



HOUSE BILL No. 5659

March 7, 1996, Introduced by Reps. Randall, Profit, Gernaat, Lowe and Griffin and referred to the Committee on Commerce.

A bill to amend the title and sections 2, 12, 14, 14a, 15, 16, 16a, 17, 18, 19, 22a, 28, 29, 30, 31, 35, and 37 of Act No. 27 of the Public Acts of the Extra Session of 1950, entitled as amended

"Motor vehicle sales finance act,"

sections 2, 18, 19, and 31 as amended by Act No. 166 of the Public Acts of 1995, section 12 as amended by Act No. 2 of the Public Acts of 1994, section 14a as amended by Act No. 77 of the Public Acts of 1980, and section 22a as amended by Act No. 107 of the Public Acts of 1993, being sections 492.102, 492.112, 492.114, 492.114a, 492.115, 492.116, 492.116a, 492.117, 492.118, 492.119, 492.122a, 492.128, 492.129, 492.130, 492.131, 492.135, and 492.137 of the Michigan Compiled Laws; to add section 37a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 2, 12, 14, 14a, 15, 16,
 2 16a, 17, 18, 19, 22a, 28, 29, 30, 31, 35, and 37 of Act No. 27 of
 3 the Public Acts of the Extra Session of 1950, sections 2, 18, 19,
 4 and 31 as amended by Act No. 166 of the Public Acts of 1995, sec-
 5 tion 12 as amended by Act No. 2 of the Public Acts of 1994, sec-
 6 tion 14a as amended by Act No. 77 of the Public Acts of 1980, and
 7 section 22a as amended by Act No. 107 of the Public Acts of 1993,
 8 being sections 492.102, 492.112, 492.114, 492.114a, 492.115,
 9 492.116, 492.116a, 492.117, 492.118, 492.119, 492.122a, 492.128,
 10 492.129, 492.130, 492.131, 492.135, and 492.137 of the Michigan
 11 Compiled Laws, are amended and section 37a is added to read as
 12 follows:

13 TITLE

14 An act defining and regulating certain installment sales of
 15 motor vehicles; prescribing the conditions under which ~~such~~ THE
 16 sales may be made and regulating the financing ~~thereof, regulat-~~
 17 ~~ing and licensing persons engaged in the business of making or~~
 18 ~~financing such sales~~ OF MOTOR VEHICLES; prescribing the form,
 19 contents, and effect of instruments used in connection with
 20 ~~such~~ THE sales and the financing ~~thereof~~ OF MOTOR VEHICLES;
 21 prescribing certain rights and obligations of buyers, sellers,
 22 persons financing ~~such~~ THE sales and others; limiting charges
 23 in connection with ~~such~~ THE instruments and fixing maximum
 24 interest rates for delinquencies, extensions and loans; regulat-
 25 ing insurance in connection with ~~such~~ THE sales; regulating
 26 reposessions, redemptions, resales, and deficiency judgments and

1 the rights of parties with respect thereto; authorizing
2 extensions, loans, and forbearances related to ~~such~~ THE sales;
3 ~~authorizing investigations and examinations of persons engaged~~
4 ~~in the business of making or financing such sales;~~ transferring
5 certain powers and duties with respect to finance companies to
6 the commissioner of the financial institutions bureau; and pre-
7 scribing penalties.

8 Sec. 2. Except where the context indicates otherwise, as
9 used in this act:

10 ~~1. "Motor vehicle" means a self propelled device by which a~~
11 ~~person or property may be transported upon a public highway.~~
12 ~~Motor vehicle does not include tractors, motorcycles, trailers,~~
13 ~~semitrailers, power shovels, road machinery, agricultural machin-~~
14 ~~ery, and other machinery not designed primarily for highway~~
15 ~~transportation but which incidentally transports persons or prop-~~
16 ~~erty on a public highway. Motor vehicle also does not include~~
17 ~~devices that move upon or are guided by a track or travel through~~
18 ~~the air.~~

19 ~~2. "Person" means an individual, partnership, association,~~
20 ~~corporation, governmental entity, or any other legal entity.~~

21 ~~3. "Installment buyer" or "buyer" means a person who buys,~~
22 ~~hires, or leases a motor vehicle for personal, family, or house-~~
23 ~~hold use and not for commercial, business, or agricultural use,~~
24 ~~under an installment sale contract or a legal successor in inter-~~
25 ~~est to that person, and shall continue to designate that person~~
26 ~~notwithstanding that he or she may have entered into 1 or more~~

1 ~~extensions, deferments, renewals, or other revisions of the~~
2 ~~original contract.~~

3 4. ~~"Installment seller" or "seller" means a person engaged~~
4 ~~in the business of selling, offering for sale, hiring, or leasing~~
5 ~~motor vehicles under installment sale contracts or a legal suc-~~
6 ~~cessor in interest to that person. As used in this subdivision,~~
7 ~~"business" does not include an isolated sale.~~

8 5. ~~"Holder" means a person, including a seller, who is cur-~~
9 ~~rently entitled to the rights of a seller under an installment~~
10 ~~sale contract.~~

11 6. ~~"Sales finance company" means a person engaged as princi-~~
12 ~~pal, agent, or broker in the business of financing or soliciting~~
13 ~~the financing of installment sale contracts made between other~~
14 ~~parties, and includes the business of acquiring, investing in, or~~
15 ~~lending money or credit on the security of the retail seller's~~
16 ~~interest in such contracts whether by discount, purchase, or~~
17 ~~assignment of those contracts, or otherwise. The term does not~~
18 ~~include a person, financial institution, or sales finance company~~
19 ~~that takes assignments of, or an interest in, an aggregation of~~
20 ~~installment sale contracts only as security for bona fide commer-~~
21 ~~cial loans under which, in the absence of default or other bona~~
22 ~~fide breach of the loan contract, ownership of the contracts~~
23 ~~remains vested in the assignor and collection of payments on the~~
24 ~~contracts is made by the assignor, nor a person who purchases~~
25 ~~installment sale contracts from a sales finance company or a~~
26 ~~financial institution. The term includes a person, whether or~~
27 ~~not licensed under this act, who as a seller finances installment~~

1 ~~sale contracts for other sellers or sales finance companies. The~~
2 ~~term includes a financial institution.~~

3 ~~7. "Financial institution" means a state or national~~
4 ~~chartered bank, a state or federal chartered savings and loan~~
5 ~~association, or state or federal chartered credit union that~~
6 ~~elects to come under the provisions of this act.~~

7 ~~8. "Retail sale" means the sale of a motor vehicle for use~~
8 ~~by the buyer or for the benefit or satisfaction which the buyer~~
9 ~~may derive from the use of the motor vehicle by another.~~

10 ~~9. "Installment sale contract" or "contract" means a con-~~
11 ~~tract for the retail sale of a motor vehicle, or which has a sim-~~
12 ~~ilar purpose or effect, under which part or all of the price is~~
13 ~~payable in 2 or more scheduled payments subsequent to the making~~
14 ~~of the contract, or as to which the obligor undertakes to make 2~~
15 ~~or more scheduled payments or deposits that can be used to pay~~
16 ~~part or all of the purchase price, whether or not the seller has~~
17 ~~retained a security interest in the motor vehicle or has taken~~
18 ~~collateral security for the buyer's obligation, and includes a~~
19 ~~loan, mortgage, conditional sale contract, purchase money chattel~~
20 ~~mortgage, hire purchase agreement, or contract for the bailment~~
21 ~~or leasing of a motor vehicle under which the hire purchaser, the~~
22 ~~bailee, or the lessee contracts to pay as compensation a sum sub-~~
23 ~~stantially equivalent to or in excess of the value of the motor~~
24 ~~vehicle, and any other form of contract that has a similar pur-~~
25 ~~pose or effect. The terms do not include a sale or contract for~~
26 ~~sale upon an open book account in which the seller has not~~
27 ~~retained or taken a security interest in the motor vehicle sold~~

~~1 or collateral security for the buyer's obligation, the buyer is
2 not required to pay any sum other than the cash price of the
3 motor vehicle sold in connection with the sale or extension of
4 credit, and the buyer is obligated to pay for the motor vehicle
5 in full within 90 days after the time the sale or contract for
6 sale was made. These terms also mean and apply to any extension,
7 deferment, renewal, or other revision of an installment sale
8 contract.~~

~~9 +0. "Cash price" means the price measured in dollars at
10 which the seller would in good faith sell to the buyer or to any
11 other buyer under like circumstances, and the buyer would in good
12 faith buy from the seller, the motor vehicle that is the subject
13 matter of the installment sale contract if the sale were a sale
14 for cash instead of an installment sale.~~

~~15 +1. "Down payment" means all partial payments, whether made
16 in cash or otherwise, received by or for the benefit of the
17 seller before or substantially contemporaneous with either the
18 execution of the installment sale contract or the delivery of the
19 goods sold under that contract, whichever occurs later.~~

~~20 +2. "Principal amount financed" means the unpaid cash price
21 balance after deducting the down payment, adding the cost of any
22 insurance premiums required or obtained as security for or by
23 reason of the sale of a motor vehicle under an installment sale
24 contract, and adding other costs necessary or incidental to the
25 sale of the motor vehicle under the contract which the seller
26 contracts to pay on behalf of the buyer and for the amount of~~

1 ~~which the seller agrees to extend credit to the buyer and for~~
2 ~~which the buyer contracts voluntarily.~~

3 ~~+3. "Finance charge" means that term as defined in section~~
4 ~~+06 of chapter 1 of the truth in lending act, title I of the con-~~
5 ~~sumer credit protection act, Public Law 90 321, 15 U.S.C. 1605.~~

6 ~~+4. "Time balance" means the sum of the principal amount~~
7 ~~financed and the finance charge.~~

8 ~~+5. "Security interest" means a property right in the motor~~
9 ~~vehicle that is the subject of an installment sale contract, if~~
10 ~~the right is retained to secure performance of an obligation of~~
11 ~~the buyer under that contract and an extension, deferment, renew-~~
12 ~~al, or other revision of that contract. The term includes a lien~~
13 ~~or encumbrance against that motor vehicle, a mortgage interest in~~
14 ~~that motor vehicle, and a reservation of title to that motor~~
15 ~~vehicle, whether or not expressed to be absolute, if the title is~~
16 ~~in substance retained only for security.~~

17 ~~+6. "Collateral security" means security, other than a~~
18 ~~security interest in a motor vehicle that is the subject of an~~
19 ~~installment sale contract, which is given to secure performance~~
20 ~~of an obligation of the buyer, or of any surety or guarantor for~~
21 ~~the buyer, under an installment sale contract or an extension,~~
22 ~~deferment, renewal, or other revision of that contract. The term~~
23 ~~includes the undertakings of any surety or guarantor for the~~
24 ~~buyer and any interest in, encumbrance on, or pledge of real or~~
25 ~~personal property other than the motor vehicle which is the~~
26 ~~subject of the installment sale contract.~~

1 ~~17. "Administrator" means the commissioner of the financial~~
2 ~~institutions bureau, department of commerce.~~

3 ~~18. "Licensee" means a person issued a license under this~~
4 ~~act as an installment seller or a sales finance company, which~~
5 ~~license has not expired or has not been surrendered or revoked,~~
6 ~~and, in the plural, means a person or persons licensed under 1 or~~
7 ~~both of these 2 classifications. The term includes financial~~
8 ~~institution as defined in this section.~~

9 ~~19. "Public sale" means a public sale after advertisement of~~
10 ~~each motor vehicle in at least 2 successive publications in a~~
11 ~~newspaper having general circulation in the village, city, or~~
12 ~~township in which the sale is to be held. The advertisement~~
13 ~~shall disclose the place where the motor vehicle is stored and~~
14 ~~may be inspected, the date, time, and place of the sale, and the~~
15 ~~make, model, and serial number of the vehicle.~~

16 (A) "CASH PRICE" MEANS THE PRICE MEASURED IN DOLLARS AT
17 WHICH THE SELLER WOULD IN GOOD FAITH SELL TO THE BUYER OR TO ANY
18 OTHER BUYER UNDER LIKE CIRCUMSTANCES AND THE BUYER WOULD IN GOOD
19 FAITH BUY FROM THE SELLER THE MOTOR VEHICLE THAT IS THE SUBJECT
20 MATTER OF THE INSTALLMENT SALE CONTRACT IF THE SALE WERE A SALE
21 FOR CASH INSTEAD OF AN INSTALLMENT SALE.

22 (B) "COLLATERAL SECURITY" MEANS SECURITY, OTHER THAN A
23 SECURITY INTEREST IN A MOTOR VEHICLE THAT IS THE SUBJECT OF AN
24 INSTALLMENT SALE CONTRACT, WHICH IS GIVEN TO SECURE PERFORMANCE
25 OF AN OBLIGATION OF THE BUYER, OR OF ANY SURETY OR GUARANTOR FOR
26 THE BUYER, UNDER AN INSTALLMENT SALE CONTRACT OR AN EXTENSION,
27 DEFERMENT, RENEWAL, OR OTHER REVISION OF THAT CONTRACT. THE TERM

1 INCLUDES THE UNDERTAKINGS OF ANY SURETY OR GUARANTOR FOR THE
2 BUYER AND ANY INTEREST IN, ENCUMBRANCE ON, OR PLEDGE OF REAL OR
3 PERSONAL PROPERTY OTHER THAN THE MOTOR VEHICLE WHICH IS THE
4 SUBJECT OF THE INSTALLMENT SALE CONTRACT.

5 (C) "DOWN PAYMENT" MEANS ALL PARTIAL PAYMENTS, WHETHER MADE
6 IN CASH OR OTHERWISE, RECEIVED BY OR FOR THE BENEFIT OF THE
7 SELLER BEFORE OR SUBSTANTIALLY CONTEMPORANEOUS WITH EITHER THE
8 EXECUTION OF THE INSTALLMENT SALE CONTRACT OR THE DELIVERY OF THE
9 GOODS SOLD UNDER THAT CONTRACT, WHICHEVER OCCURS LATER.

10 (D) "FINANCE CHARGE" MEANS THAT TERM AS DEFINED IN SECTION
11 106 OF CHAPTER 1 OF THE TRUTH IN LENDING ACT, TITLE I OF THE CON-
12 SUMER CREDIT PROTECTION ACT, PUBLIC LAW 90-321, 15 U.S.C. 1605.

13 (E) "FINANCIAL INSTITUTION" MEANS A STATE OR NATIONAL
14 CHARTERED BANK, A STATE OR FEDERAL CHARTERED SAVINGS AND LOAN
15 ASSOCIATION, OR STATE OR FEDERAL CHARTERED CREDIT UNION THAT
16 ELECTS TO BE SUBJECT TO THE PROVISIONS OF THIS ACT.

17 (F) "HOLDER" MEANS A PERSON, INCLUDING A SELLER, WHO IS CUR-
18 RENTLY ENTITLED TO THE RIGHTS OF A SELLER UNDER AN INSTALLMENT
19 SALE CONTRACT.

20 (G) "INSTALLMENT BUYER" OR "BUYER" MEANS A PERSON WHO BUYS A
21 MOTOR VEHICLE FOR PERSONAL, FAMILY, OR HOUSEHOLD USE AND NOT FOR
22 COMMERCIAL, BUSINESS, OR AGRICULTURAL USE, UNDER AN INSTALLMENT
23 SALE CONTRACT OR A LEGAL SUCCESSOR IN INTEREST TO THAT PERSON,
24 AND SHALL CONTINUE TO DESIGNATE THAT PERSON AS THE BUYER NOTWITH-
25 STANDING THAT HE OR SHE MAY HAVE ENTERED INTO 1 OR MORE EXTEN-
26 SIONS, DEFERMENTS, RENEWALS, OR OTHER REVISIONS OF THE ORIGINAL
27 CONTRACT.

1 (H) "INSTALLMENT SALE CONTRACT" OR "CONTRACT" MEANS A
2 CONTRACT FOR THE RETAIL SALE OF A MOTOR VEHICLE, OR WHICH HAS A
3 SIMILAR PURPOSE OR EFFECT, UNDER WHICH PART OR ALL OF THE PRICE
4 IS PAYABLE IN 2 OR MORE SCHEDULED PAYMENTS SUBSEQUENT TO THE
5 MAKING OF THE CONTRACT, OR AS TO WHICH THE OBLIGOR UNDERTAKES TO
6 MAKE 2 OR MORE SCHEDULED PAYMENTS OR DEPOSITS THAT CAN BE USED TO
7 PAY PART OR ALL OF THE PURCHASE PRICE, WHETHER OR NOT THE SELLER
8 HAS RETAINED A SECURITY INTEREST IN THE MOTOR VEHICLE OR HAS
9 TAKEN COLLATERAL SECURITY FOR THE BUYER'S OBLIGATION, AND
10 INCLUDES A LOAN, MORTGAGE, CONDITIONAL SALE CONTRACT, OR
11 PURCHASE-MONEY CHATTEL MORTGAGE, UNDER WHICH THE OBLIGOR CON-
12 TRACTS TO PAY AS COMPENSATION A SUM SUBSTANTIALLY EQUIVALENT TO
13 OR IN EXCESS OF THE VALUE OF THE MOTOR VEHICLE, AND ANY OTHER
14 FORM OF CONTRACT THAT HAS A SIMILAR PURPOSE OR EFFECT. THE TERMS
15 DO NOT INCLUDE A SALE OR CONTRACT FOR SALE UPON AN OPEN BOOK
16 ACCOUNT IN WHICH THE SELLER HAS NOT RETAINED OR TAKEN A SECURITY
17 INTEREST IN THE MOTOR VEHICLE SOLD OR COLLATERAL SECURITY FOR THE
18 BUYER'S OBLIGATION, THE BUYER IS NOT REQUIRED TO PAY ANY SUM
19 OTHER THAN THE CASH PRICE OF THE MOTOR VEHICLE SOLD IN CONNECTION
20 WITH THE SALE OR EXTENSION OF CREDIT, AND THE BUYER IS OBLIGATED
21 TO PAY FOR THE MOTOR VEHICLE IN FULL WITHIN 90 DAYS AFTER THE
22 TIME THE SALE OR CONTRACT FOR SALE WAS MADE. THE TERMS ALSO
23 APPLY TO ANY EXTENSION, DEFERMENT, RENEWAL, OR OTHER REVISION OF
24 AN INSTALLMENT SALE CONTRACT.

25 (I) "INSTALLMENT SELLER" OR "SELLER" MEANS A PERSON ENGAGED
26 IN THE BUSINESS OF SELLING, OR OFFERING FOR SALE, MOTOR VEHICLES
27 UNDER INSTALLMENT SALE CONTRACTS OR A LEGAL SUCCESSOR IN INTEREST

1 TO THAT PERSON. AS USED IN THIS SUBDIVISION, "BUSINESS" DOES NOT
2 INCLUDE AN ISOLATED SALE.

3 (J) "MOTOR VEHICLE" MEANS A SELF-PROPELLED DEVICE BY WHICH A
4 PERSON OR PROPERTY MAY BE TRANSPORTED UPON A PUBLIC HIGHWAY.
5 MOTOR VEHICLE DOES NOT INCLUDE TRACTORS, MOTORCYCLES, TRAILERS,
6 SEMITRAILERS, POWER SHOVELS, ROAD MACHINERY, AGRICULTURAL MACHIN-
7 ERY, AND OTHER MACHINERY NOT DESIGNED PRIMARILY FOR HIGHWAY
8 TRANSPORTATION BUT WHICH INCIDENTALY TRANSPORTS PERSONS OR PROP-
9 ERTY ON A PUBLIC HIGHWAY. MOTOR VEHICLE ALSO DOES NOT INCLUDE
10 DEVICES THAT MOVE UPON OR ARE GUIDED BY A TRACK OR TRAVEL THROUGH
11 THE AIR.

12 (K) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, ASSOCIATION,
13 CORPORATION, GOVERNMENTAL ENTITY, OR ANY OTHER LEGAL ENTITY.

14 (L) "PRINCIPAL AMOUNT FINANCED" MEANS THE UNPAID CASH PRICE
15 BALANCE AFTER DEDUCTING THE DOWN PAYMENT, ADDING THE COST OF ANY
16 INSURANCE PREMIUMS REQUIRED OR OBTAINED AS SECURITY FOR OR BY
17 REASON OF THE SALE OF A MOTOR VEHICLE UNDER AN INSTALLMENT SALE
18 CONTRACT, AND ADDING OTHER COSTS NECESSARY OR INCIDENTAL TO THE
19 SALE OF THE MOTOR VEHICLE UNDER THE CONTRACT WHICH THE SELLER
20 CONTRACTS TO PAY ON BEHALF OF THE BUYER AND FOR THE AMOUNT OF
21 WHICH THE SELLER AGREES TO EXTEND CREDIT TO THE BUYER AND FOR
22 WHICH THE BUYER CONTRACTS VOLUNTARILY.

23 (M) "PUBLIC SALE" MEANS A PUBLIC SALE AFTER ADVERTISEMENT OF
24 EACH MOTOR VEHICLE IN AT LEAST 2 SUCCESSIVE PUBLICATIONS IN A
25 NEWSPAPER HAVING GENERAL CIRCULATION IN THE VILLAGE, CITY, OR
26 TOWNSHIP IN WHICH THE SALE IS TO BE HELD. THE ADVERTISEMENT
27 SHALL DISCLOSE THE PLACE WHERE THE MOTOR VEHICLE IS STORED AND

1 MAY BE INSPECTED, THE DATE, TIME, AND PLACE OF THE SALE, AND THE
2 MAKE, MODEL, AND SERIAL NUMBER OF THE VEHICLE.

3 (N) "RETAIL SALE" MEANS THE SALE OF A MOTOR VEHICLE FOR USE
4 BY THE BUYER OR FOR THE BENEFIT OR SATISFACTION THAT THE BUYER
5 MAY DERIVE FROM THE USE OF THE MOTOR VEHICLE BY ANOTHER.

6 (O) "SALES FINANCE COMPANY" MEANS A PERSON ENGAGED AS PRIN-
7 CIPAL, AGENT, OR BROKER IN THE BUSINESS OF FINANCING OR SOLICIT-
8 ING THE FINANCING OF INSTALLMENT SALE CONTRACTS MADE BETWEEN
9 OTHER PARTIES, AND INCLUDES THE BUSINESS OF ACQUIRING, INVESTING
10 IN, OR LENDING MONEY OR CREDIT ON THE SECURITY OF THE RETAIL
11 SELLER'S INTEREST IN THE CONTRACTS WHETHER BY DISCOUNT, PURCHASE,
12 OR ASSIGNMENT OF THOSE CONTRACTS, OR OTHERWISE. THE TERM DOES
13 NOT INCLUDE A PERSON, FINANCIAL INSTITUTION, OR SALES FINANCE
14 COMPANY THAT TAKES ASSIGNMENTS OF, OR AN INTEREST IN, AN AGGREGA-
15 TION OF INSTALLMENT SALE CONTRACTS ONLY AS SECURITY FOR BONA FIDE
16 COMMERCIAL LOANS UNDER WHICH, IN THE ABSENCE OF DEFAULT OR OTHER
17 BONA FIDE BREACH OF THE LOAN CONTRACT, OWNERSHIP OF THE CONTRACTS
18 REMAINS VESTED IN THE ASSIGNOR AND COLLECTION OF PAYMENTS ON THE
19 CONTRACTS IS MADE BY THE ASSIGNOR. THE TERM DOES NOT INCLUDE A
20 PERSON WHO PURCHASES INSTALLMENT SALE CONTRACTS FROM A SALES
21 FINANCE COMPANY OR A FINANCIAL INSTITUTION. THE TERM DOES
22 INCLUDE A PERSON WHO AS A SELLER FINANCES INSTALLMENT SALE CON-
23 TRACTS FOR OTHER SELLERS OR SALES FINANCE COMPANIES. THE TERM
24 INCLUDES A FINANCIAL INSTITUTION.

25 (P) "SECURITY INTEREST" MEANS A PROPERTY RIGHT IN THE MOTOR
26 VEHICLE THAT IS THE SUBJECT OF AN INSTALLMENT SALE CONTRACT, IF
27 THE RIGHT IS RETAINED TO SECURE PERFORMANCE OF AN OBLIGATION OF

1 THE BUYER UNDER THAT CONTRACT AND AN EXTENSION, DEFERMENT,
2 RENEWAL, OR OTHER REVISION OF THAT CONTRACT. THE TERM INCLUDES A
3 LIEN OR ENCUMBRANCE AGAINST THAT MOTOR VEHICLE, A MORTGAGE INTER-
4 EST IN THAT MOTOR VEHICLE, AND A RESERVATION OF TITLE TO THAT
5 MOTOR VEHICLE, WHETHER OR NOT EXPRESSED TO BE ABSOLUTE, IF THE
6 TITLE IS IN SUBSTANCE RETAINED ONLY FOR SECURITY.

7 (Q) "TIME BALANCE" MEANS THE SUM OF THE PRINCIPAL AMOUNT
8 FINANCED AND THE FINANCE CHARGE.

9 Sec. 12. (1) ~~(a)~~ An installment sale contract shall be in
10 writing, and shall contain all of the agreements between the
11 buyer and the seller relating to the installment sale of the
12 motor vehicle sold, and shall be signed by both the buyer and the
13 seller.

14 (2) ~~(b)~~ An installment sale contract shall be completed as
15 to all essential provisions prior to the signing of the contract
16 by the buyer. ~~and contain such other information as the adminis-~~
17 ~~trator may require.~~

18 (3) ~~(c)~~ An exact copy of the installment sale contract
19 shall be furnished by the seller to the buyer without charge at
20 the time the buyer signs the contract. The buyer's copy of the
21 contract shall contain the signature of the seller identical with
22 the signature on the original contract.

23 (4) ~~(d)~~ An installment sale contract shall contain the
24 following notice printed prominently and in the form indicated in
25 12-point type or larger directly above the space provided in the
26 contract form for the signature of the buyer:

1 "Notice to buyer. Do not sign this contract in blank. You
2 are entitled to 1 true copy of the contract you sign without
3 charge. Keep it to protect your legal rights."

4 (5) ~~(e)~~ The seller shall obtain from the buyer a written
5 acknowledgment of the delivery of the copy of the contract. The
6 acknowledgment shall be printed in 12-point type or larger and,
7 if attached to the contract, it shall be printed below the
8 buyer's signature to the contract and independently signed.

9 ~~(f) An installment sale contract shall provide for weekly,~~
10 ~~semi-monthly, or monthly payments of the time balance in substan-~~
11 ~~tially equal periods and amounts. This subdivision does not~~
12 ~~apply to installment sale contracts made between an installment~~
13 ~~seller and an installment buyer who is an employee of the~~
14 ~~installment seller. This subdivision shall not be construed to~~
15 ~~prohibit installment sales contracts that extend the time for~~
16 ~~making installment payments for a period of not to exceed 3~~
17 ~~months. This subdivision does not preclude the exceptional~~
18 ~~installment sale contract provided for in section 22 of this~~
19 ~~act.~~

20 Sec. 14. (1) ~~(a)~~ An installment sale contract shall not
21 be signed by a party ~~thereto~~ TO THE CONTRACT unless it contains
22 all of the information and statements required by this act.

23 (2) ~~(b)~~ An installment sale contract shall not contain an
24 acceleration clause under which any part or all of the time bal-
25 ance represented by payments, not yet matured, may be declared
26 immediately payable because the seller or holder ~~deems~~
27 CONSIDERS himself OR HERSELF to be insecure.

1 (3) ~~(c)~~ An installment sale contract shall not contain a
2 provision authorizing a person acting on behalf of the seller or
3 holder to enter upon premises of the buyer unlawfully or to
4 commit a breach of the peace in the repossession of the motor
5 vehicle or collateral security. A right of repossession of a
6 motor vehicle provided in an installment sale contract shall be
7 exercised only in the manner provided in sections 9503 and 9504
8 of THE UNIFORM COMMERCIAL CODE, Act No. 174 of the Public Acts of
9 1962, being sections 440.9503 and 440.9504 of the Michigan
10 Compiled Laws.

11 (4) ~~(d)~~ An installment sale contract shall not contain a
12 provision ~~whereby the buyer~~ THAT waives a BUYER'S right of
13 action against the seller, holder, or other person acting on
14 behalf of the holder for an illegal act committed in the collec-
15 tion of the payments under the contract or in the repossession of
16 the motor vehicle or collateral security.

17 (5) ~~(e)~~ An installment sale contract shall not contain a
18 provision ~~whereby the buyer executes~~ THAT HAS THE BUYER
19 EXECUTING a power of attorney appointing the seller, the holder,
20 or the agent of the ~~licensee~~ SELLER OR HOLDER as the buyer's
21 agent, in collection of the payments under the contract or in
22 repossession of the motor vehicle sold or collateral security.

23 (6) ~~(f)~~ An installment sale contract shall not contain a
24 provision relieving the holder, or other assignee, from liability
25 for legal remedies ~~which~~ THAT the buyer has against the seller
26 under the contract or under a separate instrument executed in
27 connection ~~therewith~~ WITH THE CONTRACT.

1 unreasonably burdened nor deprived of adequate transportation by
2 making the payments, an amount up to but not greater than the
3 amount of each time balance payment due shall be paid to the dis-
4 interested third party as it becomes due during the period of
5 litigation. At the conclusion of the litigation these payments
6 shall be distributed pursuant to the judgment of the court.

7 Sec. 15. (1) ~~(a) Whenever~~ IF an installment sale contract
8 is lawfully sold, transferred, or assigned to ~~a person who is~~
9 ~~licensed as~~ a sales finance company, ~~pursuant to the provisions~~
10 ~~of~~ UNDER this act, ~~such~~ THE new holder shall furnish to the
11 buyer ~~in such~~ OF THE contract a written notice of ~~such~~ THE
12 sale, transfer, or assignment, ~~excepting~~ EXCEPT when THE
13 assignment is made only to secure a bona fide commercial loan or
14 pursuant to a bulk sale of installment sale contracts. ~~Such~~
15 THE notices shall ~~set forth~~ STATE the name and address of the
16 new holder and ~~shall~~ notify the buyer of the name and address
17 of the person authorized to receive future payments on ~~such~~ THE
18 contract. If ~~such~~ THE notice has not been given, any payment
19 or tender of payment made to and any service of notice on the
20 last known holder by the buyer ~~shall be~~ IS binding upon any
21 subsequent holder. ~~No installment sales contract shall be sold~~
22 ~~to any person doing business in this state who is not licensed~~
23 ~~under the provisions of this act.~~

24 (2) ~~(b) The provisions of this section shall~~ THIS SECTION
25 DOES not apply to an assignment of an aggregation of installment
26 sale contracts, ~~which is~~ THAT ARE executed by a seller or sales
27 finance company in connection with a bulk sale or as collateral

1 security for a bona fide commercial loan, obtained at lawful
 2 rates of interest from a person regularly engaged in the business
 3 of lending money on the security of ~~such~~ assigned collateral,
 4 and under which, in the absence of default or other bona fide
 5 breach of the loan contract, ownership of the assigned contracts
 6 remains vested in the assignor, ~~and~~ collection of payments on
 7 ~~such~~ THE assigned contracts is made by the assignor, ~~And~~
 8 ~~provided, That such~~ AND THE assignment and loan contracts are
 9 not for the purpose of evading or circumventing ~~the provisions~~
 10 ~~of~~ this act.

11 Sec. 16. (1) ~~(a)~~ The buyer of a motor vehicle under an
 12 installment sale contract may be required to provide insurance on
 13 ~~such~~ THE motor vehicle at the buyer's expense for the protec-
 14 tion of the seller or subsequent holder. ~~Such~~ THE insurance
 15 shall be limited to insurance against substantial risk of damage,
 16 destruction, or theft of ~~such~~ THE motor vehicle. ~~Provided,~~
 17 ~~however, That the foregoing~~

18 (2) THIS SECTION shall not interfere with the ~~liberty of~~
 19 RIGHT TO contract of the buyer and seller ~~to contract~~ for
 20 travel emergency benefits pertaining to the operation of the
 21 ~~automobile~~ MOTOR VEHICLE or other ~~or additional~~ insurance as
 22 security for or by reason of the obligation of the buyer. ~~and~~
 23 ~~inclusion of the~~

24 (3) THE cost of ~~such~~ THE insurance premium and ~~said~~
 25 travel emergency benefits MAY BE INCLUDED in the principal amount
 26 advanced under the installment sale contract. ~~Such~~

1 (4) THE insurance shall, if possible to obtain, be written
2 for the dual protection of the buyer and ~~of the~~ seller ~~,~~ or
3 subsequent holder, to the extent of ~~his~~ THE SELLER'S interest
4 in the motor vehicle. ~~Such~~ THE insurance shall be for an
5 amount, ~~and~~ period of time, and ~~upon~~ terms and conditions,
6 ~~which~~ THAT are reasonable and appropriate considering the type
7 and condition of the motor vehicle, the amount of the time
8 balance, and the schedule of payments in the installment sale
9 contract. ~~In the event such~~

10 (5) IF insurance cannot be obtained for the dual protection
11 of the buyer and the seller ~~,~~ or subsequent holder ~~,~~ or, if
12 obtained, is cancelled by the insurance company prior to expira-
13 tion, the seller ~~,~~ or subsequent holder ~~,~~ may obtain insur-
14 ance to protect his OR HER interest in the motor vehicle and the
15 buyer may be required to pay the cost ~~thereof.~~ ~~In such event,~~
16 ~~the~~ OF THE INSURANCE. THE seller ~~,~~ or subsequent holder ~~,~~
17 shall promptly notify the buyer that ~~such~~ THE insurance cannot
18 be obtained, or ~~is~~ HAS BEEN cancelled, and credit to the buyer
19 the difference between the amount charged by the seller for
20 ~~such~~ THE dual protection insurance and the cost to the seller
21 of ~~such~~ single interest insurance ~~(less, in the event of~~ AND
22 IN THE CASE OF cancellation, LESS the earned premium on the dual
23 interest insurance for the period it is in force. ~~).~~ ~~Provided,~~
24 ~~That whenever such~~ IF insurance is written ONLY for the protec-
25 tion of the seller ~~,~~ or subsequent holder, ~~only,~~ neither the
26 insurance company issuing the policy nor any other person shall
27 be subrogated to the rights of the insured as against the buyer.

1 (6) ~~(b)~~ The buyer of a motor vehicle under an installment
 2 sale contract shall have the privilege of purchasing ~~such~~
 3 insurance from any insurance company, agent, or broker authorized
 4 to do business in ~~Michigan~~ THIS STATE other than the install-
 5 ment seller. No installment seller shall coerce, threaten, or in
 6 any manner influence any installment buyer to purchase insurance
 7 from any insurance company, agent, or broker designated by ~~such~~
 8 THE seller. ~~Provided, however, That the~~ THE inclusion of the
 9 cost of the insurance premium in the installment sale contract,
 10 when the buyer selects the company, agent, or broker, ~~shall be~~
 11 ~~optional with~~ IS AT THE OPTION OF the seller.

12 (7) ~~(c) Whenever~~ IF the seller contracts to purchase, at
 13 the buyer's expense, ~~such~~ insurance on a motor vehicle sold
 14 under an installment sale contract, ~~such~~ THE insurance shall be
 15 purchased through an agent, ~~and/or~~ broker, or other person,
 16 authorized to conduct business in ~~Michigan~~ THIS STATE, and
 17 ~~such~~ THE insurance shall be written by an insurance company
 18 qualified to do business in ~~Michigan~~ THIS STATE. The status of
 19 the buyer and seller or holder ~~, as set forth in such~~ IN THE
 20 insurance contract ~~, shall conform to~~ BE THE SAME AS the
 21 status of ~~these~~ THE parties in the installment sale contract.
 22 The cost of the premium ~~on such~~ FOR THE insurance to the buyer
 23 shall not ~~be in excess of~~ EXCEED the amount of the premium
 24 which others are required to pay to ~~such~~ THE insurance company
 25 for similar coverage. ~~, and in no event in excess of~~ THE PRE-
 26 MIUM SHALL NOT EXCEED THE rates established in the ~~then current~~
 27 published applicable manual of a recognized standard insurance

1 rating bureau ~~or~~ or the rates fixed by ~~authority of the~~ THIS
 2 state. ~~of Michigan.~~

3 (8) ~~(d) Whenever~~ IF the seller contracts to purchase, at
 4 the buyer's expense, ~~such~~ insurance on a motor vehicle sold
 5 under an installment sale contract, a certificate of insurance
 6 and a statement showing itemized cost of ~~such~~ THE insurance
 7 shall be delivered to the buyer within 25 days of the date of the
 8 buyer's signing of the installment sale contract.

9 (9) ~~(e)~~ The insurance policy or certificate of insurance
 10 on the motor vehicle ~~which~~ THAT is furnished to the buyer, when
 11 the insurance is placed by the seller or subsequent holder at the
 12 buyer's expense, shall set forth complete information as to the
 13 effective dates, amounts of premiums and coverage, and shall con-
 14 tain all the terms AND CONDITIONS of the insurance contract.

15 (10) ~~(f) When~~ IF the seller or subsequent holder has
 16 placed, at the expense of the buyer, insurance on a motor vehicle
 17 sold under an installment sale contract and the buyer prepays the
 18 time balance under the contract prior to the expiration date of
 19 the insurance, ~~such~~ THE insurance shall remain in force unless
 20 the buyer requests cancellation ~~thereof~~ OF THE INSURANCE. The
 21 seller or holder shall not cancel the insurance ~~under such~~
 22 ~~circumstances~~ without the buyer's consent, nor shall the seller
 23 or holder coerce the buyer to cancel the insurance.

24 (11) Unexpired insurance premiums received by the seller or
 25 holder, resulting from cancellation of insurance which was origi-
 26 nally placed at the buyer's expense, shall be used in procuring
 27 comparable insurance as in subsection ~~(g) of this section~~

1 ~~provided, and if such~~ (12). IF insurance cannot be obtained,
2 THE PREMIUMS shall be paid to the buyer or credited to any
3 matured unpaid installments under the contract.

4 (12) ~~(g) When~~ IF the seller contracts to purchase insur-
5 ance at the buyer's expense and ~~such~~ THE insurance is cancelled
6 by the insurance company prior to expiration, the seller or sub-
7 sequent holder shall attempt to place comparable insurance with
8 another insurance company and furnish ~~or cause to be furnished~~
9 to the buyer a copy of the insurance policy or certificate of
10 insurance, subject to the same requirements of this act applica-
11 ble to the original policy. In the event the holder is unable to
12 obtain ~~such~~ insurance in another insurance company, he OR SHE
13 shall promptly notify the buyer by ~~registered~~ CERTIFIED mail,
14 addressed to the ~~buyer at the~~ BUYER'S LAST KNOWN address.
15 ~~appearing upon the installment sale contract, unless the seller~~
16 ~~is in receipt of written notice of a change in the buyer's~~
17 ~~address, and in such event addressed to the buyer at such changed~~
18 ~~address.~~ The buyer may then obtain ~~such~~ insurance from an
19 insurance company, agent, or broker of his OR HER own selection.
20 The holder shall also be liable to the buyer for any loss suf-
21 fered by the buyer through negligence on the part of the holder
22 in promptly mailing notice to the buyer of his OR HER inability
23 to obtain replacement insurance.

24 Sec. 16a. If unexpired insurance premiums received by the
25 seller or holder resulting from the cancellation of insurance
26 ~~which~~ THAT was originally placed ~~by~~ AT the buyer's expense
27 cannot be used in procuring comparable insurance as in section

1 ~~+6, subsection (g), such~~ 16 (12), THE unexpired insurance
 2 premiums shall be credited to the last maturing installments
 3 under the contract.

4 Sec. 17. (1) ~~(a)~~ In addition to the cost of insurance
 5 premiums and travel emergency benefits authorized in ~~the preced-~~
 6 ~~ing section of this act~~ SECTION 16, the seller of a motor vehi-
 7 cle under an installment sale contract may require the buyer to
 8 pay ~~certain other~~ THE FOLLOWING costs incurred in the sale of a
 9 motor vehicle under ~~such~~ THE contract: ~~as follows.~~

10 (A) ~~1.~~ Fees, payable to the state of Michigan, for filing
 11 a lien or encumbrances on the certificate of title to a motor
 12 vehicle sold under an installment sale contract or collateral
 13 security ~~thereto~~ TO THE CONTRACT.

14 (B) ~~2.~~ Fees, payable to a public official, for filing or
 15 recording and satisfying or releasing the installment sale con-
 16 tract or instruments securing the buyer's obligation.

17 (C) ~~3.~~ Fees for notarization required in connection with
 18 the filing and recording or satisfying and releasing a mortgage,
 19 judgment lien, or encumbrance.

20 (2) ~~(b) The~~ AT THE OPTION OF THE BUYER, THE seller of a
 21 motor vehicle under an installment sale contract may also con-
 22 tract with the buyer to pay, on behalf of the buyer, ~~such other~~
 23 ~~costs incidental to the sale of a motor vehicle and contracted~~
 24 ~~for voluntarily by the buyer as follows:~~ Fees FEES, payable to
 25 the state of Michigan, for registration of the motor vehicle,
 26 ~~and~~ issuance or transfer of registration plates, AND THE AMOUNT

1 OF THE UNPAID BALANCE OF ANY LOAN SECURED BY A MOTOR VEHICLE
2 BEING USED AS A TRADE-IN BY THE BUYER.

3 (3) ~~-(c)-The foregoing costs-~~ COSTS UNDER THIS SECTION may
4 be charged, contracted for, collected, or received by the seller
5 from the buyer independently of the installment sale contract, or
6 the seller may extend credit to the buyer for the amount of
7 ~~such~~ THE costs and include ~~such~~ THE amount in the principal
8 amount financed under the installment sale contract.

9 (4) ~~-(d)-Such other-~~ THE costs paid or payable by the buyer
10 shall not exceed the amount which the seller expends or intends
11 to expend. ~~therefor.~~ Any ~~such~~ costs which the seller has col-
12 lected from the buyer, or which have been included in the buyer's
13 obligation under the installment sale contract which are not dis-
14 bursed by the seller, ~~as contemplated,~~ shall be immediately
15 refunded or credited to the buyer.

16 Sec. 18. (1) ~~-(a)-~~ A seller ~~licensed under this act~~ may
17 charge, contract for, receive, or collect a finance charge, as
18 defined in this act, on any installment sale contract covering
19 the retail sale of a motor vehicle in this state that does not
20 exceed the rate permitted by the credit reform act, ACT NO. 162
21 OF THE PUBLIC ACTS OF 1995, BEING SECTIONS 445.1851 TO 445.1864
22 OF THE MICHIGAN COMPILED LAWS.

23 (2) ~~-(b)-~~ The finance charge shall be computed on the prin-
24 cipal amount financed as determined under section ~~+3(2)(6)-~~
25 13(2).

26 (3) ~~-(c)-~~ The finance charge shall be computed at the annual
27 rates permitted by subsection ~~-(a)-~~ (1) on installment sale

1 contracts that are payable by installment payments, extending for
2 a period of 1 year. On installment sale contracts providing for
3 installment payments extending for a period ~~which~~ THAT is less
4 than or greater than 1 year, the finance charge shall be computed
5 proportionately. If an installment sale contract provides for
6 payment other than in equal successive weekly, semimonthly, or
7 monthly installments, the finance charge may be at a rate that
8 will provide the same annual percentage rate as is permitted on
9 monthly payment contracts having due regard for the schedule of
10 payments in the contract. The annual percentage rate as used in
11 this act shall be in accordance with disclosure requirements of
12 the truth in lending act, title I of the consumer credit protec-
13 tion act, public law 90-321, 15 U.S.C. 1601 to 1608, 1610 to
14 1613, 1615, 1631 to 1635, 1637 to 1648, and 1661 to 1667e, and
15 the regulations promulgated under the truth in lending act.

16 (4) ~~(d)~~ The finance charge may be computed on the basis of
17 a full month for a fractional month period in excess of 10 days.

18 (5) ~~(e)~~ A minimum finance charge of \$15.00 may be charged
19 on an installment sale contract in which the finance charge, when
20 computed at the rates indicated, results in a total charge of
21 less than \$15.00.

22 Sec. 19. (1) ~~(a)~~ The holder of an installment sale con-
23 tract may extend the scheduled due date, defer a payment or pay-
24 ments, or renew the unpaid time balance of the contract.

25 (2) ~~(b)~~ The holder may contract for, receive, and collect
26 a refinance charge for the extension, deferment, or renewal. The

1 refinance charge shall not exceed the amount ascertained under
2 the rates allowed by section ~~+8(a)~~ 18(1).

3 (3) ~~(c)~~ If 1 or more installment payments are extended or
4 deferred, computing the refinance charge on the amount of the
5 installment payment or payments or part of a payment that is
6 refinanced, for the period of time for which each payment or part
7 of a payment is extended or deferred, shall not exceed rates pro-
8 vided for in section ~~+8(a)~~ 18(1). The refinance charges may be
9 computed on the basis of a full month for any fractional month
10 period in excess of 10 days.

11 (4) ~~(d)~~ If the unpaid balance of the contract is refi-
12 nanced or renewed, a refinance charge may be assessed on the
13 amount obtained by adding to the unpaid time balance of the con-
14 tract the insurance cost and other costs incidental to refinanc-
15 ing and the unpaid default charges that may be accrued, and by
16 deducting any rebate that may be due to the buyer for prepayment
17 incidental to refinancing, at the rate of the finance charge pro-
18 vided for in section ~~+8(a)~~ 18(1), but otherwise subject to ~~the~~
19 ~~provisions of~~ this act governing computation of the original
20 finance charge. The provisions of this act ~~governing~~ THAT
21 GOVERN minimum finance charges and minimum prepayment rebate do
22 not apply in calculating refinance charges on the contract
23 renewed under this method of computation.

24 ~~(e) The holder of an installment sale contract shall not~~
25 ~~include in any contract for refinancing the contract any cash~~
26 ~~loan to the buyer, nor any credit extended to the buyer~~
27 ~~incidental to the purchase of goods or services. A loan under~~

~~1 this section does not include, nor does this act prohibit, a
2 rearrangement of payments under the installment sale contract by
3 a refinance transaction involving a restoration of certain
4 installment payments made under the contract, but the refinance
5 charge on the amount restored may not be more than that specified
6 in section 18(a). The holder of the contract may embody in the
7 refinance contract the cost of accessories, equipment, and parts
8 for the motor vehicle sold under the contract, and the cost of
9 repairs and services to the motor vehicle including finance
10 charges on the contract.~~

11 Sec. 22a. Compliance with the requirements of the truth in
12 lending act, title I of Public Law 90-321, 15 U.S.C. 1601 to
13 1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1638, 1640 to
14 1647, and 1661 to 1667e is compliance with the disclosure provi-
15 sions of section 13. ~~and of section 2 of Act No. 305 of the
16 Public Acts of 1939, being section 566.302 of the Michigan
17 Compiled Laws.~~

18 Sec. 28. (1) ~~(a)~~ At any time after execution of an
19 installment sale contract and within 1 year after termination of
20 ~~such~~ THE contract, the holder of ~~such~~ THE contract shall fur-
21 nish the buyer, upon request, with a complete and detailed state-
22 ment of account showing ALL OF THE FOLLOWING:

23 (A) ~~+~~ All amounts paid by the buyer on account of the
24 obligation, dates of payment, and the allocation of ~~such~~ pay-
25 ments to reduction of the time balance, refinance charges,
26 default charges, court costs, attorney's fees, expenses of
27 retaking, repairing, storing, or otherwise.

1 (B) ~~2.~~ All amounts credited to the buyer as rebates for
2 prepayment and unexpired premiums on insurance cancelled.

3 (C) ~~3.~~ The amount of the installment payments, accrued
4 charges, and expenses incurred ~~, if any,~~ which are due and
5 payable.

6 (D) ~~4.~~ The number and amount of installment payments to
7 become due and payable ~~, if any,~~ and the due dates ~~thereof~~ OF
8 THE PAYMENTS.

9 (2) ~~(b)~~ The buyer shall be furnished with 1 ~~such~~ state-
10 ment of account without charge during the term of the contract or
11 within 1 year after termination, and the holder may require pay-
12 ment of a fee of 50 cents for any additional statements.

13 (3) ~~(c)~~ The holder shall furnish the buyer, upon request
14 and upon payment of a fee of 50 cents, with a duplicate copy of
15 the installment sale contract to replace the buyer's copy of
16 ~~such~~ THE contract ~~which~~ THAT is required to be furnished to
17 the buyer without charge at the time of execution of the
18 contract.

19 Sec. 29. (1) ~~(a) Whenever~~ IF A payment is made on account
20 of any installment sale contract, the person receiving ~~such~~ THE
21 payment shall, at the time of receiving ~~such~~ THE payment, fur-
22 nish to the buyer or to the person making the payment on behalf
23 of the buyer, a complete written receipt ~~therefor~~ OF THE
24 PAYMENT, if requested. A receipt must be given if payment is
25 made in cash.

1 (2) ~~(b) Such~~ THE receipt shall show the date of payment,
2 the amount of the payment, and shall identify the obligation to
3 which ~~such~~ THE payment is applicable.

4 (3) ~~(c)~~ When issued for payments made at ~~any~~ AN office
5 of the holder or mailed to ~~such~~ THAT office, which payments are
6 applied to reduction of the time balance, ~~such~~ THE receipt
7 shall, if requested by the buyer, also ~~set forth~~ STATE the
8 unpaid time balance remaining due after crediting ~~such~~ THE
9 payment. If ~~such~~ THE payment includes default charges autho-
10 rized by this act, the amount of ~~such~~ THE default charges shall
11 be set forth on the receipt independently of the payment applied
12 to reduction of the time balance.

13 (4) ~~(d)~~ When the buyer elects to make ~~such~~ payments by
14 mail, the holder may require the buyer to supply a self-addressed
15 stamped envelope as a condition for mailing ~~such~~ A receipt to
16 ~~him~~ THE BUYER, if ~~he~~ THE BUYER has been previously notified
17 of ~~such~~ THIS condition.

18 Sec. 30. (1) ~~(a)~~ Upon payment in full of the time balance
19 and other amounts lawfully due under an installment sale con-
20 tract, the holder shall, unless the buyer is otherwise indebted
21 to the holder and has secured ~~such~~ THE debt by lien upon the
22 motor vehicle, DO ALL OF THE FOLLOWING:

23 (A) ~~+~~ Return to the buyer the original of all instruments
24 evidencing indebtedness or constituting security under an
25 installment sale contract, ~~which~~ THAT were signed by the buyer
26 or ~~his~~ THE BUYER'S sureties or guarantors in conjunction with
27 ~~such~~ THE contract, ~~excepting such~~ EXCEPT FOR instruments ~~as~~

1 THAT are filed or recorded with a public official. ~~and retained~~
2 ~~in the files of such official, and~~

3 (B) ~~2.~~ Release all security interest in the motor vehicle
4 or in collateral security to the obligation of the buyer under
5 ~~such~~ THE contract. ~~, and~~

6 (C) ~~3.~~ Deliver to the buyer all documents of title
7 obtained from ~~him~~ THE BUYER.

8 (2) ~~(b)~~ When the final payment on an installment sale con-
9 tract is made in cash, money order, or equivalent tender, by the
10 buyer or ~~his~~ THE BUYER'S authorized representative, at the
11 office of the holder, a legal discharge of this encumbrance,
12 shall be delivered at the time of ~~such~~ THE tender of payment,
13 if demanded by the buyer, ~~;~~ otherwise delivery may be made at a
14 later date in person or by mail as may be arranged between buyer
15 and holder. All other instruments referred to in this section
16 shall be delivered or mailed to the buyer within 25 days of the
17 date of final payment.

18 Sec. 31. (1) ~~(a) A licensee under this act~~ AN INSTALLMENT
19 SELLER OR HOLDER shall not charge, contract for, collect, or
20 receive from the buyer, directly or indirectly, any further ~~or~~
21 ~~other~~ amount for costs, charges, examination, appraisal, serv-
22 ice, brokerage, commission, expense, interest, discount, fees,
23 fines, penalties, or other thing of value in connection with the
24 retail sale of a motor vehicle under an installment sale contract
25 in excess of the cost of insurance premiums, other costs, the
26 finance charges, refinance charges, default charges, recording
27 and satisfaction fees, court costs, attorney's fees, and expenses

1 of retaking, repairing, and storing a repossessed motor vehicle
2 ~~which~~ THAT are authorized by this act.

3 (2) ~~(b) A licensee under this act~~ AN INSTALLMENT SELLER OR
4 HOLDER shall not collect any charge in connection with a contem-
5 plated sale of a motor vehicle under an installment sale contract
6 if the contract is not consummated. This subsection does not
7 affect the legal status of a deposit paid by a prospective buyer
8 to a seller as a binder on the contemplated purchase of a motor
9 vehicle.

10 (3) ~~(c) An insurance company, agent, or broker shall not~~
11 ~~pay or cause to be paid, directly or indirectly, to any install-~~
12 ~~ment seller, nor shall any installment seller receive from any~~
13 ~~insurance company, agent, or broker, any portion of an insurance~~
14 ~~premium involved in the retail installment sale of a motor vehi-~~
15 ~~cle other than for the benefit of the installment buyer, and all~~
16 ~~payments shall be held by the installment seller in trust for the~~
17 ~~benefit of the installment buyer and shall be paid to the~~
18 ~~installment buyer within 30 days, unless used in procuring com-~~
19 ~~parable insurance or credited to matured unpaid installments~~
20 ~~under the contract as provided in section 16(f).~~ AN INSTALLMENT
21 SELLER SHALL NOT RECEIVE FROM ANY INSURANCE COMPANY AGENT OR
22 BROKER ANY PORTION OF ANY INSURANCE PREMIUM INVOLVED IN THE
23 INSTALLMENT SALE OF A MOTOR VEHICLE OTHER THAN FOR THE BENEFIT OF
24 THE INSTALLMENT BUYER.

25 (4) ~~(d)~~ Whenever in an installment sale contract under
26 this act the seller or any subsequent holder has charged,
27 contracted for, collected, or received from the buyer prohibited

1 costs or charges in connection with the contract, all the costs
 2 and charges in connection with the contract, other than for
 3 insurance, shall be void and unenforceable and any amounts paid
 4 by the buyer for such costs and charges, other than insurance,
 5 shall be applied on the principal of the contract.

6 (5) ~~(e)~~ If a motor vehicle is covered by an installment
 7 sale contract, the buyer shall not transfer equity in that vehi-
 8 cle to another person without the written consent of the holder
 9 of the sale contract. The holder of the sale contract may charge
 10 a transfer fee of \$25.00.

11 Sec. 35. ~~Nothing in this~~ THIS act shall NOT be construed
 12 to prevent the enforcement in ~~the~~ THIS state ~~of Michigan~~ of
 13 an obligation arising from the sale of a motor vehicle made out-
 14 side of the state ~~of Michigan~~ under an installment sale con-
 15 tract valid in ~~such~~ THE other state, entered into or executed
 16 by the buyer outside of ~~the~~ THIS state, ~~of Michigan,~~ whether
 17 or not ~~such~~ THE buyer was a resident of this state ~~or the~~
 18 ~~seller a licensee~~ at the time ~~they~~ THE BUYER entered into
 19 ~~such~~ THE contract.

20 Sec. 37. ~~(a) Any person, partner, association, business~~
 21 ~~corporation, banking institution, nonprofit corporation, common~~
 22 ~~law trust, joint stock company or any other group of individuals,~~
 23 ~~however organized, or any owner, partner, member, officer, direc-~~
 24 ~~tor, trustee, employee, agent, broker or representative thereof~~
 25 ~~who or which shall wilfully or intentionally engage in this state~~
 26 ~~in business as installment seller or sales finance company as~~
 27 ~~defined in this act without having obtained a license, as~~

~~1 required under this act, shall be guilty of a misdemeanor, and~~
~~2 upon conviction thereof shall be sentenced to pay a fine of not~~
~~3 more than \$5,000.00, or to suffer imprisonment of not more than 3~~
~~4 years, or both, at the discretion of the court. (b) Any~~
5 licensee A PERSON conducting business under this act as an
6 installment seller ~~OR sales finance company or any owner,~~
7 partner, member, officer, director, trustee, employee, agent,
8 broker or representative thereof who ~~shall wilfully~~ WILLFULLY
9 or intentionally ~~violate any provision of~~ VIOLATES this act ~~OR~~
10 ~~or shall direct or consent to such violation, shall be~~ IS guilty
11 of a misdemeanor ~~, and upon conviction thereof shall be sen-~~
12 ~~tenced to pay~~ PUNISHABLE BY a fine of not more than \$500.00 for
13 the first offense, ~~and for each subsequent offense a like~~
14 ~~fine and/or suffer imprisonment not to exceed 1 year in the dis-~~
15 ~~cretion of the court~~ FINE OF NOT MORE THAN \$500.00 OR IMPRISON-
16 MENT FOR NOT MORE THAN 1 YEAR, OR BOTH.

17 SEC. 37A. (1) THE ATTORNEY GENERAL, THE PROSECUTING ATTOR-
18 NEY FOR THE COUNTY IN WHICH A VIOLATION OF THIS ACT OCCURS, OR A
19 PERSON INJURED BY A VIOLATION OF THIS ACT, MAY BRING A CAUSE OF
20 ACTION TO DO ANY OF THE FOLLOWING:

21 (A) OBTAIN A DECLARATORY JUDGMENT THAT A METHOD, ACT, OR
22 PRACTICE IS IN VIOLATION OF THIS ACT.

23 (B) OBTAIN AN INJUNCTION TO ENJOIN A PERSON FROM ENGAGING IN
24 A METHOD, ACT, OR PRACTICE THAT VIOLATES OR WOULD VIOLATE THIS
25 ACT.

26 (C) RECOVER ACTUAL DAMAGES CAUSED BY A VIOLATION OF THIS
27 ACT, OR \$250.00, WHICHEVER IS GREATER.

1 (2) THIS SECTION DOES NOT LIMIT OR PROHIBIT ANY OTHER REMEDY
2 AT LAW THAT THE ATTORNEY GENERAL, PROSECUTING ATTORNEY, OR A
3 PERSON MAY SEEK FOR ACTIONS THAT VIOLATE THIS ACT.

4 Section 2. Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 22, and 34
5 of Act No. 27 of the Public Acts of the Extra Session of 1950,
6 being sections 492.103, 492.104, 492.105, 492.106, 492.107,
7 492.108, 492.109, 492.110, 492.111, 492.122, and 492.134 of the
8 Michigan Compiled Laws, are repealed.

9 Section 3. Act No. 305 of the Public Acts of 1939, being
10 sections 566.301 to 566.302 of the Michigan Compiled Laws, is
11 repealed.

12 Section 4. This amendatory act shall take effect April 1,
13 1996.