

Act No. 361  
Public Acts of 2000  
Approved by the Governor  
December 28, 2000  
Filed with the Secretary of State  
December 28, 2000  
EFFECTIVE DATE: July 1, 2001

**STATE OF MICHIGAN  
90TH LEGISLATURE  
REGULAR SESSION OF 2000**

Introduced by Reps. Baird, Law, Shulman, Sanborn, Kukuk, LaSata, Minore, Schermesser, Koetje, Voorhees, Hart, Richner, Switalski and Faunce

# **ENROLLED HOUSE BILL No. 5416**

AN ACT to amend 1950 (Ex Sess) PA 27, entitled "An act defining and regulating certain installment sales of motor vehicles; prescribing the conditions under which such sales may be made and regulating the financing thereof; regulating and licensing persons engaged in the business of making or financing such sales; prescribing the form, contents and effect of instruments used in connection with such sales and the financing thereof; prescribing certain rights and obligations of buyers, sellers, persons financing such sales and others; limiting charges in connection with such instruments and fixing maximum interest rates for delinquencies, extensions and loans; regulating insurance in connection with such sales; regulating repossessions, redemptions, resales and deficiency judgments and the rights of parties with respect thereto; authorizing extensions, loans and forbearances related to such sales; authorizing investigations and examinations of persons engaged in the business of making or financing such sales; transferring certain powers and duties with respect to finance companies to the commissioner of the financial institutions bureau; and prescribing penalties," by amending section 14 (MCL 492.114).

*The People of the State of Michigan enact:*

Sec. 14. (a) An installment sale contract shall not be signed by a party to the contract unless it contains all of the information and statements required by this act.

(b) An installment sale contract shall not contain an acceleration clause under which any part or all of the time balance represented by payments, not yet matured, may be declared immediately payable because the seller or holder deems itself to be insecure.

(c) An installment sale contract shall not contain a provision authorizing a person acting on behalf of the seller or holder to enter upon premises of the buyer unlawfully or to commit a breach of the peace in the repossession of the motor vehicle or collateral security. A right of repossession of a motor vehicle provided in an installment sale contract shall be exercised only in the manner provided in part 6 of article 9 of the uniform commercial code, 1962 PA 174, MCL 440.9601 to 440.9628, concerning taking possession of and disposing of collateral.

(d) An installment sale contract shall not contain a provision by which the buyer waives a right of action against the seller, holder, or other person acting on behalf of the holder for an illegal act committed in the collection of the payments under the contract or in the repossession of the motor vehicle or collateral security.

(e) An installment sale contract shall not contain a provision by which the buyer executes a power of attorney appointing the seller, the holder, or the agent of the licensee as the buyer's agent in collection of the payments under the contract or in repossession of the motor vehicle sold or collateral security.

(f) An installment sale contract shall not contain a provision relieving the holder, or other assignee, from liability for legal remedies which the buyer has against the seller under the contract or under a separate instrument executed in connection with the contract.

Enacting section 1. This amendatory act takes effect July 1, 2001.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 5228 of the 90th Legislature is enacted into law.



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Clerk of the House of Representatives.



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Secretary of the Senate.

Approved .....

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Governor.