

# HOUSE BILL NO. 5430

October 20, 2021, Introduced by Reps. Witwer, Beeler, Damoose and Hertel and referred to the Committee on Regulatory Reform.

A bill to amend 1966 PA 224, entitled  
"Retail installment sales act,"  
by amending section 3 (MCL 445.853), as amended by 2009 PA 232.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 3. ~~Each~~**A** retail installment contract ~~shall~~**must** be in  
2 writing, dated, signed by the retail buyer or the authorized  
3 representative of the retail buyer and completed as to all  
4 essential provisions, except as otherwise provided in sections 5  
5 and 6. A seller, agent of the seller, or employee of the seller,

1 acting in the course of his or her employment shall not act as the  
2 authorized representative of a retail buyer under this act.

3 (a) The printed or typed portion of the contract, other than  
4 instructions for completion, ~~shall~~**must** be in a size equal to at  
5 least 8-point type. The contract ~~shall~~**must** be designated "retail  
6 installment contract" and ~~shall~~**must** contain substantially the  
7 following notice printed or typed in a size equal to at least 10-  
8 point bold type:

9 "Notice to the buyer: Do not sign this contract before you  
10 read it or if it contains blank spaces. You are entitled to a copy  
11 of the contract you sign. You are entitled to a partial return of  
12 the finance charge if you prepay the balance."

13 (b) The retail seller shall deliver to the retail buyer, or  
14 mail to him or her at his or her address shown on the retail  
15 installment contract, a copy of the contract as accepted by the  
16 seller. Until the seller delivers or mails a copy of the contract,  
17 the buyer, to any extent that he or she has not received delivery  
18 of the goods or been furnished or rendered the services, has the  
19 right to rescind his or her contract and to receive a refund of all  
20 payments made and return of all goods traded in to the seller on  
21 account of or in contemplation of the contract, or if those goods  
22 cannot be returned, the value of the goods. Any reliance by a  
23 holder other than the seller on written acknowledgment by the buyer  
24 of delivery of a copy of the contract ~~shall~~**must** be based ~~upon~~**on** a  
25 statement in a size equal to at least 10-point bold type and, if  
26 contained in the contract, ~~shall~~**must** appear directly above the  
27 buyer's signature or the signature of the authorized representative  
28 of the buyer and ~~shall~~**must** require a separate signature of the  
29 buyer or the authorized representative of the buyer.

1 (c) The retail installment contract ~~shall~~**must** contain the  
2 names of the seller and the buyer, the place of business of the  
3 seller, the residence or other address of the buyer as specified by  
4 the buyer, and a description or identification of the goods sold or  
5 to be sold, or services furnished or rendered or to be furnished or  
6 rendered.

7 (d) The retail installment contract ~~shall~~**must** contain the  
8 following items:

9 (1) The cash sale price of the goods or services.

10 (2) The amount of the buyer's down payment, identifying the  
11 amounts paid in money and allowed for goods traded in.

12 (3) The difference between subparagraphs (1) and (2).

13 (4) The itemized amounts of official fees.

14 (5) The aggregate amount, if any, included for insurance, if a  
15 separate identified charge is made ~~therefor~~**, for the insurance**,  
16 specifying the type or types of insurance and the term or terms of  
17 coverage.

18 (6) If the retail installment transaction involves goods that  
19 are a vehicle, the cost of any ~~guaranteed asset~~**motor vehicle**  
20 **financial** protection ~~waiver~~**product** that the seller agrees to  
21 extend credit to the buyer to obtain. For purposes of this  
22 subparagraph, all of the following apply:

23 (i) ~~"Guaranteed asset"~~**"Motor vehicle financial** protection  
24 ~~waiver"~~**product"** means that term as defined in section 3 of the  
25 ~~guaranteed asset~~**motor vehicle financial** protection ~~waiver~~**products**  
26 act, **2009 PA 229, MCL 492.23.**

27 (ii) "Vehicle" means goods that are a motor vehicle, as that  
28 term is defined in section 3 of the ~~guaranteed asset~~**motor vehicle**  
29 **financial** protection ~~waiver~~**products** act, **2009 PA 229, MCL 492.23,**

1 that is not subject to the motor vehicle sales finance act, 1950  
2 (Ex Sess) PA 27, MCL 492.101 to 492.141.

3 (iii) A ~~guaranteed asset~~ **motor vehicle financial** protection  
4 ~~waiver~~ **product** may be included as part of, or as an addendum to, a  
5 retail installment contract.

6 (iv) A retail seller that offers, sells, or provides ~~guaranteed~~  
7 ~~asset~~ **motor vehicle financial** protection ~~waivers~~ **products** to retail  
8 buyers in this state must comply with the ~~guaranteed asset~~ **motor**  
9 **vehicle financial** protection ~~waiver~~ **products** act, **2009 PA 229, MCL**  
10 **492.21 to 492.34.**

11 (v) Any cost to a retail buyer for a ~~guaranteed asset~~ **motor**  
12 **vehicle financial** protection ~~waiver~~ **product** entered into in  
13 compliance with the truth in lending act, 15 USC 1601 to 1667f, and  
14 the regulations promulgated under that act, 12 CFR part 226, must  
15 be separately stated and is not considered a finance charge or  
16 interest.

17 (7) The principal balance, which is the total of the amounts  
18 described in subparagraphs (3), (4), (5), and (6).

19 (8) The amount of the time price differential for the full  
20 term of the contract.

21 (9) The amount of the time balance owed by the buyer to the  
22 seller, which is the total of the amounts described in  
23 subparagraphs (7) and (8).

24 (10) Except as otherwise provided in this subparagraph, the  
25 maximum number of installment payments required and the amount of  
26 each installment and the due date of each payment necessary to pay  
27 the time balance set forth in subparagraph (9). If installment  
28 payments other than the final payment are stated as a series of  
29 equal schedule amounts and if the amount of the final installment

1 payment does not substantially exceed the scheduled amount of each  
2 preceding installment payment, the maximum number of payments and  
3 the amount and due date of each payment need not be separately  
4 stated and the amount of the scheduled final installment payment  
5 may be stated as the remaining unpaid balance. The due date of the  
6 first installment payment may be fixed by a day or date or may be  
7 fixed by reference to the date of the contract or to the time of  
8 delivery or installation.

9 (11) The time sale price.

10 (12) If any installment, except the down payment, is more than  
11 double the average of all other installments, except the down  
12 payment, the following legend printed in at least 10-point bold  
13 type or typewritten: "This contract is not payable in installments  
14 of equal amounts", followed, if there is but 1 larger installment,  
15 by: "An installment of \$..... will be due on ....."  
16 or, if there is more than 1 larger installment, by: "larger  
17 installments will be due as follows: .....", in the latter  
18 case inserting the amount of every larger installment and of its  
19 due date. The above items need not be stated in the sequence or  
20 order set forth; additional items may be included to explain the  
21 computations made in determining the amount to be paid by the  
22 buyer.

23 (13) A notice to the buyer that on his or her request the  
24 seller must provide or make available for examination by the buyer  
25 a statement or table showing how the partial refund of the time  
26 price charge is to be computed if any balance of the contract is  
27 prepaid.

28 (14) A statement that the seller retains a security interest  
29 in the subject matter of the retail installment contract or retail

1 charge agreement if he or she does so and a statement setting forth  
2 the nature and terms of the security interest retained, and the  
3 following legend printed in at least 10-point bold type or  
4 typewritten: "The seller retains a security interest in the subject  
5 matter of this agreement".

6 Enacting section 1. This amendatory act takes effect, and  
7 applies to a motor vehicle financial protection product that  
8 becomes effective on or after, 180 days after the date this  
9 amendatory act is enacted into law.

10 Enacting section 2. This amendatory act does not take effect  
11 unless Senate Bill No. \_\_\_\_\_ or House Bill No. 5429 (request no.  
12 04458'21) of the 101st Legislature is enacted into law.