

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

492.114a Evidence of obligation; holder subject to claims and defenses of buyer; limitation on buyer's recovery; mandatory provision in installment sale contract; sales to which section applicable; action to collect debt; designation of disinterested third party to receive payments; amount and distribution of payments.

Sec. 14a.

(a) A person shall not take a negotiable instrument, other than a currently dated check or draft, as evidence of the obligation of the buyer in a retail sale of a motor vehicle.

(b) A holder of an installment sale contract is subject to all the claims and defenses of the buyer arising out of the installment transaction, but the buyer's recovery shall not exceed the amount paid to the holder thereunder.

(c) An installment sale contract entered into under this act shall contain the following provision in at least 10-point boldface type:

Notice

Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amounts paid by the debtor hereunder.

(d) This section applies only to sales made pursuant to an installment sale contract.

(e) In an action by the holder to collect a debt from the buyer, the court, after notice to the buyer and a hearing, may designate a disinterested third party to receive payments from the buyer. If the court finds that the buyer will not be unreasonably burdened nor deprived of adequate transportation by making the payments, an amount up to but not greater than the amount of each time balance payment due shall be paid to the disinterested third party as it becomes due during the period of litigation. At the conclusion of the litigation these payments shall be distributed pursuant to the judgment of the court.

History: Add. 1978, Act 149, Eff. Jan. 1, 1979 ;-- Am. 1980, Act 77, Imd. Eff. Apr. 3, 1980