

SENATE BILL No. 509

July 12, 1989, Introduced by Senator O'BRIEN and
referred to the Committee on Commerce and Technology.

A bill to require the inclusion of certain statements in
lease contracts involving motor vehicles.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Lease contract" means a contract for or in contempla-
3 tion of the lease for the use of a motor vehicle and for services
4 incidental to the lease of that motor vehicle by a person for a
5 term exceeding 120 days.

6 (b) "Lessee" means a person who leases, offers to lease, or
7 is offered the lease of a motor vehicle under a lease contract.

8 (c) "Lessor" means a person who is engaged in the business
9 of leasing, offering to lease, or arranging the lease of a motor
10 vehicle under a lease contract.

1 (d) "Motor vehicle" means a vehicle which is self-propelled
2 and which is primarily intended for the transport of persons,
3 including passenger vans and minivans.

4 Sec. 2. (1) A lease contract involving a motor vehicle
5 shall contain a specific statement in a separate paragraph advis-
6 ing the lessee that the residual value of the motor vehicle as
7 determined by the lessor may be different than the insured value
8 of the motor vehicle as determined by the insurer of the
9 vehicle.

10 (2) If upon the destruction, theft, or loss of a leased
11 motor vehicle the lessee is required to pay the difference
12 between the residual value and the insured value to the lessor, a
13 specific statement explaining this fact shall be included in the
14 lease contract immediately after the statement required by
15 subsection (1) with a line on which the lessee shall sign indi-
16 cating that he or she has read this statement and understands its
17 content.