

HOUSE BILL No. 5491

December 8, 2005, Introduced by Reps. Gonzales, Polidori, Zelenko, Espinoza, Plakas, Garfield, Farrah, Clack, Wojno, Gleason, Anderson, Vagnozzi, Lipsey and Lemmons, III and referred to the Committee on Commerce.

A bill to establish a right of an individual entering military service for more than 90 days to cancel a motor vehicle lease; and to prescribe penalties and provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) If an individual who has entered military service
2 for a period of more than 90 consecutive days is a lessee, or 1 of
3 the lessees, of a noncommercial motor vehicle for personal use at
4 the time he or she enters military service, the individual may
5 cancel the vehicle lease by giving written notice of cancellation
6 to the lessor or the lessor's assignor at any time after the
7 individual receives the order to enter military service and
8 returning the leased vehicle to the lessor or the lessor's
9 assignor.

1 (2) If a vehicle lease canceled under subsection (1) provides
2 for monthly installment payments, the cancellation is effective on
3 the last day of the month following the month in which the
4 individual entering military service gives notice of cancellation
5 or when the leased vehicle is returned to the lessor or the
6 lessor's assignor, whichever is later. If a vehicle lease canceled
7 under subsection (1) does not provide for monthly installment
8 payments, the cancellation is effective on the date the next lease
9 payment is due or when the leased vehicle is returned to the lessor
10 or the lessor's assignor, whichever is later.

11 (3) If an individual cancels a lease under subsection (1), the
12 individual and any cosigner on the lease have no further liability
13 to the lessor or the lessor's assignor after the effective date of
14 the cancellation, except that the individual and any cosigner are
15 obligated to the lessor or assignor for any damages to the vehicle
16 and excess mileage over the pro rata amount permitted as of the
17 effective date of cancellation of the lease. The lessor or
18 lessor's assignor shall not impose any penalty or charge on the
19 individual or any cosigner on the lease for early cancellation of
20 the lease.

21 (4) As used in this section, "lease" includes a lease with an
22 option to purchase.

23 Sec. 2. (1) A vehicle lessor or assignor of a lessor that
24 knowingly violates this act is guilty of a misdemeanor punishable
25 by imprisonment for not more than 180 days or a fine of not more
26 than \$1,000.00, or both.

27 (2) In an action under subsection (1), the court may order the

1 repayment of all or part of any previous installments or deposits
2 made by the lessee of the vehicle lease as a condition of
3 terminating the lease.

4 (3) In an action under subsection (1), the court may, and
5 shall if requested by the individual in military service or an
6 individual on his or her behalf, order a stay of the proceedings or
7 other equitable relief that the court determines is equitable to
8 conserve the interests of all of the parties. A stay ordered under
9 this subsection shall not terminate before the individual leaves
10 military service or terminate more than 6 months after the
11 individual leaves military service.