

**MOTOR VEHICLE SALES FINANCE ACT (EXCERPT)**  
**Act 27 of 1950 (Ex. Sess.)**

**492.102 Definitions.**

Sec. 2.

As used in this act:

- (a) "Administrator" means the director of the department of insurance and financial services.
- (b) "Cash price" means the price measured in dollars at which a seller of a motor vehicle would in good faith sell to the buyer or to any other buyer under like circumstances, and the buyer would in good faith buy from the seller, the motor vehicle that is the subject matter of an installment sale contract if the sale were a sale for cash instead of an installment sale.
- (c) "Collateral security" means security, other than a security interest in a motor vehicle that is the subject of an installment sale contract, that is given to secure performance of an obligation of the buyer, or of any surety or guarantor for the buyer, under an installment sale contract. Collateral security includes the undertakings of any surety or guarantor for the buyer and any interest in, encumbrance on, or pledge of real or personal property other than the motor vehicle that is the subject of the installment sale contract.
- (d) "Down payment" means all partial payments, whether made in cash or otherwise, received by or for the benefit of the seller before or substantially contemporaneous with either the execution of the installment sale contract or the delivery of the motor vehicle sold under that contract, whichever occurs later.
- (e) "Finance charge" means that term as defined in section 106 of the truth in lending act, 15 USC 1605.
- (f) "Financial institution" means a state or national chartered bank, a state or federal chartered savings and loan association, or a state or federal chartered credit union.
- (g) "Holder" means a seller or other person that is currently entitled to the rights of a seller under an installment sale contract.
- (h) "Installment buyer" or "buyer" means a person that buys, hires, or leases a motor vehicle for personal, family, or household use, and not for commercial, business, or agricultural use, under an installment sale contract or a legal successor in interest to that person.
- (i) "Installment sale contract" or "contract" means an agreement for the retail sale of a motor vehicle, or that has a similar purpose or effect, under which part or all of the price is payable in 2 or more scheduled payments subsequent to the making of the agreement or under which the obligor undertakes to make 2 or more scheduled payments or deposits that can be used to pay part or all of the purchase price, whether or not the seller has retained a security interest in the motor vehicle or has taken collateral security for the buyer's obligation, and any extension, deferment, renewal, or other revision of that agreement. Installment sale contract and contract include a loan, mortgage, conditional sale contract, purchase-money chattel mortgage, hire-purchase agreement, or agreement for the bailment or lease of a motor vehicle under which the hire-purchaser, the bailee, or the lessee agrees to pay as compensation a sum substantially equivalent to or in excess of the value of the motor vehicle, and any other form of agreement that has a similar purpose or effect. Installment sale contract and contract do not include a sale or contract for sale on an open book account in which the seller has not retained or taken a security interest in the motor vehicle sold or collateral security for the buyer's obligation, the buyer is not required to pay any sum other than the cash price of the motor vehicle sold in connection with the sale or extension of credit, and the buyer is obligated to pay for the motor vehicle in full not later than 90 days after the time the sale or contract for sale was made.
- (j) "Installment seller" or "seller" means a person engaged in the business of selling, offering for sale, hiring, or leasing motor vehicles under installment sale contracts or a legal successor in interest to that person. As used in this subdivision, "business" does not include an isolated sale.
- (k) "Licensed financial institution" means a financial institution issued a license under this act.
- (l) "Licensee" means a person issued a license under this act as an installment seller or a sales finance company and whose license has not expired or been surrendered or revoked, and in the plural means a person or persons licensed under 1 or both of these 2 classifications. Licensee includes a licensed financial institution.
- (m) "Motor vehicle" means a self-propelled device by which a person or property may be transported on a public highway or, subject to subparagraph (iv), a recreational vehicle. Motor vehicle does not include any of the following:
  - (i) A tractor, motorcycle, trailer, semitrailer, or power shovel.
  - (ii) Road machinery, agricultural machinery, or other machinery not designed primarily for highway transportation but that incidentally transports persons or property on a public highway.
  - (iii) A device that moves on or is guided by a track or travels through the air.
  - (iv) A recreational vehicle that does not have its own motive power; is sold by a person engaged solely in the business of selling, offering for sale, hiring, or leasing recreational vehicles that do not have their own motive

power; and is sold under a retail installment contract or retail charge agreement that meets the requirements of the retail installment sales act, 1966 PA 224, MCL 445.851 to 445.873.

(n) "New motor vehicle" means a motor vehicle that is not and has not been a demonstrator, an executive or manufacturer's motor vehicle, a leased motor vehicle, or a used or secondhand motor vehicle.

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

(p) "Principal amount financed" means the unpaid cash price balance after deducting the down payment, adding the cost of any insurance premiums required or obtained as security for or by reason of the sale of a motor vehicle under an installment sale contract, and adding other costs necessary or incidental to the sale of the motor vehicle under the contract that the seller contracts to pay on behalf of the buyer and for the amount of which the seller agrees to extend credit to the buyer and for which the buyer contracts voluntarily.

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

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

(s) "Sales finance company" means a person engaged as a principal, agent, or broker in the business of financing or soliciting the financing of installment sale contracts made between other parties, and in the business of acquiring, investing in, or lending money or credit on the security of the retail seller's interest in those contracts whether by discount, purchase, or assignment of those contracts, or otherwise. Sales finance company includes a licensee or other person that as a seller finances installment sale contracts for other sellers or sales finance companies. Sales finance company includes a licensed financial institution. Sales finance company does not include any of the following:

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

(ii) A person that purchases installment sale contracts from a sales finance company or from a licensed financial institution.

(t) "Security interest" means a property right in a motor vehicle that is the subject of an installment sale contract, if the right is retained to secure performance of an obligation of the buyer under that contract. Security interest includes a lien or encumbrance against the motor vehicle, a mortgage interest in the motor vehicle, and a reservation of title to the motor vehicle, whether or not expressed to be absolute, if the title is in substance retained only for security.

(u) "Time balance" means the sum of the principal amount financed and the finance charge.

(v) "Used or secondhand motor vehicle" means a motor vehicle to which a certificate of title and license plates have been issued and which motor vehicle has been registered for use on the highways by a consumer or by a dealer.

**History:** 1950, Ex. Sess., Act 27, Eff. Mar. 31, 1951 ;-- Am. 1951, Act 171, Imd. Eff. June 8, 1951 ;-- Am. 1952, Act 103, Eff. July 1, 1952 ;-- Am. 1970, Act 114, Imd. Eff. July 23, 1970 ;-- Am. 1984, Act 339, Eff. Mar. 29, 1985 ;-- Am. 1995, Act 166, Eff. Mar. 28, 1996 ;-- Am. 2013, Act 16, Imd. Eff. Apr. 23, 2013 ;-- Am. 2024, Act 94, Imd. Eff. July 23, 2024