

RETAIL INSTALLMENT SALES ACT (EXCERPT)
Act 224 of 1966

445.873 Time price differential consisting of interest on amount of unpaid principal balance of contract; modifications.

Sec. 23.

Instead of a time price differential computed on the original principal balance, the seller may charge from time to time a time price differential consisting of interest on the amount of the unpaid principal balance of the contract. The transaction is subject to this act as modified by the following provisions:

(a) The number and amount of installment payments required to be stated under section 3 may be estimated for purposes of this section assuming that each scheduled payment is made on the date it is due and in the scheduled amount.

(b) The holder of the contract has the option of deferring interest charges that accrue due to installment payments being received later than the periodic installment due date. The deferred interest charge shall be computed on the basis of additional interest charges accruing for late installment payments and appropriate interest reductions for installment payments made before the due date. On contracts providing for equal monthly installments, if the final installment is more than 105% of a previous installment as a result of the deferred interest charges, the installment buyer shall be given the option to pay the deferred interest charges not less than 25 days after the date the last installment payment is due.

(c) If the entire principal balance is prepaid in full, together with all interest incurred to the date of prepayment, the balance of the original time price differential shall be canceled and the provisions of section 8 respecting a refund credit shall not be applicable.

History: Add. 1978, Act 97, Imd. Eff. Apr. 5, 1978 ;-- Am. 1995, Act 167, Eff. Mar. 28, 1996