a person  
8 that performs collection activities. Collection agency includes a  
9 person that furnishes or attempts to furnish a form or a written  
10 demand service that is represented to be a collection or  
11 repossession technique, device, or system to be used to collect or  
12 repossess claims, if the form contains the name of a person other  
13 than the creditor in a manner that indicates that a request or  
14 demand for payment is being made by a person other than the  
15 creditor even though the form directs the debtor to make payment  
16 directly to the creditor rather than to the other person whose name  
17 appears on the form. Collection agency includes a person that uses  
18 a fictitious name or the name of another in the collection or  
19 repossession of claims to convey to the debtor that a third person  
20 is collecting or repossessing or has been employed to collect or  
21 repossess the claim. Collection agency does not include a person  
22 whose collection activities are confined and are directly related  
23 to the operation of a business other than that of a collection  
24 agency, such as, but not limited to, any of the following:

25 (i) A regular employee who collects amounts for 1 employer if  
26 all collection efforts are carried on in the name of the employer.

27 (ii) A state or nationally chartered bank that collects the  
28 bank's own claims.

29 (iii) A trust company that collects the trust company's own

1 claims.

2 (iv) A state or federally chartered savings and loan  
3 association that collects the association's own claims.

4 (v) A state or federally chartered credit union that collects  
5 the credit union's own claims.

6 (vi) A licensee under the regulatory loan act, 1939 PA 21, MCL  
7 493.1 to 493.24.

8 (vii) An abstract company that is engaged in an escrow  
9 business.

10 (viii) A licensed real estate broker or salesperson if the  
11 claims the broker or salesperson are collecting are related to or  
12 in connection with the broker's or salesperson's real estate  
13 business.

14 (ix) A public officer or person that is acting under a court  
15 order.

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

18 (xi) A forwarding agency that, acting on behalf of a creditor  
19 or lender, forwards a claim, collection, or repossession to a  
20 collection agency.

21 (b) "Collecting or attempting to collect a claim",  
22 "repossessing or attempting to repossess a thing of value", and  
23 "collection activities" do not include any of the following  
24 activities of a claim forwarder or remarketer in accordance with a  
25 contract with a creditor:

26 (i) Forwarding repossession assignments on behalf of the  
27 creditor to a collection agency for repossessing or attempting to  
28 repossess a thing of value owed or alleged to be owed on a claim.

29 (ii) Under the authorization of a creditor and on the

1 creditor's behalf, providing or procuring the services of an  
2 auction or other remarketer in connection with the disposition or  
3 preparation for disposition of a thing of value that was previously  
4 repossessed by a creditor or by another person on behalf of the  
5 creditor.

6 (iii) Communicating with a creditor or the collection agency  
7 regarding the performance of any of the activities described in  
8 subparagraph (i) or (ii).

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