

# SENATE BILL NO. 344

May 23, 2023, Introduced by Senators OUTMAN, WOJNO, CAVANAGH, HERTEL and CHANG and referred to the Committee on Regulatory Affairs.

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~~ **the individual's** employment,  
2 shall not act as the authorized representative of a retail buyer  
3 under this act.

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

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

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

1 buyer and ~~shall~~**must** require a separate signature of the buyer or  
2 the authorized representative of the buyer.

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

9 (d) The retail installment contract ~~shall~~**must** contain **all of**  
10 the following items:

11 (i) ~~(1)~~The cash sale price of the goods or services.

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

14 (iii) ~~(3)~~The difference between subparagraphs ~~(1)~~**(i)** and  
15 ~~(2)~~**(ii)** .

16 (iv) ~~(4)~~The itemized amounts of official fees.

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

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

26 ~~(i)~~ "Guaranteed asset

27 **(A) "Motor vehicle financial** protection ~~waiver~~**product"** means  
28 that term as defined in section 3 of the ~~guaranteed asset~~**motor**  
29 **vehicle financial** protection ~~waiver~~**products** act, 2009 PA 229, MCL

1 **492.23.**

2 (B) ~~(ii)~~—"Vehicle" means goods that are a motor vehicle, as  
3 that term is defined in section 3 of the ~~guaranteed asset motor~~  
4 **vehicle financial protection waiver products** act, **2009 PA 229, MCL**  
5 **492.23**, that is not subject to the motor vehicle sales finance act,  
6 1950 (Ex Sess) PA 27, MCL 492.101 to 492.141.

7 (C) ~~(iii)~~—A ~~guaranteed asset motor vehicle financial~~ protection  
8 ~~waveer product~~ may be included as part of, or as an addendum to, a  
9 retail installment contract.

10 (D) ~~(iv)~~—A retail seller that offers, sells, or provides  
11 ~~guaranteed asset motor vehicle financial~~ protection ~~waveers~~  
12 **products** to retail buyers in this state must comply with the  
13 ~~guaranteed asset motor vehicle financial~~ protection ~~waveer products~~  
14 act, **2009 PA 229, MCL 492.21 to 492.34**.

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

21 (vii) ~~(7)~~—The principal balance, which is the total of the  
22 amounts described in subparagraphs ~~(3), (4), (5), (iii), (iv), (v),~~  
23 and ~~(6)~~. ~~(vi)~~.

24 (viii) ~~(8)~~—The amount of the time price differential for the  
25 full term of the contract.

26 (ix) ~~(9)~~—The amount of the time balance owed by the buyer to  
27 the seller, which is the total of the amounts described in  
28 subparagraphs ~~(7)~~ ~~(vii)~~ and ~~(8)~~. ~~(viii)~~.

29 (x) ~~(10)~~—Except as otherwise provided in this subparagraph,

1 the maximum number of installment payments required and the amount  
 2 of each installment and the due date of each payment necessary to  
 3 pay the time balance set forth in subparagraph ~~(9)~~—**(ix)**. If  
 4 installment payments other than the final payment are stated as a  
 5 series of equal schedule amounts and if the amount of the final  
 6 installment payment does not substantially exceed the scheduled  
 7 amount of each preceding installment payment, the maximum number of  
 8 payments and the amount and due date of each payment **do not** need  
 9 ~~not to~~ be separately stated and the amount of the scheduled final  
 10 installment payment may be stated as the remaining unpaid balance.  
 11 The due date of the first installment payment may be fixed by a day  
 12 or date or may be fixed by reference to the date of the contract or  
 13 to the time of delivery or installation.

14 **(xi)** ~~(11)~~—The time sale price.

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

28 **(xiii)** ~~(13)~~—A notice to the buyer that on ~~his or her~~ **the buyer's**  
 29 request the seller must provide or make available for examination

1 by the buyer a statement or table showing how the partial refund of  
2 the time price charge is to be computed if any balance of the  
3 contract is prepaid.

4       **(xiv)** ~~(14)~~—A statement that the seller retains a security  
5 interest in the subject matter of the retail installment contract  
6 or retail charge agreement if ~~he or she~~ **the seller** does so and a  
7 statement setting forth the nature and terms of the security  
8 interest retained, and the following legend printed in at least 10-  
9 point bold type or typewritten: "The seller retains a security  
10 interest in the subject matter of this agreement".

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

15       Enacting section 2. This amendatory act does not take effect  
16 unless Senate Bill No. 343 of the 102nd Legislature is enacted into  
17 law.