



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
LANSING

PATRICK M. McPHARLIN
DIRECTOR

April 10, 2017

TO: All Motor Vehicle Installment Seller and Sales Finance Company Licensees and Interested Parties

RE: Notification to Licensees of Examination Fees

Sections 6 and 10 of the Motor Vehicle Sales Finance Act (MVSFA), 1950 PA 27 MCL 492.101 *et seq.*, as amended, authorize the Director of the Department of Insurance and Financial Services (DIFS) to conduct examinations of the books and records of motor vehicle installment seller and sales finance company licensees. The MVSFA further authorizes the Director to determine and notify all licensees of the hourly rate and per contract rate at which examination fees shall be charged for all examinations conducted pursuant to the MVSFA during the calendar year. The Director determined that beginning June 1, 2010 an examiner hourly rate of \$40 and a per contract rate of \$.20 would be charged to motor vehicle installment seller and sales finance company licensees. The examiner hourly rate of \$40 and a per contract rate of \$.20 continue unchanged.

Section 6(e) MCL 492.106(e) of the MVSFA provides the parameters for determining the examination fee:

“A licensee shall pay an examination fee for any examination of its records conducted by the administrator. The examination fee shall be the lesser of the actual hourly rate or per contract rate as established by this subdivision. An examination fee based on the per contract rate shall not be less than \$150.00. Annually, the administrator shall determine and notify all licensees of the hourly rate and per contract rate at which examination fees shall be charged for all examinations conducted pursuant to this act during the calendar year. The hourly rate shall be not less than \$20.00 per hour, nor more than \$40.00 per hour for each examiner engaged in an examination. The per contract rate shall be not less than \$0.08, nor more than \$0.20 per installment sales contract. The examination fee shall be invoiced upon the completion of the examination and shall be due and payable upon receipt of the invoice by the licensee. A licensee shall not be required to pay for more than 1 examination in any 1 calendar year. An installment seller shall not be required to pay more than \$200.00 for an examination unless the licensee holds its own installment sales contracts.”

Although there is no set limitation in the time required to conduct an examination, the typical examination of an installment seller licensee that does not hold installment contracts generally takes about 1 day.

As a licensee, you are responsible to have available at any time to the Director for investigation or examination appropriate books and records. Specifically, Section 10(a) MCL 492.10(a) of the MVSFA states:

“The administrator is authorized and empowered to investigate and examine at any time during regular business hours any and all books, accounts, papers, records, documents and files, to the extent that such investigation and examination pertain to matters regulated under the provisions of this act, of any licensee and of any person who shall be engaged in business contemplated by this act. For this purpose the administrator shall have free access to the offices and places of business and any and all books, accounts, papers, records, documents and files of all such persons. A person who is not licensed under this act shall be presumed to be engaged in business contemplated by this act, if he, as principal, agent or broker advertises or solicits business for which a license is required by the provisions of this act, and the administrator and any person designated by him for that purpose is, in such case, hereby empowered to examine the books, accounts, papers, records, documents, files, safes and vaults of such persons for the purpose of discovering violations of this act.”

Typically, licensees are not notified of an oncoming examination. DIFS examiners provide verification of their employment as a DIFS financial institutions examiner upon arrival at the licensed business location.

If you have any questions concerning this notification, please contact the Consumer Finance Examination Section toll free at (877) 999-6442, and speak with Department Technician Sue McGhee.

Sincerely,

/s/

Mark W. Weigold, Director
Consumer Financial Section