

# HOUSE BILL No. 4992

May 26, 2009, Introduced by Reps. Melton and Johnson and referred to the Committee on Insurance.

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

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

1           Sec. 3. Each retail installment contract shall be in writing,  
2           dated, signed by the retail buyer or the authorized representative  
3           of the retail buyer and completed as to all essential provisions,  
4           except as otherwise provided in sections 5 and 6. ~~No~~**A** seller,  
5           agent of the seller, or employee of the seller, acting in the  
6           course of his **OR HER** employment shall **NOT** act as the authorized  
7           representative of a retail buyer under this act.

8           (a) The printed or typed portion of the contract, other than

1 instructions for completion, shall be in a size equal to at least  
2 8-point type. The contract shall be designated "retail installment  
3 contract" and shall contain substantially the following notice  
4 printed or typed in a size equal to at least 10-point bold type:

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

9 (b) The retail seller shall deliver to the retail buyer, or  
10 mail to him **OR HER** at his **OR HER** address shown on the retail  
11 installment contract, a copy of the contract as accepted by the  
12 seller. Until the seller ~~does so, a~~ **DELIVERS OR MAILS A COPY OF THE**  
13 **CONTRACT, THE** buyer, to any extent that he **OR SHE** has not received  
14 delivery of the goods or been furnished or rendered the services,  
15 ~~shall have~~ **HAS** the right to rescind his **OR HER** contract and to  
16 receive a refund of all payments made and return of all goods  
17 traded in to the seller on account of or in contemplation of the  
18 contract, or if ~~such~~ **THOSE** goods cannot be returned, the value  
19 ~~thereof~~ **OF THE GOODS**. Any reliance by a holder other than the  
20 seller ~~upon~~ **ON** written acknowledgment by the buyer of delivery of a  
21 copy of the contract shall be based upon a statement in a size  
22 equal to at least 10-point bold type and, if contained in the  
23 contract, shall appear directly above the buyer's signature or the  
24 signature of the authorized representative of the buyer and shall  
25 require a separate signature of the buyer or the authorized  
26 representative of the buyer.

27 (c) The retail installment contract shall contain the names of

1 the seller and the buyer, the place of business of the seller, the  
2 residence or other address of the buyer as specified by the buyer,  
3 and a description or identification of the goods sold or to be  
4 sold, or services furnished or rendered or to be furnished or  
5 rendered.

6 (d) The retail installment contract shall contain the  
7 following items:

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

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

11 (3) The difference between ~~items~~ **SUBPARAGRAPHS** (1) and (2).

12 (4) The itemized amounts of official fees.

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

16 **(6) IF THE RETAIL INSTALLMENT TRANSACTION INVOLVES GOODS THAT**  
17 **ARE A VEHICLE, THE COST OF ANY GUARANTEED ASSET PROTECTION WAIVER**  
18 **THAT THE SELLER AGREES TO EXTEND CREDIT TO THE BUYER TO OBTAIN. FOR**  
19 **PURPOSES OF THIS SUBPARAGRAPH, ALL OF THE FOLLOWING APPLY:**

20 **(i) "GUARANTEED ASSET PROTECTION WAIVER" MEANS THAT TERM AS**  
21 **DEFINED IN SECTION 3 OF THE GUARANTEED ASSET PROTECTION WAIVER ACT.**

22 **(ii) "VEHICLE" MEANS GOODS THAT ARE A MOTOR VEHICLE, AS THAT**  
23 **TERM IS DEFINED IN SECTION 3 OF THE GUARANTEED ASSET PROTECTION**  
24 **WAIVER ACT, THAT IS NOT SUBJECT TO THE MOTOR VEHICLE SALES FINANCE**  
25 **ACT, 1950 (EX SESS) PA 27, MCL 492.101 TO 492.141.**

26 **(iii) A GUARANTEED ASSET PROTECTION WAIVER MAY BE INCLUDED AS**  
27 **PART OF, OR AS AN ADDENDUM TO, A RETAIL INSTALLMENT CONTRACT.**

1 (iv) A RETAIL SELLER THAT OFFERS, SELLS, OR PROVIDES GUARANTEED  
2 ASSET PROTECTION WAIVERS TO RETAIL BUYERS IN THIS STATE MUST COMPLY  
3 WITH THE GUARANTEED ASSET PROTECTION WAIVER ACT.

4 (v) ANY COST TO A RETAIL BUYER FOR A GUARANTEED ASSET  
5 PROTECTION WAIVER ENTERED INTO IN COMPLIANCE WITH THE TRUTH IN  
6 LENDING ACT, 15 USC 1601 TO 1667F, AND THE REGULATIONS PROMULGATED  
7 UNDER THAT ACT, 12 CFR PART 226, MUST BE SEPARATELY STATED AND IS  
8 NOT CONSIDERED A FINANCE CHARGE OR INTEREST.

9 (7) ~~(6)~~—The principal balance, WHICH IS THE TOTAL OF THE  
10 AMOUNTS DESCRIBED IN SUBPARAGRAPHS (3), (4), (5), AND (6).

11 (8) ~~(7)~~—The amount of the time price differential for the full  
12 term of the contract.

13 (9) ~~(8)~~—The amount of the time balance owed by the buyer to  
14 the seller, which is the ~~sum of items (6) and the amount set out~~  
15 ~~under item (7)~~—TOTAL OF THE AMOUNTS DESCRIBED IN SUBPARAGRAPHS (7)  
16 AND (8).

17 (10) ~~(9)~~—Except as otherwise provided in ~~the next 2 sentences~~  
18 THIS SUBPARAGRAPH, the maximum number of installment payments  
19 required and the amount of each installment and the due date of  
20 each payment necessary to pay the time balance set forth in ~~item~~  
21 ~~(8)~~—SUBPARAGRAPH (9). If installment payments other than the final  
22 payment are stated as a series of equal schedule amounts and if the  
23 amount of the final installment payment does not substantially  
24 exceed the scheduled amount of each preceding installment payment,  
25 the maximum number of payments and the amount and due date of each  
26 payment need not be separately stated and the amount of the  
27 scheduled final installment payment may be stated as the remaining

1 unpaid balance. The due date of the first installment payment may  
 2 be fixed by a day or date or may be fixed by reference to the date  
 3 of the contract or to the time of delivery or installation.

4 (11) ~~(10)~~—The time sale price.

5 (12) ~~(11)~~—If any installment, except the down payment, is more  
 6 than double the average of all other installments, except the down  
 7 payment, the following legend printed in at least 10-point bold  
 8 type or typewritten: "This contract is not payable in installments  
 9 of equal amounts", followed, if there is but 1 larger installment,  
 10 by: "An installment of \$..... will be due on ....."  
 11 or, if there is more than 1 larger installment, by: "larger  
 12 installments will be due as follows: .....", in the latter  
 13 case inserting the amount of every larger installment and of its  
 14 due date. The above items need not be stated in the sequence or  
 15 order set forth; additional items may be included to explain the  
 16 computations made in determining the amount to be paid by the  
 17 buyer.

18 (13) ~~(12)~~—A notice to the buyer that ~~upon~~**ON** his **OR HER**  
 19 request the seller must provide or make available for examination  
 20 by the buyer a statement or table showing how the partial refund of  
 21 the time price charge is to be computed if any balance of the  
 22 contract ~~should be~~**IS** prepaid.

23 (14) ~~(13)~~—A statement that the seller retains a security  
 24 interest in the subject matter of the retail installment contract  
 25 or retail charge agreement if he **OR SHE** does so and a statement  
 26 setting forth the nature and terms of the security interest  
 27 retained, and the following legend printed in at least 10-point

1 bold type or typewritten: "The seller retains a security interest  
2 in the subject matter of this agreement".

3 Enacting section 1. This amendatory act takes effect 180 days  
4 after the date this amendatory act is enacted into law.

5 Enacting section 2. This amendatory act does not take effect  
6 unless all of the following bills of the 95th Legislature are  
7 enacted into law:

8 (a) Senate Bill No. \_\_\_\_ or House Bill No. 4989 (request no.  
9 01431'09).

10 (b) Senate Bill No. \_\_\_\_ or House Bill No. 4990 (request no.  
11 01431'09 a).

12 (c) Senate Bill No. \_\_\_\_ or House Bill No. 4991 (request no.  
13 03124'09).