

MICHIGAN ADMINISTRATIVE RULE 15 REQUIRED NOTICE

Pursuant to the Michigan Debt Management Act (Act 148 of 1975) and Michigan Administrative Rule 15, please be advised of the following:

1. Upon establishing a debt management program for a debtor, a licensee may charge and receive an initial fee of \$50.00. 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 program. 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.
2. A debt management agreement 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 agreement.
 - (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) 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.
3. A licensee may charge a reasonable fee for providing debt management services under a debt management program. The fees and charges of the licensee shall not exceed 15% of the amount of the debt to be liquidated during the express term of the program.
4. A licensee may offer a debtor the option to purchase credit reports or educational materials and products. A fee can be charged to the debtor if the debtor decides to purchase any of those items from the licensee. Fees charged are not subject to the 15% limitation on fees.
5. Except for a cancellation described in Section 6, for which a licensee may not collect the additional fee described in this section, in the event of cancellation or default on the performance of the agreement by the debtor before its successful completion, the licensee may collect \$25.00 in addition to fees and charges of the licensee previously received. This \$25.00 fee is not subject to the 15% limitation on fees and charges of the licensee in Section 3 above.
6. An agreement 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 agreement 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 may not collect the \$25 close fee.
7. If a debtor fails to make a payment to a licensee within 60 days after the date a payment is due under an agreement, the licensee may, in its discretion, cancel the debt management agreement if it determines that the program is no longer suitable for the debtor, the debtor fails to communicate their desire to continue the program, or the creditors of the debtor refuse to continue accepting payments under the program.
8. A licensee shall not contract for, receive, or charge a debtor an amount greater than authorized by this act. A person who 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.

The Michigan Department of Insurance and Financial Services, Office of Consumer Finance, can be reached at P.O. Box 30220 Lansing, MI 48909, (517) 284-8800 or (877) 999-6442.