



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 5892 (as discharged)  
Sponsor: Representative Wayne Schmidt  
House Committee: Commerce  
Senate Committee: Regulatory Reform

### **CONTENT**

The bill would amend the Rental-Purchase Agreement Act to do the following:

- Prohibit a lessor from requiring either a periodic payment or late fee for a rental period beginning after the lessee had returned or surrendered the leased property to the lessor or the lessor's agent, or any charge or fee for reinstatement of the rental-purchase agreement in addition to or in excess of the fees expressly permitted under the Act.
- Revise conditions under which a lessee who fails to make timely periodic payments may reinstate a rental-purchase agreement without losing any rights or options.
- Revise the conditions under which a reinstatement fee may be charged, and revise the amount of the fee.

Under the Act, a lessee who fails to make timely periodic payments may reinstate the original agreement if he or she has missed two or three payments and has surrendered the item to the lessor. The bill specifies instead that a lessee who failed to make a payment could reinstate the agreement by paying the past due payment, any applicable late fee, and a delivery fee up to the original delivery fee. The lessee would have to make those payments either within seven days after failing to make the periodic payment or within 90 days after failing to make the payment, if the lessee voluntarily surrendered the item within seven days after failing to make the payment.

Currently, a lessee may not be charged a reinstatement fee due to missed payments unless he or she has missed more than one periodic payment. A reinstatement fee must equal the outstanding balance, plus 5% of the balance or \$5, whichever is less. The bill instead specifies that a lessee could not be charged a late fee payment unless a payment was more than five days past due, if it were due monthly or less frequently, or more than two days past due, if the payment were due more frequently than monthly. A late fee could not exceed \$10 or 5% of the amount of the missed payment, whichever was greater.

MCL 445.957 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 12-12-12

Fiscal Analyst: Dan O'Connor