

HOUSE BILL NO. 6397

September 22, 2022, Introduced by Rep. Garza and referred to the Committee on Commerce and Tourism.

A bill to amend 1990 PA 169, entitled
"An act to require the inclusion of certain statements in lease contracts involving motor vehicles; and to provide remedies and penalties,"
by amending the title and sections 1, 2, and 3 (MCL 445.991, 445.992, and 445.993).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to require the inclusion of certain statements in lease
3 contracts involving motor vehicles; **to provide for the powers and**

1 **duties of a lessor;** and to provide remedies and penalties.

2 Sec. 1. As used in this act:

3 (a) **"End-of-lease fees" means fees established by a lessor for**
4 **not renewing a lease at the end of a lease contract.**

5 (b) ~~(a)~~—"Lease contract" means a contract for the lease of a
6 motor vehicle by ~~a natural person~~ **an individual** for a term
7 exceeding 30 days.

8 (c) ~~(b)~~—"Lessee" means ~~a natural person~~ **an individual** who
9 leases a motor vehicle under a lease contract.

10 (d) ~~(c)~~—"Lessor" means ~~a natural person,~~ **an individual,**
11 partnership, corporation, association, or other legal entity that
12 is engaged in the business of leasing, offering to lease, or
13 arranging the lease of a motor vehicle under a lease contract.

14 (e) ~~(d)~~—"Motor vehicle" means a vehicle, including passenger
15 vans and minivans, that is self-propelled, that is capable of being
16 operated on a highway or street in this state, and that is
17 primarily intended for the transport of persons.

18 Sec. 2. (1) A lease contract for a motor vehicle ~~shall~~ **must**
19 have a statement in a separate paragraph in the lease contract or
20 on a separate sheet of paper attached to the lease contract
21 advising the lessee that the early termination payoff balance of
22 the motor vehicle as determined by the lessor may be different than
23 the actual cash value of the motor vehicle as determined by the
24 insurer of the vehicle.

25 (2) If under the terms of the contract the lessee is required
26 to pay to the lessor the difference between the early termination
27 payoff balance as determined by the lessor and the actual cash
28 value as determined by the insurer, a statement explaining this
29 fact ~~shall~~ **must** be included in the lease contract immediately after

1 the statement required by subsection (1). A space for the signature
 2 or initials of the lessee ~~shall~~**must** appear adjacent to the
 3 statement and the lessee shall place his or her signature or
 4 initials in that space indicating that he or she has read ~~this~~**the**
 5 statement and understands its content.

6 **(3) A lease contract must have a statement in a separate**
 7 **paragraph in the lease contract or on a separate sheet of paper**
 8 **attached to the lease contract advising the lessee of any end-of-**
 9 **lease fees. A space for the signature or initials of the lessee**
 10 **must appear adjacent to the statement described in this subsection**
 11 **and the lessee must place his or her signature or initials in that**
 12 **space indicating that he or she has read the statement and**
 13 **understands its content. Before a lessee signs the lease contract,**
 14 **the lessor shall verbally disclose the end-of-lease fees to the**
 15 **lessee.**

16 Sec. 3. (1) If a lessor fails to provide the notice required
 17 by this act or fails to obtain the lessee's signature or initials
 18 in the space provided and the lessor has invoked the terms of the
 19 contract requiring the lessee to pay to the lessor the difference
 20 between the early termination payoff balance as determined by the
 21 lessor and the actual cash value as determined by the insurer **or**
 22 **the end-of-lease fees,** ~~then~~ the lessor is subject to a civil action
 23 brought by the lessee.

24 (2) If the lessee is successful in the civil action, ~~then~~ the
 25 lessee may recover actual damages or \$250.00, whichever is greater,
 26 together with reasonable ~~attorney's~~**attorney** fees.

27 (3) For purposes of this section, actual damages may not
 28 exceed **1 or both of the following, as applicable:**

29 **(a) The difference between the early termination payoff**

1 balance as determined by the lessor and the actual cash value as
2 determined by the insurer.

3 **(b) The amount of the end-of-lease fees.**