

HOUSE BILL No. 5892

September 12, 2012, Introduced by Rep. Wayne Schmidt and referred to the Committee on Commerce.

A bill to amend 1984 PA 424, entitled "Rental-purchase agreement act," by amending sections 7, 8, and 20 (MCL 445.957, 445.958, and 445.970).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7. A lessor shall not require any of the following:
- 2 (a) The purchase of insurance by the lessee from the lessor
- 3 of a leased item.
- 4 (b) A payment ~~which~~**THAT** is in excess or in addition to a
- 5 normal periodic payment and ~~which~~**THAT** is required in order to
- 6 purchase a leased item at the conclusion of the periodic payments
- 7 necessary to acquire ownership.
- 8 (c) A penalty for early termination of a rental-purchase
- 9 agreement or for the return of an item at any point.
- 10 (d) A processing fee of any sort.

1 (e) A fee for ~~in-home~~**IN-HOME** collection of a payment unless
 2 the lessee has expressly agreed to the fee and the amount of the
 3 fee is disclosed.

4 (F) A PERIODIC PAYMENT OR LATE FEE FOR A RENTAL PERIOD
 5 BEGINNING AFTER THE LESSEE HAS RETURNED OR SURRENDERED THE LEASED
 6 PROPERTY TO THE LESSOR OR THE LESSOR'S AGENT.

7 (G) ANY CHARGE OR FEE FOR REINSTATEMENT OF THE RENTAL-
 8 PURCHASE AGREEMENT IN ADDITION TO OR IN EXCESS OF THOSE EXPRESSLY
 9 PERMITTED IN SECTION 8.

10 Sec. 8. (1) A lessee who fails to make ~~A~~ timely periodic
 11 ~~payments shall have the right to~~ **PAYMENT MAY** reinstate the
 12 original rental-purchase agreement without losing any rights or
 13 options previously acquired under the rental-purchase agreement
 14 ~~if both of the following apply:~~

15 ~~—— (a) The lessee has not missed more than 3 periodic payments.~~

16 ~~—— (b) More than 1 periodic scheduled payment has been missed
 17 and the lessee has surrendered the item to the lessor during the
 18 time in which payments were missed.~~ **BY PAYING THE PAST DUE**

19 **PERIODIC PAYMENT, ANY APPLICABLE LATE FEE, AND, IF REDELIVERY OF**
 20 **AN ITEM IS NECESSARY, A DELIVERY FEE NOT TO EXCEED THE ORIGINAL**
 21 **DELIVERY FEE, BY THE LATER OF THE FOLLOWING DATES:**

22 (A) 7 DAYS AFTER FAILING TO MAKE THE TIMELY PERIODIC
 23 PAYMENT.

24 (B) 90 DAYS AFTER FAILING TO MAKE THE TIMELY PERIODIC
 25 PAYMENT, IF THE LESSEE RETURNS OR VOLUNTARILY SURRENDERS THE
 26 ITEM, OTHER THAN THROUGH JUDICIAL PROCESS, WITHIN 7 DAYS AFTER
 27 FAILING TO MAKE THE TIMELY PERIODIC PAYMENT.

1 (2) A lessee shall not be charged a ~~reinstatement fee due to~~
2 ~~missed payments unless the lessee has missed more than 1 periodic~~
3 ~~payment. A reinstatement fee shall equal the outstanding balance~~
4 ~~of any missed payments plus 5% of the balance of the missed~~
5 ~~payments or \$5.00, whichever is less. A delivery fee not to~~
6 ~~exceed the original delivery fee may be charged if redelivery of~~
7 ~~an item is necessary.~~ LATE FEE FOR FAILURE TO MAKE A TIMELY

8 PERIODIC PAYMENT UNLESS THE PERIODIC PAYMENT IS MORE THAN THE
9 FOLLOWING NUMBER OF DAYS PAST DUE:

10 (A) 5 DAYS, IF THE PERIODIC PAYMENT IS DUE MONTHLY OR LESS
11 FREQUENTLY.

12 (B) 2 DAYS, IF THE PERIODIC PAYMENT IS DUE MORE FREQUENTLY
13 THAN MONTHLY.

14 (3) A LATE FEE SHALL NOT EXCEED THE GREATER OF \$10.00 OR 5%
15 OF THE AMOUNT OF THE MISSED PAYMENT.

16 (4) ~~(3)~~ If reinstatement occurs pursuant to this section,
17 the lessor shall provide the lessee with either the same item
18 leased by the lessee prior to reinstatement or a substitute item
19 of comparable quality and condition. If a substitute item is
20 provided, the lessor shall provide the lessee with all of the
21 information required in section 3.

22 Sec. 20. The following form is an example of the form which
23 may be used to satisfy the requirements of this act:

24 RENTAL-PURCHASE AGREEMENT
25 1. Lessor(s) Lessee(s)
26 _____

1 _____
2 _____

3 2. Description of Leased Property:

4 Item Quantity Serial # Mfg. Model New/Previously Rented

5 _____
6 _____
7 _____

8 3. Total Payment Due at Beginning of Contract:

9 Advance Payment of \$ _____

10 Delivery Charge \$ _____

11 Use Taxes \$ _____

12 Other \$ _____ (please specify).

13 Total \$ _____

14 4. Term and cost of the lease (monthly/weekly)

15 The first monthly/weekly payment of \$ _____ is due on _____.

16 Other regular payments of \$ _____ on the _____ of month/week
17 thereafter.

18 Total number of monthly/weekly payments _____.

19 Total amount of all other charges \$ _____ (please specify).

20 Sum total of all payments \$ _____.

21 5. Periodic Payment:

22 You may renew the lease weekly or monthly as you choose.

23 The weekly rental would be \$ _____.

24 The monthly rental would be \$ _____.

25 6. For a charge of \$ _____ per payment, we can pick up the payment
26 at your home.

27 Sign here if you want this service _____.

28 7. Liability:

29 8. Maintenance:

30 We will maintain the leased property in good working condition
31 during the term of the lease and will provide all necessary

1 service and repair (specify if in home or in store) if you
 2 notify us by phone or mail that service is needed. We are not
 3 responsible for maintenance done by anyone other than us.

4 9. Termination and Default:

5 You may terminate this lease at the end of any weekly/monthly
 6 term without paying any charges other than those previously due.
 7 We may terminate this lease for a default in payment or breach
 8 of any other material term of the lease. If a termination
 9 occurs, we shall be entitled to all rental payments up to the
 10 date of termination and the expenses of repossessing the
 11 property if you fail to surrender it to us.

12 10. Reinstatement:

13 ~~We do not charge late payment charges. If you elect to renew~~
 14 ~~within 3 weeks/months, and surrender the property within 1~~
 15 ~~week/month of missing a payment, you may reinstate without loss~~
 16 ~~of any rights or options previously acquired. However, if you~~
 17 ~~miss more than 1 payment, a reinstatement fee of 5% of the~~
 18 ~~balance of the missed payments, or \$5.00, whichever is less,~~
 19 ~~may be charged. Also, a delivery fee, not to exceed the~~
 20 ~~original delivery fee, may be charged if redelivery of the~~
 21 ~~property is required.~~

22 **IF YOU MISS A PAYMENT, YOU MAY REINSTATE THIS CONTRACT WITHIN 7**
 23 **DAYS AFTER THE PAYMENT DUE DATE WITHOUT LOSING ANY RIGHTS OR**
 24 **OPTIONS PREVIOUSLY ACQUIRED. THE TIME TO REINSTATE WILL BE**
 25 **EXTENDED TO 90 DAYS AFTER THE PAYMENT DUE DATE IF YOU RETURN**
 26 **OR VOLUNTARILY SURRENDER THE PROPERTY, OTHER THAN THROUGH**
 27 **JUDICIAL PROCESS, WITHIN 7 DAYS AFTER THE PAYMENT DUE DATE. TO**
 28 **REINSTATE, YOU MUST PAY THE PAST DUE PAYMENT AND ANY APPLICABLE**
 29 **LATE FEE. THE LATE FEE WILL NOT EXCEED THE GREATER OF \$10.00 OR**
 30 **5% OF THE PAYMENT THAT IS PAST DUE. HOWEVER, IF THE PAYMENT IS**
 31 **DUE MONTHLY OR LESS FREQUENTLY, WE WILL NOT CHARGE A LATE FEE**

1 UNLESS THE PAYMENT IS MORE THAN 5 DAYS PAST DUE. IF THE PAYMENT
2 IS DUE MORE FREQUENTLY THAN MONTHLY, WE WILL NOT CHARGE A LATE
3 FEE UNLESS THE PAYMENT IS MORE THAN 2 DAYS PAST DUE. ALSO, WE MAY
4 CHARGE A DELIVERY FEE THAT IS NOT MORE THAN THE ORIGINAL
5 DELIVERY FEE, IF WE MUST REDELIVER THE PROPERTY.

6 11. Purchase Option:

7 You may purchase the property leased to you under this contract
8 for the cash price minus 45% of all periodic payments made.
9 The property leased under this contract would cost \$_____ if
10 purchased rather than leased.

11 12. Warranty:

12 A manufacturer's warranty on the property leased under this
13 contract shall be passed on to the lessee if the lessee
14 purchases the property.

15 13. Notice:

16 This agreement is regulated by state law enforceable by the
17 attorney general or by private legal action.

18 I have read the above statement before signing this agreement.

19 Date: _____ Lessee: _____

20 Date: _____ Lessee: _____