

HOUSE BILL NO. 5354

November 14, 2023, Introduced by Rep. Skaggs and referred to the Committee on Judiciary.

A bill to amend 1950 (Ex Sess) PA 27, entitled "Motor vehicle sales finance act," by amending the title and sections 2, 4, 5, 6, 6a, 7, 8, 9, 10, 11, 12, 13, 13a, 14, 14a, 15, 16, 16a, 17, 18, 19, 20, 21, 22, 22a, 28, 29, 30, 31, and 34 (MCL 492.102, 492.104, 492.105, 492.106, 492.106a, 492.107, 492.108, 492.109, 492.110, 492.111, 492.112, 492.113, 492.113a, 492.114, 492.114a, 492.115, 492.116, 492.116a, 492.117, 492.118, 492.119, 492.120, 492.121, 492.122, 492.122a, 492.128, 492.129, 492.130, 492.131, and 492.134), section 2 as amended by 2013 PA 16, section 4 as amended and section 6a as added

by 2004 PA 283, sections 5, 6, and 7 as amended by 1988 PA 242, section 12 as amended by 1994 PA 2, section 13 as amended by 2009 PA 231, section 13a as added by 2005 PA 319, section 14 as amended by 2000 PA 361, section 14a as amended by 1980 PA 77, section 17 as amended by 2006 PA 302, section 18 as amended by 2002 PA 699, sections 19, 20, 21, and 31 as amended by 1995 PA 166, and section 22a as amended by 1993 PA 107, and by adding sections 4a, 9a, and 37a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act ~~defining and regulating~~ **to define and regulate** certain installment sales of motor vehicles; ~~prescribing~~ **to prescribe** the conditions under which ~~such~~ **certain installment sales of motor vehicles** may be made and ~~regulating~~ **to regulate** the financing thereof; ~~regulating and licensing~~ **of certain installment sales of motor vehicles; to regulate and require licensing for** persons engaged in the business of making or financing ~~such~~ **certain** sales; ~~prescribing~~ **to prescribe** the form, contents, and effect of instruments used in connection with ~~such~~ **certain** sales and the financing thereof; ~~prescribing~~ **of certain sales; to prescribe** certain rights and obligations of buyers, sellers, persons financing ~~such~~ **certain** sales, and others; ~~limiting~~ **to limit** charges in connection with ~~such~~ **certain** instruments and ~~fixing~~ **fix** maximum interest rates for delinquencies, extensions, and loans; ~~regulating~~ **to regulate** insurance in connection with ~~such~~ **certain** sales; ~~regulating~~ **to regulate** repossessions, redemptions, resales, and deficiency judgments and the rights of parties with respect thereto; ~~authorizing~~ **to repossessions, redemptions, resales, and deficiency judgments; to authorize** extensions, loans, and

1 forbearances related to ~~such-certain~~ sales; ~~authorizing-to~~
 2 **authorize** investigations and examinations of persons engaged in the
 3 business of making or financing ~~such-certain~~ sales; ~~transferring-to~~
 4 **transfer** certain powers and duties with respect to finance
 5 companies to the ~~commissioner-director~~ of the ~~financial~~
 6 ~~institutions bureau; department of insurance and financial~~
 7 **services; to provide for the powers and duties of certain state**
 8 **governmental officers and entities; and to prohibit certain actions**
 9 **and prescribe civil sanctions** and ~~prescribing~~ penalties.

10 Sec. 2. As used in this act:

11 (a) "Administrator" means the director of the department of
 12 insurance and financial services **or the designee of the director.**

13 (b) "Cash price" means the price measured in dollars at which
 14 a seller of a motor vehicle would in good faith sell to the buyer
 15 or to any other buyer under like circumstances, and the buyer would
 16 in good faith buy from the seller, the motor vehicle that is the
 17 subject matter of an installment sale contract if the sale were a
 18 sale for cash instead of an installment sale.

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

28 (c) ~~(d)~~ "Down payment" means all partial payments, whether
 29 made in cash or otherwise, received by or for the benefit of the

1 seller before or substantially contemporaneous with either the
 2 execution of the installment sale contract or the delivery of the
 3 motor vehicle sold under that contract, whichever occurs later.

4 (d) ~~(e)~~—"Finance charge" means that term as defined in section
 5 106 of the truth in lending act, 15 USC 1605.

6 (e) ~~(f)~~—"Financial institution" means a state or national
 7 chartered bank, a state or federal chartered savings and loan
 8 association, or a state or federal chartered credit union.

9 (f) ~~(g)~~—"Holder" means a seller or other person that is
 10 currently entitled to the rights of a seller under an installment
 11 sale contract.

12 (g) ~~(h)~~—"Installment buyer" or "buyer" means a person that
 13 buys, hires, or leases a motor vehicle **while located in this state**
 14 for personal, family, or household use, and not for commercial,
 15 business, or agricultural use, under an installment sale contract
 16 or a legal successor in interest to that person.

17 (h) ~~(i)~~—"Installment sale contract" or "contract" means an
 18 agreement for the retail sale of a motor vehicle, or that has a
 19 similar purpose or effect, under which part or all of the price is
 20 payable in 2 or more scheduled payments subsequent to the making of
 21 the agreement or under which the obligor undertakes to make 2 or
 22 more scheduled payments or deposits that can be used to pay part or
 23 all of the purchase price, whether or not the seller has retained a
 24 security interest in the motor vehicle ~~or has taken collateral~~
 25 ~~security~~ for the buyer's obligation, and any extension, deferment,
 26 renewal, or other revision of that agreement. ~~The terms~~ **Installment**
 27 **sale contract and contract** include a loan, mortgage, conditional
 28 sale contract, purchase-money chattel mortgage, hire-purchase
 29 agreement, or agreement for the bailment or ~~leasing~~ **lease** of a

1 motor vehicle under which the hire-purchaser, the bailee, or the
2 lessee agrees to pay as compensation a sum substantially equivalent
3 to or in excess of the value of the motor vehicle, and any other
4 form of agreement that has a similar purpose or effect. ~~The terms~~
5 **Installment sale contract and contract** do not include a sale or
6 contract for sale on an open book account in which the seller has
7 not retained or taken a security interest in the motor vehicle sold
8 ~~or collateral security~~ for the buyer's obligation, the buyer is not
9 required to pay any sum other than the cash price of the motor
10 vehicle sold in connection with the sale or extension of credit,
11 and the buyer is obligated to pay for the motor vehicle in full
12 ~~within not later than~~ 90 days after the time the sale or contract
13 for sale was made.

14 (i) ~~(j)~~ "Installment seller" or "seller" means a person
15 engaged in the business of selling, offering for sale, hiring, or
16 leasing motor vehicles under installment sale contracts or a legal
17 successor in interest to that person. As used in this subdivision,
18 "business" does not include an isolated sale.

19 ~~(k) "Licensed financial institution" means a financial~~
20 ~~institution issued a license under this act.~~

21 (j) "License" means a license to act as an installment seller
22 or sales finance company that is issued under this act.

23 (k) ~~(l)~~ "Licensee" means a person ~~issued a license that is~~
24 **licensed or required to be licensed** under this act as an
25 installment seller or a sales finance company and whose license has
26 not expired or been surrendered or revoked, **as applicable**, and in
27 the plural means a person or persons licensed under 1 or both of
28 these 2 classifications. ~~The term includes a licensed financial~~
29 ~~institution.~~

1 (l) ~~(m)~~ "Motor vehicle" means a self-propelled device by which
2 a person or property may be transported ~~upon~~ on a public highway.

3 ~~or, subject to subparagraph (iv),~~ **Motor vehicle includes** a
4 recreational vehicle ~~. The term that has its own motive power.~~

5 **Motor vehicle** does not include any of the following:

6 (i) A tractor, motorcycle, trailer, semitrailer, or power
7 shovel.

8 (ii) Road machinery, agricultural machinery, or other machinery
9 not designed primarily for highway transportation but that
10 incidentally transports persons or property on a public highway.

11 (iii) A device that moves ~~upon~~ on or is guided by a track or
12 travels through the air.

13 ~~(iv) A recreational vehicle that does not have its own motive
14 power; is sold by a person engaged solely in the business of
15 selling, offering for sale, hiring, or leasing recreational
16 vehicles that do not have their own motive power; and is sold
17 pursuant to a retail installment contract or retail charge
18 agreement that meets the requirements of the retail installment
19 sales act, 1966 PA 224, MCL 445.851 to 455.873.~~

20 (m) **"NMLS" means the Nationwide Multistate Licensing System
21 and Registry.**

22 (n) "Person" means an individual, partnership, association,
23 corporation, limited liability company, governmental entity, or any
24 other legal entity.

25 (o) "Principal amount financed" means the unpaid cash price
26 balance after deducting the down payment, adding the cost of any
27 insurance premiums required or obtained as security for or by
28 reason of the sale of a motor vehicle under an installment sale
29 contract, and adding other costs necessary or incidental to the

1 sale of the motor vehicle under the contract that the seller
 2 contracts to pay on behalf of the buyer and for the amount of which
 3 the seller agrees to extend credit to the buyer and for which the
 4 buyer contracts voluntarily.

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

12 (p) ~~(q)~~ "Recreational vehicle" means a recreational vehicle,
 13 as that term is defined in section 49a of the Michigan vehicle
 14 code, 1949 PA 300, MCL 257.49a, except a park model trailer, as
 15 **that term is** defined in section 38a of the Michigan vehicle code,
 16 1949 PA 300, MCL 257.38a.

17 (q) ~~(r)~~ "Retail sale" means a sale of a motor vehicle ~~for use~~
 18 ~~by to~~ a buyer or for the benefit or satisfaction that the buyer may
 19 derive from the use of the motor vehicle by another.

20 (r) ~~(s)~~ "Sales finance company" means a person engaged as a
 21 principal, agent, or broker in the business of financing or
 22 soliciting the financing of installment sale contracts made between
 23 other parties, and in the business of acquiring, investing in, or
 24 lending money or credit on the security of the retail seller's
 25 interest in those contracts whether by discount, purchase, or
 26 assignment of those contracts, or otherwise. ~~The term~~ **Sales finance**
 27 **company** includes a licensee or other person ~~who that~~ as a seller
 28 finances installment sale contracts for other sellers or sales
 29 finance companies. ~~The term includes a licensed financial~~

1 ~~institution. The term Sales finance company~~ does not include any
 2 **either** of the following:

3 (i) **A financial institution.**

4 (ii) A person ~~, financial institution, or sales finance company~~
 5 that takes an assignment of or an interest in an aggregation of
 6 installment sale contracts only as security for bona fide
 7 commercial loans under which, in the absence of default or other
 8 bona fide breach of the loan contract, ownership of the contracts
 9 remains vested in the assignor and collection of payments on the
 10 contracts is made by the assignor.

11 ~~(ii) A person who purchases installment sale contracts from a~~
 12 ~~sales finance company or from a licensed financial institution.~~

13 (s) ~~(t)~~-"Security interest" means a property right in a motor
 14 vehicle that is the subject of an installment sale contract, if the
 15 right is retained to secure performance of an obligation of the
 16 buyer under that contract. ~~The term Security interest~~ includes a
 17 lien or encumbrance against the motor vehicle, a mortgage interest
 18 in the motor vehicle, and a reservation of title to the motor
 19 vehicle, whether or not expressed to be absolute, if the title is
 20 in substance retained only for security.

21 (t) ~~(u)~~-"Time balance" means the sum of the principal amount
 22 financed and the finance charge.

23 Sec. 4. (1) A person shall file an application for a new or
 24 renewal license under this act in writing ~~, under oath,~~ and in the
 25 form prescribed by the administrator.

26 (2) **The administrator is authorized to establish relationships**
 27 **or contracts with the NMLS, or any other authorized party, to**
 28 **collect and maintain records and process transaction fees or other**
 29 **fees related to licensed installment sellers or sales finance**

1 companies or other persons subject to this act.

2 (3) For the purpose of this section, the administrator may use
3 the NMLS for any of the following:

4 (a) Requesting information from and distributing information
5 to the United States Department of Justice or any governmental
6 agency.

7 (b) Requesting and distributing information to and from any
8 source as directed by the administrator.

9 (4) ~~(2)~~—A complete license application ~~shall~~**must** contain all
10 of the following:

11 (a) The name under which the business is conducted.

12 (b) The address of the principal place of business and of each
13 other place of business, if more than 1.

14 (c) One of the following:

15 (i) The date and place of incorporation and the name and
16 address of all officers and directors if the applicant is a
17 corporation.

18 (ii) The name and ~~residence~~**residential** address of the owner if
19 the applicant is an individual owner or operating under an assumed
20 name.

21 (iii) The name and ~~residence~~**residential** address of all owners,
22 partners, or members if the applicant is a partnership,
23 association, or limited liability company.

24 (d) An appointment under subsection ~~(3)~~, **(5)**, if applicable.

25 (e) The bond required under section 5, if applicable.

26 (f) ~~The~~**Any** license fee ~~or fees~~ required under section ~~5-6~~.

27 **(g) Proof of compliance with section 4a.**

28 ~~(g)~~—Any other information the administrator requires.

29 **(5)** ~~(3)~~—If a license applicant does not maintain an office in

1 this state and does not have a resident agent in this state, the
 2 application ~~shall~~**must** include a written appointment of a statutory
 3 agent ~~upon~~**on** whom process, notice, or demand may be served. The
 4 statutory agent shall be an individual residing in this state or a
 5 corporation whose principal place of business is located in this
 6 state. If the identity or address of the statutory agent changes
 7 while the application is pending or after a license is issued, the
 8 applicant or licensee shall within 3 days file with the department
 9 **of insurance and financial services** a written appointment of the
 10 new statutory agent or written notice of the new address, as
 11 applicable.

12 ~~(4) A new or renewal license applicant shall submit a separate~~
 13 ~~application, on the prescribed form, for each place of business~~
 14 ~~conducted by or to be established by the licensee within this~~
 15 ~~state.~~

16 **(6) (5)**—An applicant for a renewal license shall submit the
 17 application for renewal of the license on or before the ~~June 16~~
 18 **December 1** preceding the renewal period. **The administrator shall**
 19 **not renew a license if the applicant fails to pay the fee for the**
 20 **renewal term under section 6.**

21 **(7) A licensee whose license renewal fee is not received on or**
 22 **before December 31 is subject to a late fee in the amount of \$25.00**
 23 **for each day that the license renewal fee is late or \$1,000.00,**
 24 **whichever is less.**

25 **(8) A licensee that has a change to the information on file**
 26 **with the renewal application shall notify the director of the**
 27 **department of insurance and financial services not later than 30**
 28 **days after the change.**

29 **(9) An applicant for an initial license as an installment**

1 seller or an applicant for a renewed license as an installment
2 seller may request an extended licensing period of not more than 4
3 years. The administrator must deny the extended licensing period if
4 the applicant fails to pay any required fee under section 6 at the
5 time of requesting the extended licensing period.

6 Sec. 4a. (1) Each control person of a sales finance company
7 applicant or licensee and any individual seeking to become a
8 control person of a sales finance company licensee shall furnish to
9 the administrator through the NMLS all of the following:

10 (a) The individual's fingerprints for submission to the
11 Federal Bureau of Investigation for purposes of a state and
12 national criminal history background check, unless the control
13 person currently resides outside of the United States and has
14 resided outside the United States for the last 10 years.

15 (b) Authorization for the administrator to receive the state
16 and national criminal history background checks described in
17 subdivision (a).

18 (c) The personal history and experience of the individual, in
19 a form prescribed by the administrator, which must include all of
20 the following:

21 (i) An independent credit report from a consumer reporting
22 agency, unless the control person does not have a Social Security
23 number.

24 (ii) Information related to any criminal convictions or pending
25 charges against the individual.

26 (iii) Information related to any regulatory or administrative
27 action or any civil litigation involving claims of fraud,
28 misrepresentation, conversion, mismanagement of funds, breach of
29 fiduciary duty, or breach of contract.

1 (2) As used in this section, "control person" means an
2 individual that has the power to do any of the following:

3 (a) Vote, directly or indirectly, at least 10% of the
4 outstanding voting shares or voting interests of a sales finance
5 company applicant or licensee or a person in control of the
6 applicant or licensee.

7 (b) Elect or appoint executive officers, managers, directors,
8 trustees, or other persons that exercise managerial authority of a
9 person in control of a sales finance company applicant or licensee.

10 (c) Exercise, directly or indirectly, a controlling influence
11 over the management or policies of a sales finance company
12 applicant or licensee or a person in control of the applicant or
13 licensee.

14 Sec. 5. (1) ~~(a) Except as provided in subdivision (b), a~~ **A**
15 bond, in the form prescribed by the administrator, **executed by a**
16 **bonding company or insurance company authorized to transact**
17 **business in this state and that expires not earlier than the date**
18 **that the license expires**, in the penal sum of \$20,000.00, shall
19 **must** accompany the ~~first~~ application by a person for **a license or**
20 **to renew a license** as a sales finance company, ~~and shall apply only~~
21 ~~to the principal place of business of the licensee. A bond, in the~~
22 ~~form prescribed by the administrator, in the penal sum of~~ **plus an**
23 **additional \$10,000.00** shall accompany each application by a
24 ~~licensee for an~~ **for each** additional location to transact business
25 as a sales finance company.

26 ~~(b) Each bond required under subdivision (a) shall be in the~~
27 ~~penal sum of \$5,000.00 if the applicant is licensed under the~~
28 ~~mortgage brokers, lenders, and servicers licensing act, Act No. 173~~
29 ~~of the Public Acts of 1987, being sections 445.1651 to 445.1683 of~~

1 ~~the Michigan Compiled Laws, Act No. 125 of the Public Acts of 1981,~~
 2 ~~being sections 493.51 to 493.81 of the Michigan Compiled Laws, or~~
 3 ~~the regulatory loan act of 1963, Act No. 21 of the Public Acts of~~
 4 ~~1939, being sections 493.1 to 493.26 of the Michigan Compiled Laws.~~

5 (2) ~~(c) The bond required under subdivision (a) shall be~~
 6 ~~executed by a surety company authorized by the laws of this state~~
 7 ~~to transact business within this state. A bond accompanying an~~
 8 ~~application for license as a sales finance company, filed by a~~
 9 ~~financial institution located within this state, may be executed by~~
 10 ~~a financial institution on its own behalf, instead of a bond~~
 11 ~~executed by a surety company. The bond shall **must** be executed to~~
 12 ~~the **this** state of Michigan and shall **must** be for the use of the~~
 13 ~~**this** state and for any person. ~~or persons.~~ The condition of the~~
 14 ~~bond shall be **must require** that the licensee will comply with and~~
 15 ~~abide by all the provisions of this act, and all the rules and~~
 16 ~~regulations of the administrator lawfully issued, and **require** that~~
 17 ~~the licensee will pay to the **this** state, to the administrator, or~~
 18 ~~to any person, ~~or persons,~~ any and all money that may become due to~~
 19 ~~the **this** state, to the administrator, or to any person ~~or persons~~~~
 20 ~~from the licensee under the provisions of this act. A person ~~who~~~~
 21 ~~**that** is aggrieved by the misconduct of a licensee and ~~who~~ **that** has~~
 22 ~~recovered a judgment against a licensee, and whose judgment is not~~
 23 ~~satisfied within 30 days after it becomes final, may maintain an~~
 24 ~~action ~~upon~~ **on** the bond of the licensee in any court having~~
 25 ~~jurisdiction of the amount claimed. Service of process for ~~such~~ an~~
 26 ~~action **under this subsection** may be served anywhere ~~within~~ **in** this~~
 27 ~~state.~~

28 ~~(d) A new bond or renewal certificate shall accompany every~~
 29 ~~application for renewal license and shall be filed annually at~~

1 ~~least 15 days before July 1.~~

2 ~~Sec. 6. (a) An application for license shall be accompanied by~~
3 ~~a license fee in the following amounts:~~

4 ~~1. \$30.00 for license as an installment seller of motor~~
5 ~~vehicles, permitting that installment seller to finance installment~~
6 ~~sales contracts made between the installment seller and an~~
7 ~~installment buyer.~~

8 ~~2. \$150.00 for the first license as a sales finance company,~~
9 ~~except financial institutions, which shall pay a fee of \$35.00 for~~
10 ~~each office licensed as a sales finance office.~~

11 ~~(b) A separate license fee of \$75.00 shall be paid by each~~
12 ~~sales finance company, except financial institutions, for each~~
13 ~~additional place of business conducted by that sales finance~~
14 ~~company within the state.~~

15 ~~(c) An abatement in the amount of the license fee shall not be~~
16 ~~made if the license is issued for less than 1 year, or if the~~
17 ~~license is surrendered, canceled, or revoked before the expiration~~
18 ~~of the license year for which issued.~~

19 **(1) At the time of making an initial application or renewing a**
20 **license under this act, a licensee shall pay to the administrator**
21 **the applicable license fee established by the administrator under**
22 **subsection (2) (a), (b), (c), or (d). A licensee shall also pay the**
23 **executed contract fee established by the administrator under**
24 **subsection (2) (e) at the time and in the form established by the**
25 **administrator.**

26 **(2) The administrator shall annually establish a schedule of**
27 **fees to be paid by applicants and licensees during the next**
28 **calendar year. In establishing the fees, the administrator shall**
29 **consider the amount that is necessary to generate funds sufficient**

1 to pay, but not to exceed, the department's reasonably anticipated
 2 costs of administering this act. The administrator shall establish
 3 by rule or order the time and method of payment of the fee
 4 established under this subsection. The fees must be set as follows:

5 (a) Except as otherwise provided in subdivision (b), to obtain
 6 an initial or to renew an installment seller license, a base fee of
 7 not more than \$150.00 for the main location and not more than
 8 \$50.00 for each branch location.

9 (b) If the extended licensing period is authorized by the
 10 administrator under section 4, the fee described in subdivision (a)
 11 must be multiplied by the number of years authorized for the
 12 extended licensing period.

13 (c) To obtain an initial or to renew a sales finance company
 14 license, a base fee of not more than \$500.00 for the main location
 15 and not more than \$50.00 for each branch location.

16 (d) To amend an existing license, a fee of not more than
 17 \$150.00.

18 (e) For each installment sale contract executed by a licensee,
 19 the licensee shall collect and remit a fee in a whole number
 20 increment of not less than \$2.00 and not more than \$5.00, as set by
 21 the administrator not later than July 1 of each year, to the
 22 secretary of state, and the fee must be deposited in the motor
 23 vehicle sales finance act fund created in this section.

24 (3) ~~(d) Each~~ Except as otherwise provided in section 4, each
 25 license issued under this act shall ~~expire~~ expires on July 1
 26 December 31 annually. ~~A~~ Except as otherwise provided in section 4,
 27 a renewal license fee in the same amount as that paid for the
 28 original license shall ~~must~~ be paid annually for each ~~respective~~
 29 ~~type of the~~ license and for each ~~licensed~~ place of business.

1 ~~(e) A licensee shall pay an examination fee for any~~
2 ~~examination of its records conducted by the administrator. The~~
3 ~~examination fee shall be the lesser of the actual hourly rate or~~
4 ~~per contract rate as established by this subdivision. An~~
5 ~~examination fee based on the per contract rate shall not be less~~
6 ~~than \$150.00. Annually, the administrator shall determine and~~
7 ~~notify all licensees of the hourly rate and per contract rate at~~
8 ~~which examination fees shall be charged for all examinations~~
9 ~~conducted pursuant to this act during the calendar year. The hourly~~
10 ~~rate shall be not less than \$20.00 per hour, nor more than \$40.00~~
11 ~~per hour for each examiner engaged in an examination. The per~~
12 ~~contract rate shall be not less than \$0.08, nor more than \$0.20 per~~
13 ~~installment sales contract. The examination fee shall be invoiced~~
14 ~~upon the completion of the examination and shall be due and payable~~
15 ~~upon receipt of the invoice by the licensee. A licensee shall not~~
16 ~~be required to pay for more than 1 examination in any 1 calendar~~
17 ~~year. An installment seller shall not be required to pay more than~~
18 ~~\$200.00 for an examination unless the licensee holds its own~~
19 ~~installment sales contracts.~~

20 ~~(f) All fees and expenses provided for in this section and in~~
21 ~~section 7(c) shall be paid into the state treasury to the credit of~~
22 ~~the financial institutions bureau, and money in this account shall~~
23 ~~be used only for the operation of the financial institutions~~
24 ~~bureau.~~

25 **(4) The motor vehicle sales finance act fund is created in the**
26 **state treasury. The state treasurer shall deposit money and other**
27 **assets received under this act or from any other source in the**
28 **motor vehicle sales finance act fund. The state treasurer shall**
29 **direct the investment of money in the motor vehicle sales finance**

1 act fund and credit interest and earnings from the investments to
 2 the motor vehicle sales finance act fund. The department of
 3 insurance and financial services is the administrator of the motor
 4 vehicle sales finance act fund for audits of the fund.

5 (5) The department of insurance and financial services shall
 6 expend money from the motor vehicle sales finance act fund, on
 7 appropriation, only to administer and enforce this act and to pay
 8 other costs associated with the administrator's regulatory
 9 obligations. Money in the motor vehicle sales finance act fund at
 10 the close of the fiscal year remains in the motor vehicle sales
 11 finance act fund and does not lapse to the general fund.

12 Sec. 6a. (1) Subject to subsection (3), ~~beginning on the~~
 13 ~~effective date of the amendatory act that added this section,~~ the
 14 administrator shall approve or ~~reject~~ **deny** a new or renewal license
 15 application within 90 days after the date a complete application
 16 under section 4 is received by the ~~office of financial and~~
 17 ~~insurance services or the date it is received by another agency or~~
 18 ~~department of state government on behalf of the office of financial~~
 19 ~~and insurance services, whichever is earlier.~~ **administrator.**

20 (2) If an application described in subsection (1) is
 21 considered incomplete by the administrator, the administrator ~~shall~~
 22 **must** notify the applicant in writing or electronically ~~within~~ **not**
 23 **later than** 30 days after receipt of the incomplete application,
 24 describing the deficiency and requesting the additional
 25 information. ~~, the unpaid fee, or the bond.~~ The 90-day time period
 26 described in subsection (1) is tolled ~~upon~~ **on** notification by the
 27 administrator of a deficiency until the date the requested
 28 information is received by the administrator. The determination of
 29 the completeness of an application does not operate as an approval

1 of the application for the license and does not confer eligibility
 2 of an applicant determined otherwise ineligible for issuance of a
 3 license. The tolling of the 90-day time period under this
 4 subsection does not allow the administrator to otherwise delay the
 5 processing of the application, and that application, ~~upon-on~~
 6 completion, ~~shall-must~~ be placed in sequence with other complete
 7 applications received at that same time.

8 (3) If the administrator fails to issue or deny a license
 9 within the time required by this section, the administrator ~~shall~~
 10 **must** return the license fee. ~~and shall reduce the license fee for~~
 11 ~~the applicant's next renewal application, if any, by 15%. The~~
 12 ~~administrator shall not discriminate against an applicant in the~~
 13 ~~processing of the application based upon the fact that the license~~
 14 ~~fee was refunded or discounted under this subsection.~~

15 (4) ~~Beginning October 1, 2005, the~~ **The** administrator shall
 16 submit a report by December 1 of each year to the standing
 17 committees of the senate and house of representatives concerned
 18 with commerce issues and to the appropriations subcommittees of the
 19 senate and house of representatives generally responsible for
 20 appropriations to the ~~office of financial and insurance services.~~
 21 **department of insurance and financial services.** The administrator
 22 shall include all of the following information in the report
 23 concerning the preceding fiscal year:

24 (a) The number of initial and renewal applications the
 25 administrator received and completed within the 90-day time period
 26 described in subsection (1).

27 (b) The number of applications denied.

28 (c) The number of applicants not issued a license within the
 29 90-day time period and the amount of money returned to licensees

1 and registrants under subsection (3).

2 Sec. 7. **(1)** ~~(a) Upon~~ **On** approving a license application, the
 3 administrator ~~shall~~ **must** issue to the applicant a license
 4 certificate showing the name of the person authorized to do
 5 business under the license and the business address of the
 6 licensee. ~~Upon issuance to a licensee, a license certificate shall~~
 7 ~~be posted in a conspicuous place in the place of business of the~~
 8 ~~licensee in full view of the public at all times.~~ **The licensee shall**
 9 **at all times conspicuously display the license in the outer office**
 10 **of the licensee or branch office of the licensee, if that office**
 11 **offers in-person services to consumers, and state on an internet**
 12 **website that is available to the public that the licensee is**
 13 **licensed in this state and provide the licensee's license number.**

14 **(2)** ~~(b) A license shall not be transferable or assignable.~~ **A**
 15 **license must not be transferred or assigned without the consent of**
 16 **the administrator. The sale, transfer, assignment, or conveyance of**
 17 **more than 25% of the outstanding voting stock of a licensee that is**
 18 **a corporation, or more than 25% of the interest in a licensee that**
 19 **is a partnership or other unincorporated association, is considered**
 20 **a transfer of the license. The licensee shall pay the amendment fee**
 21 **under section 6 to transfer a license.**

22 **(3)** ~~(c) A licensee may change his or her~~ **its** place of business
 23 to another location within the same municipality for which the
 24 license certificate was issued. A licensee desiring to change the
 25 address of ~~his or her~~ **its** place of business shall give prior
 26 written notice to the administrator and shall return the license
 27 certificate to the administrator for amendment. The administrator
 28 shall amend the license certificate to show the new address and the
 29 date of the change. ~~, which shall then be~~ **The new address under**

1 **this subsection is** the authorized address of the licensee. A
 2 licensee shall pay a ~~fee of \$10.00~~ **the fee under section 6** to amend
 3 a license certificate.

4 ~~(d) Only 1 place of business may be operated under the same~~
 5 ~~license. A licensee may operate more than 1 place of business by~~
 6 ~~filing an application on the prescribed form for each additional~~
 7 ~~place of business and complying with the bond and license fee~~
 8 ~~provisions of this act. For an installment seller only, if every~~
 9 ~~place of business is conducted in 1 city under 1 name and all~~
 10 ~~business records are continuously kept in 1 place, only 1 license~~
 11 ~~shall be required for all places of business conducted in that~~
 12 ~~city.~~

13 Sec. 8. **(1)** ~~(a)~~ The administrator may ~~reject~~ **deny** any
 14 application for license or any application for renewal of a license
 15 if ~~he~~ **the administrator** is not satisfied that the financial
 16 responsibility and the general fitness of the applicant, and of the
 17 owners, partners, or members thereof, ~~if the~~ **of an** applicant ~~be~~
 18 **that is** a partnership or association, ~~and or~~ of the officers and
 19 directors, ~~if the~~ **of an** applicant ~~be~~ **that is** a corporation, are
 20 such as to warrant the belief that the business for which
 21 application for license is filed will be operated in accordance
 22 with ~~the provisions of this act.~~

23 **(2)** ~~(b)~~ Whenever the administrator ~~rejects~~ **denies** an
 24 application for license, ~~he shall mail~~ **the administrator must issue**
 25 a notice of ~~such action~~ **the denial** to the applicant and the
 26 applicant may, within 30 days of the date of ~~such~~ **the** notice,
 27 appeal ~~from such action~~ **the denial** to the circuit court in the
 28 manner provided for in ~~section 9, subsection (d) of this act.~~ **the**
 29 **administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to**

1 24.328.

2 (3) ~~(e)~~ Whenever the administrator ~~rejects~~ **denies** an
3 application for license, ~~he shall~~ **the administrator must** retain the
4 license fee ~~which~~ **that** accompanied the application, to defray costs
5 of investigation.

6 Sec. 9. (1) ~~(a)~~ The administrator, ~~upon~~ **on** 30 days written
7 notice to the licensee, forwarded by registered mail to the place
8 of business of ~~such~~ **the** licensee, as shown in the application for
9 license or as amended on the license certificate ~~in case of~~ **if**
10 **there was a** change of address subsequent to issuance of the license
11 certificate, may revoke or suspend ~~any~~ **a** license, **order a licensee**
12 **to cease and desist under section 9a, or assess a civil fine under**
13 **section 37a(4), as applicable,** if ~~he~~ **the administrator** finds that
14 **any of the following apply:**

15 (a) ~~1.~~ The licensee has made any material misstatement in the
16 application for license. ~~or that~~

17 (b) ~~2.~~ The licensee has violated ~~any provisions of this act~~ **or**
18 **any other law** ~~or that~~ **is applicable to the selling or financing**
19 **of a motor vehicle.**

20 (c) ~~3.~~ The licensee refuses or has refused to permit the
21 administrator or ~~his designated representative~~ **the administrator's**
22 **designee** to make examinations authorized by this act. ~~or that~~

23 (d) ~~4.~~ ~~The~~ **If the licensee is a sales finance company, the**
24 licensee ~~in the case of a sales finance company~~ has failed to
25 maintain in effect the bond required under ~~the provisions of this~~
26 act. ~~or that~~

27 (e) ~~5.~~ The licensee has failed to maintain satisfactory
28 records required by this act. ~~or that~~

29 (f) ~~6.~~ The licensee has falsified any records required by this

1 act to be maintained in connection with the business contemplated
2 by this act. ~~or that~~

3 (g) ~~7.~~The licensee has after proper notice failed to file any
4 report with the administrator within the time stipulated in this
5 act. ~~or that~~

6 (h) ~~8.~~The licensee has failed to pay the ~~fine required by~~
7 ~~this act for failure to file reports to the administrator~~ **fee under**
8 **section 6(2)(e), 4(7), or 11(9)** within the time stipulated. ~~or~~
9 ~~that~~

10 (i) ~~9.~~The licensee has defrauded any retail buyer to the
11 buyer's damage or ~~wilfully~~ **willfully** failed to perform any written
12 agreement with any retail buyer. ~~or that~~

13 (j) ~~10.~~Any fact or condition exists or is discovered ~~which,~~
14 **that**, if it had existed or had been discovered at the time of
15 filing of the application for ~~such~~ **the** license, would have
16 warranted the administrator in refusing to issue ~~such~~ **the** license.

17 (2) ~~(b)~~The administrator may revoke or suspend only the
18 particular license with respect to which grounds for revocation may
19 occur or exist, but if ~~he~~ **the administrator** finds that grounds for
20 revocation are of general application to all places of business or
21 to more than 1 place of business operated by a licensee, ~~he~~ **the**
22 **administrator** may revoke all of the licenses issued to ~~such~~ **the**
23 licensee or those licenses to which grounds for revocation apply. ~~or~~
24 ~~as the case may be.~~

25 (3) ~~(c)~~Whenever a license has been revoked, the administrator
26 shall not issue another license to the licensee ~~pursuant to the~~
27 ~~provisions of~~ **under** this act until the expiration of at least 1
28 year from the effective date of revocation of ~~said~~ **that** license.

29 (4) ~~(d)~~ Appeals may be taken from the action of the

1 ~~administrator in accordance with procedure prescribed in section 30~~
2 ~~of Act No. 319 of the Public Acts of 1969, being section 487.330 of~~
3 ~~the Compiled Laws of 1948.~~ A proceeding under this act is subject to
4 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
5 to 24.328.

6 Sec. 9a. (1) If in the opinion of the administrator, a
7 licensee is or has engaged in a practice that poses a threat of
8 financial loss or threat to the public welfare, or is or has
9 violated a law, rule, or order, the administrator may issue and
10 serve on the licensee a cease and desist order under this section.

11 (2) A cease and desist order issued under this section must
12 contain a statement of the facts constituting the alleged practice
13 or violation and must fix a time and place for a hearing to
14 determine if the administrator should issue an order to cease and
15 desist against the licensee.

16 (3) A licensee may consent to the issuance of a cease and
17 desist order under this section. If the licensee or a duly
18 authorized representative of the licensee fails to appear at a
19 hearing described in subsection (2), the licensee is considered to
20 have consented to the issuance of a cease and desist order.

21 (4) If a licensee consents under subsection (3) or if the
22 administrator finds, based on the record made at the hearing under
23 subsection (2), that the practice or violation specified in the
24 order is established, the cease and desist order becomes final. The
25 cease and desist order may require the licensee and its officers,
26 directors, members, partners, trustees, employees, agents, or
27 control persons to cease and desist from the practice or violation
28 and to take affirmative action to correct the conditions resulting
29 from the practice or violation.

1 (5) Except as otherwise provided in subsection (6), or to the
2 extent the cease and desist order is stayed, modified, terminated,
3 or set aside by the administrator or a court, a cease and desist
4 order is effective on the date of service.

5 (6) A cease and desist order issued with a licensee's consent
6 is effective at the time specified in the order and remains
7 effective and enforceable as provided in the order.

8 Sec. 10. (1) ~~(a) The~~ **Subject to subsections (2) and (3), the**
9 administrator ~~is authorized and empowered to~~ **may** investigate and
10 examine at any time during **reasonably established** regular business
11 hours any and all books, accounts, papers, records, documents, and
12 files, to the extent that ~~such~~ **the** investigation and examination
13 pertain to matters regulated under ~~the provisions of this act,~~ of
14 any licensee and of any person ~~who shall be~~ **that is** engaged in
15 business contemplated by this act. For this purpose the
16 administrator shall have free access to the offices and places of
17 business and any and all books, accounts, papers, records,
18 documents, and files of all such persons. A person ~~who~~ **that** is not
19 licensed under this act ~~shall be~~ **is** presumed to be engaged in
20 business contemplated by this act ~~, if he,~~ **the person,** as
21 principal, agent, or broker advertises or solicits business for
22 which a license is required ~~by the provisions of~~ **under** this act,
23 and the administrator, and any person designated by ~~him~~ **the**
24 **administrator,** for ~~that~~ **the** purpose is ~~, in such case, hereby~~
25 empowered to examine the books, accounts, papers, records,
26 documents, files, safes, and vaults of such persons for the purpose
27 of discovering violations of this act.

28 (2) If an examination under subsection (1) is a routine
29 examination, the administrator shall do both of the following:

1 (a) Provide the licensee with not less than 36 hours' written
2 notice of the examination.

3 (b) Maintain a record of the delivery of the notice described
4 in subdivision (a) in the examination record.

5 (3) In response to a complaint, the administrator may conduct
6 unannounced, periodic, on-site investigations of a licensee.

7 (4) ~~(b)~~The administrator is ~~empowered to~~ **may** require the
8 attendance and testimony of witnesses and the production of any
9 books, accounts, papers, records, documents, and files relating to
10 ~~such business which~~ **that** the administrator has authority ~~by~~ **under**
11 this act to investigate, and for this purpose the administrator or
12 ~~his~~ **the administrator's** duly authorized representative, may sign
13 subpoenas, administer oaths and affirmations, examine witnesses,
14 and receive evidence. In case of disobedience of any subpoena or
15 the contumacy of any witness appearing before the administrator,
16 the administrator may invoke the aid of the circuit court of Ingham
17 ~~county, County,~~ or any circuit court of ~~the~~ **this** state. ~~and such~~
18 **A court under this subsection** shall ~~thereupon~~ issue an order
19 requiring the person subpoenaed to obey the subpoena, or to give
20 evidence, or to produce books, accounts, papers, records,
21 documents, and files relative to the matter in question. Any
22 failure to obey ~~such an~~ order of the court **under this subsection**
23 may be punished by ~~such the~~ court as a contempt. ~~thereof.~~

24 (5) **Except as otherwise provided in this subsection, the**
25 **administrator and the department of insurance and financial**
26 **services shall not disclose information obtained in an examination**
27 **or investigation. The administrator, each former administrator, and**
28 **each current and former deputy, agent, and employee of the**
29 **department of insurance and financial services shall not disclose**

1 any facts and information obtained in the course of their duties,
 2 unless that individual is required under law to report on, take
 3 official action concerning, or testify in any proceedings regarding
 4 a licensee or the activities of a licensee. This subsection does
 5 not apply to, and does not prohibit the furnishing of information
 6 or documents to, any federal, foreign, or out-of-state regulatory
 7 agency with jurisdiction over a licensee and is not applicable to
 8 any disclosure made in the public interest by the administrator, at
 9 the discretion of the administrator.

10 (6) ~~(e) The administrator is hereby authorized and empowered~~
 11 ~~to may~~ prescribe the various blank forms to be used by licensees in
 12 making reports, and to make rules and ~~regulations~~ relating to the
 13 enforcement of this act. ~~A copy of every rule and regulation shall~~
 14 ~~be mailed by the administrator to all licensees under this act at~~
 15 ~~their respective licensed places of business at least 10 days~~
 16 ~~before the effective date thereof.~~

17 (7) For purposes of this section, the administrator may do any
 18 of the following:

19 (a) Enter into agreements or relationships with other
 20 government officials or regulatory associations to improve
 21 efficiencies and reduce the regulatory burden by sharing resources,
 22 standardized or uniform methods or procedures, and documents,
 23 records, information, or evidence obtained under this section.

24 (b) Use, hire, contract, or employ public or privately
 25 available analytical systems, methods, or software to examine or
 26 investigate a licensee or other person subject to this act.

27 (c) Accept and rely on examination or investigation reports
 28 made by other state or federal government officials.

29 (d) Accept audit reports prepared by an independent certified

1 public accountant for the licensee or other person subject to this
2 act in the course of that part of the examination covering the same
3 general subject matter as the audit and incorporate the audit
4 report in the report of the examination, report of investigation,
5 or other writing of the administrator.

6 (8) As used in this section:

7 (a) "Routine examination" means an examination that is not the
8 result of a complaint or a suspected violation of this act.

9 (b) "Written notice" includes, but is not limited to, notice
10 by email or text message.

11 ~~Sec. 11. (a) Every licensee shall maintain, at the place of~~
12 ~~business designated in the license certificate, such books,~~
13 ~~accounts and records of the business conducted under the license~~
14 ~~issued for such place of business as will enable the administrator~~
15 ~~to determine whether the business of the licensee contemplated by~~
16 ~~this act is being operated in accordance with the provisions of~~
17 ~~this act.~~

18 ~~(b) A licensee, operating 1 or more licensed places of~~
19 ~~business in this state, may maintain the general control records of~~
20 ~~all such offices at any 1 of such offices, or at any other office~~
21 ~~maintained by such licensee, upon the filing of a written request~~
22 ~~with the administrator designating therein the office at which such~~
23 ~~control records are maintained and upon approval of such request by~~
24 ~~the administrator.~~

25 (1) A licensee shall keep and use in the licensee's business
26 the books, accounts, and records the administrator may require to
27 determine whether the licensee is complying with this act and with
28 the rules promulgated by the administrator under this act.

29 (2) A licensee shall preserve and make accessible to the

1 administrator the books, accounts, and records described in
2 subsection (1) for at least 2 years after making the final entry in
3 that book, account, or record.

4 (3) The preservation of records by reproduction under the
5 records reproduction act, 1992 PA 116, MCL 24.401 to 24.406,
6 constitutes compliance with this section.

7 (4) The books and accounts described in subsection (1) may be
8 kept at a location other than the licensee's principal place of
9 business if the books and accounts are made available to the
10 administrator on request.

11 (5) If a licensee's principal place of business is not in this
12 state, or the books, accounts, or records described in subsection
13 (1) are not made available in this state, the licensee must pay the
14 reasonable travel, lodging, and meal expenses of any person
15 required to travel to examine the licensee.

16 (6) ~~(e)~~ All books, accounts, and records of **the** licensee ~~shall~~
17 **must** be maintained in the English language.

18 ~~(d) All books, accounts and records of licensees, including~~
19 ~~any cards used in a card system, shall be preserved and available~~
20 ~~for examination by the administrator for at least 2 years after~~
21 ~~making the final entry therein.~~

22 (7) On or before a date to be determined by the administrator,
23 a licensee shall file with the administrator reports giving
24 information, as required by the administrator, concerning the
25 business and operations of the licensee under this act. The reports
26 required under this subsection must be in the form prescribed by
27 the administrator.

28 (8) A person who willfully and knowingly subscribes and
29 affirms a false statement in a report required under subsection (7)

1 is subject to all penalties under this act.

2 (9) A licensee whose reports are not received on or before the
3 date to be determined by the administrator under subsection (7) is
4 subject to a late fee in the amount of \$25.00 for each day that the
5 report is late or \$1,000.00, whichever is less.

6 (10) The administrator shall electronically accept any record
7 or document described in this act, if possible and practical.

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

12 (2) ~~(b)~~ An installment sale contract ~~shall~~**must** be completed
13 as to all essential provisions ~~prior to~~**before** the signing of the
14 contract by the buyer and contain such other information as the
15 administrator may require.

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

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

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

28 (5) ~~(e)~~ The seller shall obtain from the buyer a written
29 acknowledgment of the delivery of the copy of the contract. The

1 acknowledgment ~~shall~~**must** be printed in 12-point type or larger
 2 and, if attached to the contract, it ~~shall~~**must** be printed below
 3 the buyer's signature to the contract and independently signed.

4 (6) ~~(f)~~An installment sale contract ~~shall~~**must** provide for
 5 ~~weekly, semi-monthly, or monthly~~ payments ~~of the time balance in~~
 6 substantially equal periods and amounts. ~~This subdivision does not~~
 7 ~~apply to installment sale contracts made between an installment~~
 8 ~~seller and an installment buyer who is an employee of the~~
 9 ~~installment seller. This subdivision shall not be construed to~~
 10 ~~prohibit installment sales contracts that extend the time for~~
 11 ~~making installment payments for a period of not to exceed 3 months.~~
 12 This ~~subdivision~~**subsection** does not preclude the exceptional
 13 installment sale contract provided for in section 22. ~~of this act.~~

14 Sec. 13. (1) An installment sale contract ~~shall~~**must** include
 15 the full **legal** names and addresses of all the parties to the
 16 contract, the date when signed by the buyer, and a description of
 17 the motor vehicle sold that is sufficient for accurate
 18 identification.

19 (2) An installment sale contract ~~shall~~**must** set forth all of
 20 the following separate items in the following order:

21 (a) The cash price of the motor vehicle. This amount ~~shall~~
 22 **must** include any taxes, the cash price of agreed ~~upon~~**on**
 23 accessories and installation of the accessories, the cash price of
 24 any extended warranty or service contract, ~~and~~a documentary
 25 preparation fee, **and the fee set by the administrator under section**
 26 **6(2)(e)**. The documentary preparation fee ~~shall~~**must** not exceed 5%
 27 of the cash price of the motor vehicle or \$160.00, whichever is
 28 less. Beginning on January 1, 2005, the administrator shall adjust
 29 the maximum amount then in effect for the documentary preparation

1 fee described in this subdivision every 2 years to reflect the
2 cumulative percentage change in the ~~consumer price index~~ **Consumer**
3 **Price Index** for the 2 immediately preceding calendar years, as
4 determined by the administrator. The administrator shall round the
5 adjustment to the nearest \$10.00 increment to set the fee every 2
6 years under this subdivision, but shall carry over and use the
7 absolute value to calculate the next 2-year adjustment. As used in
8 this subdivision, "~~consumer price index~~" **"Consumer Price Index"**
9 means the United States consumer price index for all urban
10 consumers, U.S. city average, as defined and reported by the ~~United~~
11 ~~States department of labor, bureau of labor statistics.~~ **Bureau of**
12 **Labor Statistics of the United States Department of Labor.**

13 (b) The down payment made by the buyer at the time of or
14 before execution of the contract, indicating whether made in cash,
15 represented by the agreed value of a trade-in motor vehicle or
16 other goods, or both. The amount of cash and the value of any
17 trade-in ~~shall~~ **must** be stated separately. A description that is
18 sufficient for identification of any trade-in ~~shall~~ **must** be
19 included.

20 (c) The unpaid cash price balance, which is the difference
21 between the cash price under subdivision (a) and the down payment
22 under subdivision (b).

23 (d) The cost of any insurance premium or travel emergency
24 benefits pertaining to the operation of the automobile that the
25 seller agrees to extend credit to the buyer to obtain. The
26 installment sale contract ~~shall~~ **must** set forth the term of the
27 insurance and a concise description of the terms of the insurance
28 policy and the travel emergency benefits. If the precise cost of
29 the insurance is not available at the time the contract is signed,

1 an estimated amount, ascertained from the current published
 2 applicable manual of a recognized standard insurance rating bureau,
 3 may be set forth in the contract. ~~Within~~ **Not later than** 25 days
 4 after making the installment sale contract, the seller shall mail
 5 or cause to be mailed to the buyer at ~~his or her~~ **the buyer's**
 6 address as shown on the contract a certificate or policy of
 7 insurance and a statement showing the exact cost of the insurance.
 8 Each installment sale contract ~~shall~~ **must** contain the following
 9 warning, printed prominently ~~in red ink and in~~ 12-point type or
 10 larger, directly preceding the notice provided for in section
 11 ~~12(d),~~ **12(4)**, enclosed by a continuous heavy line:

13 Warning: The insurance afforded hereunder does not cover
 14 liability for injury to persons or damage to property of
 15 others unless so indicated hereon.

17 (e) The cost of any guaranteed asset protection waiver that
 18 the seller agrees to extend credit to the buyer to obtain. For
 19 purposes of this subdivision, all of the following apply:

20 (i) "Guaranteed asset protection waiver" means that term as
 21 defined in section 3 of the guaranteed asset protection waiver act,
 22 **2009 PA 229, MCL 492.23.**

23 (ii) A guaranteed asset protection waiver may be included as
 24 part of, or as an addendum to, an installment sale contract.

25 (iii) An installment seller that offers, sells, or provides
 26 guaranteed asset protection waivers to installment buyers in this
 27 state must comply with the guaranteed asset protection waiver act,
 28 **2009 PA 229, MCL 492.21 to 492.33.**

29 (iv) Any cost to an installment buyer for a guaranteed asset

1 protection waiver entered into in compliance with the truth in
 2 lending act, 15 USC 1601 to 1667f, and the regulations promulgated
 3 under that act, 12 CFR part 226, must be separately stated and is
 4 not considered a finance charge or interest.

5 (f) Other necessary or incidental costs that the seller
 6 contracts to pay on behalf of the buyer and for the amount of which
 7 the seller agrees to extend credit to the buyer as authorized under
 8 this act. The contract ~~shall~~**must** contain an itemization of the
 9 nature and amount of the costs.

10 (g) The principal amount financed, which is the total of the
 11 amounts described in subdivisions (c), (d), (e), and (f).

12 (h) The finance charge, which is the consideration in excess
 13 of the total of the cash price under subdivision (a), excluding the
 14 amounts described in subdivisions (d), (e), and (f).

15 (i) The time balance, which is the total of the amounts
 16 described in subdivisions (g) and (h) and represents the total
 17 obligation of the buyer that ~~he or she~~**the buyer** agrees to pay in 2
 18 or more scheduled payments.

19 (j) The payment schedule, which ~~shall~~**must** include the number
 20 of payments, the amount of the payments, and the time of the
 21 payments required to liquidate the time balance.

22 ~~(3) An installment sale contract shall state clearly any~~
 23 ~~collateral security given to secure the buyer's obligation under~~
 24 ~~the contract.~~

25 **(3)** ~~(4)~~An installment sale contract ~~shall~~**must** contain a
 26 summary notice of the buyer's principal legal rights respecting
 27 prepayment of the contract and rebate of the finance charge and
 28 reinstatement of the contract in the event of repossession.

29 **(4)** ~~(5)~~An installment sale contract ~~shall~~**must** contain

1 specific provisions concerning the buyer's liability for default
 2 charges, repossession, and sale of the motor vehicle in case of
 3 default or other breach of contract, and the seller's or holder's
 4 rights. ~~concerning any collateral security.~~

5 Sec. 13a. (1) A seller in an installment sale transaction may
 6 pay on behalf of the buyer and agree to finance in the installment
 7 sale contract all or part of the balance of any indebtedness
 8 secured by a motor vehicle that the seller takes in trade in the
 9 installment sale transaction or all or any part of the balance owed
 10 under a lease of a motor vehicle that is terminated in connection
 11 with the installment sale transaction.

12 (2) If subsection (1) applies in an installment sale
 13 transaction, then the other necessary or incidental costs included
 14 in the installment sale contract under section ~~13(2)(e) shall~~
 15 **13(2)(f) must** include the amount the seller agreed to finance under
 16 subsection (1).

17 Sec. 14. **(1)** ~~(a)~~ An installment sale contract ~~shall~~ **must** not
 18 be signed by a party to the contract unless it contains all of the
 19 information and statements required ~~by~~ **under** this act.

20 **(2)** ~~(b)~~ An installment sale contract ~~shall~~ **must** not contain an
 21 acceleration clause under which any part or all of the time balance
 22 represented by payments, not yet matured, may be declared
 23 immediately payable because the seller or holder deems itself to be
 24 insecure **or is unable to assign the installment contract.**

25 **(3)** ~~(c)~~ An installment sale contract ~~shall~~ **must** not contain a
 26 provision authorizing a person acting on behalf of the seller or
 27 holder to enter ~~upon~~ **the** premises of the buyer unlawfully or to
 28 commit a breach of the peace in the repossession of the motor
 29 vehicle. ~~or collateral security.~~ A right of repossession of a motor

1 vehicle provided in an installment sale contract ~~shall~~**must** be
 2 exercised only in the manner provided in part 6 of article 9 of the
 3 uniform commercial code, 1962 PA 174, MCL 440.9601 to 440.9628,
 4 concerning taking possession of and disposing of collateral.

5 (4) ~~(d)~~An installment sale contract ~~shall~~**must** not contain a
 6 provision by which the buyer waives a right of action against the
 7 seller, holder, or other person acting on behalf of the holder for
 8 an illegal act committed in the collection of the payments under
 9 the contract or in the repossession of the motor vehicle. ~~or~~
 10 ~~collateral security.~~

11 (5) ~~(e)~~An installment sale contract ~~shall~~**must** not contain a
 12 provision by which the buyer executes a power of attorney
 13 appointing the seller, the holder, or the agent of the licensee as
 14 the buyer's agent in collection of the payments under the contract
 15 or in repossession of the motor vehicle sold. ~~or collateral~~
 16 ~~security.~~

17 (6) ~~(f)~~An installment sale contract ~~shall~~**must** not contain a
 18 provision relieving the holder, or other assignee, from liability
 19 for legal remedies ~~which~~**that** the buyer has against the seller
 20 under the contract or under a separate instrument executed in
 21 connection with the contract.

22 Sec. 14a. ~~(a) A person shall not take a negotiable instrument,~~
 23 ~~other than a currently dated check or draft, as evidence of the~~
 24 ~~obligation of the buyer in a retail sale of a motor vehicle.~~

25 (1) ~~(b)~~A holder of an installment sale contract is subject to
 26 all the claims and defenses of the buyer arising out of the
 27 installment transaction, but the buyer's recovery ~~shall~~**must** not
 28 exceed the amount paid to the holder thereunder.

29 (2) ~~(e)~~An installment sale contract entered into under this

1 act ~~shall~~**must** contain the following provision in at least 10-point
2 boldface type:

3 Notice

4 Any holder of this ~~consumer credit~~ contract is subject to all
5 claims and defenses which the ~~debtor~~**installment buyer** could assert
6 against the
7 seller of goods or services obtained pursuant hereto or with
8 the proceeds hereof. Recovery hereunder by the ~~debtor~~**installment**
9 **buyer** shall
10 not exceed amounts paid by the ~~debtor~~**installment buyer** hereunder.

11 (3) ~~(d)~~ This section applies only to sales made pursuant to
12 **under** an installment sale contract.

13 (4) ~~(e)~~ In an action by the holder to collect a debt from the
14 buyer, the court, after notice to the buyer and a hearing, may
15 designate a disinterested third party to receive payments from the
16 buyer. If the court finds that the buyer will not be unreasonably
17 burdened nor deprived of adequate transportation by making the
18 payments, an amount up to but not greater **that is not more** than the
19 amount of each ~~time balance~~ payment due ~~shall~~**must** be paid to the
20 disinterested third party as it becomes due during the period of
21 litigation. At the conclusion of the litigation these payments
22 ~~shall~~**must** be distributed pursuant to **in accordance with** the
23 judgment of the court.

24 Sec. 15. (1) ~~(a)~~ Whenever an installment sale contract is
25 lawfully sold, transferred, or assigned to a person ~~who~~**that** is
26 licensed as a sales finance company, ~~pursuant to the provisions of~~
27 **under** this act, ~~such~~**the** new holder shall furnish to the buyer in
28 ~~such~~**the** contract a written notice of ~~such~~**the** sale, transfer, or
29 assignment, ~~excepting~~**except** when assignment is made only to secure

1 a bona fide commercial loan. ~~or pursuant to a bulk sale of~~
 2 ~~installment sale contracts. Such notices shall~~ **A notice under this**
 3 **subsection must** set forth the name and address of the new holder
 4 and ~~shall~~ **must** notify the buyer of the name and address of the
 5 person authorized to receive future payments on ~~such the~~ contract.
 6 If ~~such the~~ notice **under this subsection** has not been given, any
 7 payment or tender of payment made to and any service of notice on
 8 the last known holder by the buyer ~~shall be~~ **is** binding ~~upon~~ **on** any
 9 subsequent holder. ~~No~~ **An** installment ~~sales~~ **sale** contract ~~shall~~ **must**
 10 **not** be sold to any person doing business in this state who is not
 11 licensed **or is not exempt from licensure** under the provisions of
 12 this act.

13 (2) ~~(b) The provisions of this section shall~~ **This section does**
 14 not apply to an assignment of an aggregation of installment sale
 15 contracts, ~~which~~ **that** is executed by a seller or sales finance
 16 company ~~in connection with a bulk sale or as collateral security~~
 17 for a bona fide commercial loan, obtained at lawful rates of
 18 interest from a person regularly engaged in the business of lending
 19 money on the security of such assigned collateral, and under which,
 20 in the absence of default or other bona fide breach of the loan
 21 contract, ownership of the assigned contracts remains vested in the
 22 assignor and collection of payments on ~~such the~~ assigned contracts
 23 is made by the assignor ~~: And provided, That such~~ **and the**
 24 assignment and loan contracts are not for the purpose of evading or
 25 circumventing ~~the provisions of this act.~~

26 Sec. 16. (1) ~~(a) The buyer of a motor vehicle under an~~
 27 installment sale contract may be required to provide insurance on
 28 ~~such the~~ motor vehicle at the buyer's expense for the protection of
 29 the seller or subsequent holder. ~~Such insurance shall~~ **The insurance**

1 **under this subsection must** be limited to insurance against
 2 substantial risk of damage, destruction, or theft of ~~such the~~ motor
 3 vehicle. ~~Provided, however, That the foregoing shall~~ **This**
 4 **subsection does** not interfere with the liberty of contract of the
 5 buyer and seller to contract for travel emergency benefits
 6 pertaining to the operation of the automobile or other or
 7 additional insurance as security for or by reason of the obligation
 8 of the buyer, and ~~inclusion of~~ **including** the cost of ~~such the~~
 9 insurance premium and ~~said the~~ travel emergency benefits in the
 10 principal amount advanced under the installment sale contract. ~~Such~~
 11 ~~insurance shall, if~~ **If** possible to obtain, **the insurance under this**
 12 **subsection must** be written for the dual protection of the buyer and
 13 of the seller, or subsequent holder, to the extent of ~~his the~~
 14 **buyer's and seller's, or subsequent holder's,** interest in the motor
 15 vehicle. ~~Such insurance shall~~ **The insurance under this subsection**
 16 **must** be for an amount, ~~and~~ period of time, and ~~upon on~~ terms and
 17 conditions, ~~which that~~ are reasonable and appropriate considering
 18 the type and condition of the motor vehicle, the amount of the time
 19 balance, and the schedule of payments in the installment sale
 20 contract. ~~In the event such insurance~~ **If the insurance under this**
 21 **subsection** cannot be obtained for the dual protection of the buyer
 22 and the seller, or subsequent holder, or if obtained, is ~~cancelled~~
 23 **canceled** by the insurance company ~~prior to~~ **before** expiration, the
 24 seller, or subsequent holder, may obtain insurance to protect ~~his~~
 25 **the seller's, or subsequent holder's,** interest in the motor vehicle
 26 and the buyer may be required to pay the cost thereof. ~~In such~~
 27 ~~event, of that insurance.~~ **If the seller, or subsequent holder,**
 28 **obtains the insurance under this subsection, the** seller, or
 29 subsequent holder, ~~shall~~ **must** promptly notify the buyer that ~~such~~

1 ~~the~~ insurance cannot be obtained, or is ~~cancelled,~~**canceled**, and
 2 credit to the buyer the difference between the amount charged by
 3 the seller for ~~such~~**the** dual protection insurance and the cost to
 4 the seller of ~~such~~**the** single interest insurance, ~~(less,~~**less**, in
 5 the event of ~~cancellation,~~**cancelation**, the earned premium on the
 6 dual interest insurance for the period it is in ~~force):~~**Provided,**
 7 ~~That whenever such~~**force. If the** insurance is written for the
 8 protection of the seller, or subsequent holder, only, ~~neither~~**the**
 9 insurance company issuing the policy ~~nor~~**or** any other person shall
 10 **not** be subrogated to the rights of the insured as against the
 11 buyer.

12 (2) ~~(b)~~The buyer of a motor vehicle under an installment sale
 13 contract ~~shall have the privilege of purchasing such~~**may purchase**
 14 **the** insurance **under this section** from any insurance company, agent
 15 or broker authorized to do business in ~~Michigan~~**this state** other
 16 than the installment seller. ~~No~~**An** installment seller shall **not**
 17 coerce, threaten, or in any manner influence any installment buyer
 18 to purchase insurance from any insurance company, agent or broker
 19 designated by ~~such~~**the installment** seller. ~~Provided, however,~~
 20 ~~That the~~**The** inclusion of the cost of the insurance premium in the
 21 installment sale contract, when the buyer selects the company,
 22 agent or broker, ~~shall be~~**is** optional with the seller.

23 (3) ~~(e)~~Whenever the seller contracts to purchase, at the
 24 buyer's expense, ~~such~~**the** insurance **under this section** on a motor
 25 vehicle sold under an installment sale contract, ~~such~~**the** insurance
 26 ~~shall~~**must** be purchased through an agent, ~~and/or~~broker, or other
 27 person, ~~that is~~**that is** authorized to conduct business in ~~Michigan,~~
 28 ~~such~~**this state. The** insurance ~~shall~~**must** be written by an
 29 insurance company qualified to do business in ~~Michigan.~~**this state.**

1 The status of the buyer and seller or holder, as set forth in ~~such~~
 2 **the** insurance contract, ~~shall~~**must** conform to the status of these
 3 parties in the installment sale contract. The cost of the premium
 4 on ~~such~~**the** insurance to the buyer ~~shall~~**must** not be in excess of
 5 the amount of the premium ~~which~~**that** others are required to pay to
 6 ~~such~~**the** insurance company for similar coverage, and in no event in
 7 excess of rates established in the then current published
 8 applicable manual of a recognized standard insurance rating bureau,
 9 or the rates fixed by authority of ~~the~~**this** state. ~~of Michigan.~~

10 (4) ~~(d)~~ Whenever the seller contracts to purchase, at the
 11 buyer's expense, ~~such~~**the** insurance **under this section** on a motor
 12 vehicle sold under an installment sale contract, a certificate of
 13 insurance and a statement showing itemized cost of ~~such~~**the**
 14 insurance ~~shall~~**must** be delivered to the buyer ~~within~~**not later**
 15 **than** 25 days ~~of~~**after** the date ~~of~~**that** the buyer's signing of ~~buyer~~
 16 **signs** the installment sale contract.

17 (5) ~~(e)~~ The insurance policy or certificate of insurance on
 18 the motor vehicle ~~which~~**that** is furnished to the buyer, when the
 19 insurance is placed by the seller or subsequent holder at the
 20 buyer's expense, ~~shall~~**must** set forth complete information as to
 21 the effective dates ~~,~~**and** amounts of premiums and coverage, and
 22 ~~shall~~**must** contain all the terms of the insurance contract.

23 (6) ~~(f)~~ When the seller or subsequent holder has placed, at
 24 the expense of the buyer, **the** insurance on a motor vehicle sold
 25 under an installment sale contract and the buyer prepays the ~~time~~
 26 balance under the contract ~~prior to~~**before** the expiration date of
 27 the insurance, ~~such~~**the** insurance ~~shall~~**must** remain in force unless
 28 the buyer requests ~~cancellation thereof.~~ **cancelation of the**
 29 **insurance.** The seller or holder shall not cancel the insurance

1 under such circumstances without the buyer's consent. ~~nor shall~~
 2 ~~the~~ **The** seller or holder **shall not** coerce the buyer to cancel the
 3 insurance. ~~Unexpired~~ **Any unexpired** insurance premiums received by
 4 the seller or holder, resulting from ~~cancellation~~ **cancelation** of
 5 insurance ~~which~~ **that** was originally placed at the buyer's expense,
 6 ~~shall~~ **must** be used in procuring comparable insurance ~~as in~~ **under**
 7 subsection ~~(g)~~ of this section provided, ~~and if such~~ **(7)**. **If**
 8 **comparable** insurance cannot be obtained, ~~shall~~ **the unexpired**
 9 **insurance premium must** be paid to the buyer or credited to any
 10 matured unpaid installments under the contract.

11 **(7)** ~~(g)~~ When the seller contracts to purchase insurance at the
 12 buyer's expense and ~~such~~ **the** insurance is ~~cancelled~~ **canceled** by the
 13 insurance company ~~prior to~~ **before** expiration, the seller or
 14 subsequent holder shall attempt to place comparable insurance with
 15 another insurance company and furnish or cause to be furnished to
 16 the buyer a copy of the insurance policy or certificate of
 17 insurance, subject to the same requirements of this act applicable
 18 to the original policy. ~~In the event~~ **If** the holder is unable to
 19 obtain ~~such~~ **comparable** insurance in another insurance company, ~~he~~
 20 **the holder** shall promptly notify the buyer by registered mail,
 21 addressed to the buyer at the address appearing ~~upon~~ **on** the
 22 installment sale contract, ~~unless~~ **or, if** the seller is in receipt
 23 of written notice of a change in the buyer's address, ~~and in such~~
 24 ~~event~~ ~~addressed to the buyer at such changed address.~~ **the address**
 25 **provided in the written notice of the change in the buyer's**
 26 **address.** The buyer may then obtain ~~such~~ insurance from an insurance
 27 company, agent, or broker of ~~his~~ **the buyer's** own selection. The
 28 holder ~~shall also be~~ **is** liable to the buyer for any loss suffered
 29 by the buyer through negligence on the part of the holder in

1 promptly mailing notice to the buyer of ~~his~~ **the holder's** inability
2 to obtain replacement insurance.

3 Sec. 16a. If unexpired insurance premiums received by the
4 seller or holder resulting from the ~~cancellation~~ **cancelation** of
5 insurance ~~which~~ **that** was originally placed by the buyer's expense
6 cannot be used in procuring comparable insurance ~~as in~~ **under**
7 section 16, ~~subsection (g), such~~ **16(7)**, **the** unexpired insurance
8 premiums ~~shall~~ **must** be credited to the ~~last maturing installments~~
9 ~~under the contract.~~ **buyer's account.**

10 Sec. 17. **(1)** ~~(a)~~—In addition to the cost of insurance premiums
11 and travel emergency benefits authorized in ~~the preceding~~ section
12 ~~of this act,~~ **16**, the seller of a motor vehicle under an installment
13 sale contract may require the buyer to pay certain other costs
14 incurred in the sale of a motor vehicle under ~~such~~ **the installment**
15 **sale** contract as follows:

16 **(a)** ~~1.~~—Fees, payable to ~~the~~ **this** state, ~~of Michigan,~~ for
17 filing a lien or encumbrances on the certificate of title to a
18 motor vehicle sold under an installment sale contract. ~~or~~
19 ~~collateral security thereto.~~

20 **(b)** ~~2.~~—Fees, payable to a public official, for filing or
21 recording and satisfying or releasing the installment sale contract
22 or instruments securing the buyer's obligation.

23 **(c)** ~~3.~~—Fees for notarization required in connection with the
24 filing and recording or satisfying and releasing a mortgage,
25 judgment lien or encumbrance.

26 **(2)** ~~(b)~~—The seller of a motor vehicle under an installment
27 sale contract may also contract with the buyer to pay, on behalf of
28 the buyer, such other costs incidental to the sale of a motor
29 vehicle and contracted for voluntarily by the buyer as follows:

1 (a) ~~1.~~ Fees in amounts established by and paid to ~~the~~ **this**
2 state ~~of Michigan~~ for titling and registration of the motor vehicle
3 and issuance or transfer of registration plates.

4 (b) ~~2.~~ If the buyer of a motor vehicle elects to title or
5 register the motor vehicle electronically, fees payable to any
6 third party authorized by the secretary of state and to the seller
7 for electronic titling and registration of the motor vehicle.

8 (3) ~~(c)~~ The ~~foregoing~~ costs **described in subsections (1) and**
9 **(2)** may be charged, contracted for, **or** collected or received by the
10 seller from the buyer independently of the installment sale
11 contract, or the seller may extend credit to the buyer for the
12 amount of ~~such~~ **the** costs and include ~~such~~ **the** amount in the
13 principal amount financed under the installment sale contract.

14 (4) ~~(d)~~ ~~Such other costs~~ **Any other cost** paid or payable by the
15 buyer ~~shall~~ **must** not exceed the amount ~~which~~ **that** the seller
16 expends, ~~or~~ intends to expend, ~~therefor.~~ **or is entitled to retain**
17 **as authorized by the secretary of state.** Any such costs ~~which~~ **that**
18 the seller has collected from the buyer, or ~~which~~ **that** have been
19 included in the buyer's obligation under the installment sale
20 contract ~~which~~ **that** are not disbursed by the seller, as
21 contemplated, ~~shall~~ **must** be immediately refunded or credited to the
22 buyer.

23 Sec. 18. (1) A seller licensed under this act may charge the
24 buyer a finance charge on any installment sale contract covering
25 the retail sale of a motor vehicle. ~~in this state.~~ The finance
26 charge ~~shall~~ **must** not exceed the rate permitted by the credit
27 reform act, 1995 PA 162, MCL 445.1851 to 445.1864.

28 (2) The seller shall compute the finance charge on the
29 principal amount financed as determined under section

1 ~~13(2)(f)~~.13(2)(g) .

2 (3) Any charge on an installment sale contract under this act
 3 that is made after the effective date of the amendatory act that
 4 added section 9a must not be paid, deducted, received in advance,
 5 or compounded. Any charge on an installment sale contract made
 6 under this act must be computed on the unpaid principal balance or
 7 portions of the balance, specifically expressed in every obligation
 8 signed by the borrower, and computed on the basis of the number of
 9 days actually elapsed. The seller shall compute the finance charge
 10 at the annual rates permitted by ~~under~~ subsection (1) on
 11 installment sale contracts that are payable by installment
 12 payments. ~~, extending for a period of 1 year. On installment sale~~
 13 ~~contracts providing for installment payments extending for a period~~
 14 ~~that is less than or greater than 1 year, the seller shall compute~~
 15 ~~the finance charge proportionately. If an installment sale contract~~
 16 ~~provides for payment other than in equal successive weekly,~~
 17 ~~semimonthly, or monthly installments, the finance charge may be at~~
 18 ~~a rate that will provide the same annual percentage rate as is~~
 19 ~~permitted on monthly payment contracts considering the schedule of~~
 20 ~~payments in the contract. The seller shall disclose the annual~~
 21 ~~percentage rate of the installment sales~~ **sale** contract in
 22 accordance with disclosure requirements of the truth in lending
 23 act, title I of the consumer credit protection act, Public Law 90-
 24 321, 15 U.S.C. **USC** 1601 to 1608, 1610 to 1613, 1615, 1631 to 1635,
 25 1637 to 1648, and 1661 to 1667e, **1667f**, and the regulations
 26 promulgated under the truth in lending ~~that~~ act.

27 ~~(4) The seller may compute the finance charge on the basis of~~
 28 ~~a full month for a fractional month period in excess of 10 days.~~

29 (4) ~~(5)~~A seller may charge a minimum finance charge of \$15.00

1 on an installment sale contract in which the finance charge, when
 2 computed at the rates indicated, results in a total charge of less
 3 than \$15.00.

4 Sec. 19. **(1)** ~~(a) The~~ **Beginning on the effective date of the**
 5 **amendatory act that added section 9a, the** holder of an installment
 6 sale contract ~~may extend the scheduled due date, defer a payment or~~
 7 ~~payments, or renew the unpaid time balance of the contract.~~ **shall**
 8 **not charge a fee for extending the scheduled due date or deferring**
 9 **payments of the installment sale contract.**

10 **(2) For installment sale contracts that are entered into**
 11 **before the effective date of the amendatory act that added section**
 12 **9a and include precomputed interest, all of the following apply:**

13 **(a) The seller may compute the finance charge on the basis of**
 14 **a full month for a fractional month period in excess of 10 days.**

15 (b) The holder may contract for, receive, and collect a
 16 refinance charge for the extension, deferment, or renewal. The
 17 refinance charge ~~shall~~ **must** not exceed the amount ascertained under
 18 the rates allowed ~~by~~ **under** section ~~18(a).~~ **18(1)**.

19 (c) If 1 or more installment payments are extended or
 20 deferred, computing the refinance charge on the amount of the
 21 installment payment or payments or part of a payment that is
 22 refinanced, for the period of time for which each payment or part
 23 of a payment is extended or deferred, ~~shall~~ **must** not exceed rates
 24 ~~provided for in~~ **under** section ~~18(a).~~ **18(1)**.

25 The refinance charges may be computed on the basis of a full
 26 month for any fractional month period in excess of 10 days.

27 (d) If the unpaid balance of the contract is refinanced or
 28 renewed, a refinance charge may be assessed on the amount obtained
 29 by adding to the unpaid time balance of the contract the insurance

1 cost and other costs incidental to refinancing and the unpaid
 2 default charges that may be accrued, and by deducting any rebate
 3 that may be due to the buyer for prepayment incidental to
 4 refinancing, at the rate of the finance charge provided for ~~in~~
 5 **under** section ~~18(a), 18(1)~~, but otherwise subject to the provisions
 6 of this act governing computation of the original finance charge.
 7 The provisions of this act governing minimum finance charges and
 8 minimum prepayment rebate do not apply in calculating refinance
 9 charges on the contract renewed under this method of computation.

10 (e) The holder of an installment sale contract shall not
 11 include in any contract for refinancing the contract any cash loan
 12 to the buyer, nor any credit extended to the buyer incidental to
 13 the purchase of goods or services. A loan under this section does
 14 not include, ~~nor does~~ **and** this act **does not** prohibit, a
 15 rearrangement of payments under the installment sale contract by a
 16 refinance transaction involving a restoration of certain
 17 installment payments made under the contract, but the refinance
 18 charge on the amount restored ~~may~~ **must** not be more than that
 19 specified in section ~~18(a), 18(1)~~. The holder of the contract may
 20 embody in the refinance contract the cost of accessories,
 21 equipment, and parts for the motor vehicle sold under the contract,
 22 and the cost of repairs and services to the motor vehicle including
 23 finance charges on the contract.

24 Sec. 20. A default charge may be collected on each installment
 25 payment of an installment sale contract, ~~including a contract~~
 26 ~~subject to section 41,~~ that is not paid on or before the due date
 27 of the payment. The default charge ~~shall~~ **must** not exceed the rate
 28 permitted ~~in~~ **under** the credit reform act, **1995 PA 162, MCL 445.1851**
 29 **to 445.1864**, on the amount of each payment in arrears. ~~The default~~

1 ~~charge may be computed on the basis of a full calendar month for~~
 2 ~~any fractional month period in excess of 10 days.~~ Each default
 3 ~~charges~~ **charge** may be collected, when earned, during the term of
 4 the contract, or may be accumulated and collected at final maturity
 5 or at the time of final payment under the contract. The default
 6 charge ~~shall~~ **must** not be collected on any payment in default
 7 because of an acceleration provision in the contract.

8 Sec. 21. (1) The buyer, notwithstanding the provisions of any
 9 installment sale contract, may prepay at any time all or a part of
 10 the unpaid ~~time~~ balance under an installment sale contract.

11 (2) ~~Except as provided in section 41, when~~ **For an installment**
 12 **sale contract that was entered into before the effective date of**
 13 **the amendatory act that added section 9a that included precomputed**
 14 **interest, both of the following apply:**

15 **(a) When** all of the time balance is liquidated before maturity
 16 by prepayment, refinancing, or termination by surrender or
 17 repossession and resale of the motor vehicle, the holder of the
 18 installment sale contract shall rebate to the buyer immediately the
 19 unearned portion of the finance charge. ~~Rebate~~ **The rebate** may be
 20 made in cash or credited to the amount due on the obligation of the
 21 buyer.

22 **(b) (3)** ~~The~~ unearned portion of the finance charge to be
 23 rebated to the buyer ~~shall~~ **must** be rebated by the actuarial method.
 24 The holder is not required to rebate a portion of the unearned
 25 finance charge that results in a net minimum finance charge on the
 26 contract less than \$15.00. The holder is not required to rebate an
 27 unearned finance charge when the amount due, computed as set forth
 28 in this section, is less than \$1.00.

29 Sec. 22. An installment sale contract may provide for a series

1 of ~~weekly, semi-monthly or monthly~~ payments in substantially equal
 2 periods and amounts, followed by a single larger payment of the
 3 unpaid ~~time~~ balance, in which event the installment buyer shall
 4 have the right to an option, at the time ~~such~~ **the** larger payment
 5 ~~shall become~~ **becomes** due, to make ~~such~~ **the larger** payment or to
 6 enter into a second contract, ~~which contract shall conform that~~
 7 **conforms** to all the provisions of this act except that the
 8 ~~refinance~~ **finance** charge **rate** provided for in ~~such~~ **the** second
 9 contract ~~shall~~ **must** not exceed the finance charge rate provided for
 10 in the first 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. USC 1601 to~~
 13 ~~1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1638, 1640 to 1647,~~
 14 ~~and 1661 to 1667e~~ **1667f**, is compliance with the disclosure
 15 provisions ~~of~~ **under** section ~~13~~ **13(2)** and ~~of~~ section 2 of ~~Act No.~~
 16 ~~305 of the Public Acts of 1939, being section 566.302 of the~~
 17 ~~Michigan Compiled Laws.~~ **1939 PA 305, MCL 566.302.**

18 Sec. 28. **(1)** ~~(a)~~ At any time after execution of an installment
 19 sale contract and ~~within~~ **not later than** 1 year after ~~termination of~~
 20 ~~such~~ **the** contract **is marked paid and returned**, the holder of ~~such~~
 21 **the** contract shall furnish the buyer, ~~upon~~ **on** request, with a
 22 complete and detailed statement of account showing **the following:**

23 **(a)** ~~1.~~ All amounts paid by the buyer on account of the
 24 obligation, dates of payment and the allocation of ~~such~~ **the**
 25 payments to reduction of the time balance, refinance charges,
 26 default charges, court costs, ~~attorney's~~ **attorney** fees, expenses of
 27 retaking, repairing, storing, or otherwise.

28 **(b)** ~~2.~~ All amounts credited to the buyer ~~as rebates for~~
 29 ~~prepayment and~~ **from** unexpired premiums on insurance

1 ~~cancelled.~~**canceled or any other ancillary products.**

2 (c) ~~3.~~The amount of the installment payments, accrued charges
3 and expenses incurred, if any, ~~which~~**that** are due and payable.

4 (d) ~~4.~~The number and amount of installment payments to become
5 due and payable, if any, and the due dates ~~thereof.~~**of the payments.**

6 (2) ~~(b)~~The **holder shall provide the** buyer ~~shall be furnished~~
7 with 1 ~~such~~ statement of account without charge during the term of
8 the contract or ~~within~~**not later than** 1 year after termination, and
9 the holder may require payment of a fee of 50 cents for any
10 additional statements.

11 (3) ~~(e)~~The holder shall furnish the buyer, ~~upon~~**on** request
12 and ~~upon~~**on** payment of a fee of 50 cents, with a duplicate copy of
13 the installment sale contract to replace the buyer's copy of ~~such~~
14 **the** contract ~~which~~**that** is required to be furnished to the buyer
15 without charge at the time of execution of the contract.

16 Sec. 29. ~~(a)~~Whenever payment is made on account of any
17 installment sale contract, the person receiving ~~such~~**the** payment
18 shall, at the time of receiving ~~such~~**the** payment, furnish to the
19 buyer or to the person making the payment on behalf of the buyer, a
20 ~~complete written receipt therefor, if requested. A receipt must be~~
21 ~~given if payment is made in cash.~~

22 ~~(b) Such receipt shall show the date of payment, the amount of~~
23 ~~the payment, and shall identify the obligation to which such~~
24 ~~payment is applicable.~~

25 ~~(c) When issued for payments made at any office of the holder~~
26 ~~or mailed to such office, which payments are applied to reduction~~
27 ~~of the time balance, such receipt shall, if requested by the buyer,~~
28 ~~also set forth the unpaid time balance remaining due after~~
29 ~~crediting such payment. If such payment includes default charges~~

1 ~~authorized by this act, the amount of such default charges shall be~~
 2 ~~set forth on the receipt independently of the payment applied to~~
 3 ~~reduction of the time balance.~~

4 ~~(d) When the buyer elects to make such payments by mail, the~~
 5 ~~holder may require the buyer to supply a self-addressed stamped~~
 6 ~~envelope as a condition for mailing such receipt to him, if he has~~
 7 ~~been previously notified of such condition.~~

8 **plain and complete receipt that shows all of the following:**

- 9 (a) **The date of the payment.**
 10 (b) **The amount of the payment.**
 11 (c) **The obligation to which the payment is applicable.**
 12 (d) **The amount applied to charges.**
 13 (e) **The amount applied to principal, if any.**
 14 (f) **The unpaid principal balance.**

15 Sec. 30. (1) ~~(a) Upon~~ **On** payment in full of the ~~time balance~~
 16 **principal amount financed, the earned finance charge,** and other
 17 amounts lawfully due under an installment sale contract, the holder
 18 shall ~~, unless the buyer is otherwise indebted to the holder and~~
 19 ~~has secured such debt by lien upon the motor vehicle:~~

20 1. ~~Return to the buyer the original of all instruments~~
 21 ~~evidencing indebtedness or constituting security under an~~
 22 ~~installment sale contract, which were signed by the buyer or his~~
 23 ~~sureties or guarantors in conjunction with such contract, excepting~~
 24 ~~such instruments as are filed or recorded with a public official~~
 25 ~~and retained in the files of such official, and~~

26 2. ~~Release all security interest in the motor vehicle or in~~
 27 ~~collateral security to the obligation of the buyer under such~~
 28 ~~contract, and~~

29 3. ~~Deliver to the buyer all documents of title obtained from~~

1 ~~him,~~ provide to the buyer a copy of the installment contract stamped
 2 paid, termination of lien, and a final statement of account showing
 3 a zero balance.

4 (2) ~~(b)~~—When the final payment on an installment sale contract
 5 is made in cash, money order, or equivalent tender, by the buyer or
 6 ~~his—the buyer's~~ authorized representative, at the office of the
 7 holder, a legal discharge of this encumbrance ~~, shall—must~~ be
 8 delivered at the time of ~~such—the~~ tender of payment. ~~, if demanded~~
 9 ~~by the buyer; otherwise delivery may be made at a later date in~~
 10 ~~person or by mail as may be arranged between buyer and holder.~~ All
 11 other instruments referred to in this section shall ~~—must~~ be
 12 delivered or mailed to the buyer ~~within—not later than~~ 25 days ~~of~~
 13 **after** the date of final payment.

14 Sec. 31. (1) ~~(a)~~—A licensee under this act shall not charge,
 15 contract for, collect, or receive from the buyer, directly or
 16 indirectly, any further or other amount for costs, charges,
 17 examination, appraisal, service, brokerage, commission, expense,
 18 interest, discount, fees, fines, penalties, or other thing of value
 19 in connection with the retail sale of a motor vehicle under an
 20 installment sale contract in excess of the cost of insurance
 21 premiums, other costs, the finance charges, ~~refinance charges,~~
 22 default charges, recording and satisfaction fees, court costs,
 23 ~~attorney's—attorney~~ fees, and expenses of retaking, repairing, and
 24 storing a repossessed motor vehicle ~~which—that~~ are authorized ~~by~~
 25 **under** this act.

26 (2) ~~(b)~~—A licensee under this act shall not collect any charge
 27 in connection with a contemplated sale of a motor vehicle under an
 28 installment sale contract if the contract is not consummated. This
 29 subsection does not affect the legal status of a deposit paid by a

1 prospective buyer to a seller as a binder on the contemplated
2 purchase of a motor vehicle.

3 (3) ~~(e)~~—An insurance company, agent, or broker shall not pay
4 or cause to be paid, directly or indirectly, to any installment
5 seller, ~~nor shall any~~ **and an** installment seller **must not** receive
6 from any insurance company, agent, or broker, any portion of an
7 insurance premium involved in the retail installment sale of a
8 motor vehicle other than for the benefit of the installment buyer,
9 and all payments ~~shall~~ **must** be held by the installment seller in
10 trust for the benefit of the installment buyer and ~~shall~~ **must** be
11 paid to the installment buyer within 30 days, unless used in
12 procuring comparable insurance or credited to matured unpaid
13 installments under the contract as provided in section ~~16(f)~~ **16(6)**.

14 (4) ~~(d)~~—Whenever in an installment sale contract under this
15 act the seller or any subsequent holder has charged, contracted
16 for, collected, or received from the buyer prohibited costs or
17 charges in connection with the contract, all the costs and charges
18 in connection with the contract, other than for insurance, ~~shall be~~
19 **are** void and unenforceable. ~~and any amounts paid by the buyer for~~
20 ~~such costs and charges, other than insurance, shall be applied on~~
21 ~~the principal of the contract.~~

22 (5) ~~(e)~~—If a motor vehicle is covered by an installment sale
23 contract, the buyer shall not transfer equity in that vehicle to
24 another person without the written consent of the holder of the
25 sale contract. The holder of the sale contract may charge a
26 transfer fee of \$25.00.

27 Sec. 34. (1) ~~(a)~~—The expiration, surrender, or revocation of a
28 license, issued ~~pursuant to~~ **under** this act, ~~shall not~~ **does not**
29 impair or affect the obligation of any motor vehicle installment

1 sale contract entered into lawfully or lawfully acquired by a
 2 holder. ~~: Provided, however, That the holder of such contracts~~
 3 ~~shall forfeit the right to charge, contract for, receive or collect~~
 4 ~~refinance charges authorized by this act for renewal of a contract,~~
 5 ~~if the license of such holder expired, was surrendered, or was~~
 6 ~~revoked prior to the date of such renewal.~~

7 (2) ~~(b)~~ A licensee whose license has expired, was surrendered,
 8 or was revoked ~~may thereafter~~ **shall, within 60 days,** sell,
 9 transfer, or assign contracts entered into or acquired ~~prior~~
 10 ~~thereto~~ **before the expiration, surrender, or revocation of the**
 11 **license** to any ~~a~~ licensed sales finance company or ~~banking~~
 12 **financial** institution. ~~, and such~~ A sales finance company or
 13 ~~banking~~ **financial** institution acquiring ~~such~~ **contracts under this**
 14 **subsection** may renew ~~such the~~ contracts in accordance with ~~the~~
 15 ~~provisions of this act.~~

16 (3) ~~(c)~~ A licensee whose license has expired, was surrendered,
 17 or was revoked shall not ~~thereafter enter~~ **do either of the**
 18 **following after the expiration, surrender, or revocation of the**
 19 **license:**

20 (a) **Enter** into new contracts for the retail sale ~~of~~ motor
 21 vehicles under installment sale contracts. ~~, and shall not~~
 22 ~~thereafter discount,~~

23 (b) **Discount,** purchase, or otherwise acquire ~~such~~ **installment**
 24 **sale** contracts.

25 **Sec. 37a. (1) A person that intentionally makes a false**
 26 **statement, misrepresentation, or false certification in a record or**
 27 **document filed or required to be maintained under this act or that**
 28 **intentionally makes a false entry or omits a material entry in a**
 29 **record may be ordered to pay a civil fine of not more than**

1 \$15,000.00.

2 (2) A person that knowingly engages in an activity for which a
3 license is required under this act and is not licensed under this
4 act is guilty of a felony punishable by imprisonment for not more
5 than 3 years or a fine of not more than \$15,000.00, or both.

6 (3) A court shall order a person convicted of violating
7 subsection (2) to pay restitution as provided under section 1a of
8 chapter IX of the code of criminal procedure, 1927 PA 175, MCL
9 769.1a, and the William Van Regenmorter crime victim's rights act,
10 1985 PA 87, MCL 780.751 to 780.834.

11 (4) The administrator may assess a civil fine against a person
12 that violates this act, a rule promulgated under this act, or an
13 order or ruling issued by the administrator under this act, or any
14 other applicable state or federal law in an amount that does not
15 exceed \$1,000.00 for each violation, plus this state's costs and
16 expenses for the investigation and prosecution of the matter,
17 including reasonable attorney fees.

18 Enacting section 1. Sections 37 and 41 of the motor vehicle
19 sales finance act, 1950 (Ex Sess) PA 27, MCL 492.137 and 492.141,
20 are repealed.

21 Enacting section 2. This amendatory act does not take effect
22 unless all of the following bills of the 102nd Legislature are
23 enacted into law:

24 (a) Senate Bill No. ____ or House Bill No. 5355 (request no.
25 03158'23 a).

26 (b) Senate Bill No. ____ or House Bill No. 5356 (request no.
27 03158'23 b).

28 (c) Senate Bill No. ____ or House Bill No. 5357 (request no.
29 03158'23 c).

1 (d) Senate Bill No. ____ or House Bill No. 5358 (request no.
2 03158'23 d).

3 (e) Senate Bill No. ____ or House Bill No. 5359 (request no.
4 03158'23 e).

5 (f) Senate Bill No. ____ or House Bill No. 5360 (request no.
6 03158'23 f).

7 (g) Senate Bill No. ____ or House Bill No. 5361 (request no.
8 03158'23 g).

9 (h) Senate Bill No. ____ or House Bill No. 5362 (request no.
10 03158'23 h).

11 (i) Senate Bill No. ____ or House Bill No. 5363 (request no.
12 03158'23 i).

13 (j) Senate Bill No. ____ or House Bill No. 5364 (request no.
14 03158'23 j).

15 (k) Senate Bill No. ____ or House Bill No. 5365 (request no.
16 03158'23 k).

17 (l) Senate Bill No. ____ or House Bill No. 5366 (request no.
18 03158'23 l).

19 (m) Senate Bill No. ____ or House Bill No. 5367 (request no.
20 03158'23 m).