



# SENATE BILL No. 439

March 28, 1995, Introduced by Senators BOUCHARD and SHUGARS and referred to the Committee on Financial Services.

A bill to amend sections 2, 7, 8, 11, 12, and 23 of Act No. 224 of the Public Acts of 1966, entitled "Retail installment sales act," section 2 as amended by Act No. 33 of the Public Acts of 1987, being sections 445.852, 445.857, 445.858, 445.861, 445.862, and 445.873 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2, 7, 8, 11, 12, and 23 of Act No. 224  
2 of the Public Acts of 1966, section 2 as amended by Act No. 33 of  
3 the Public Acts of 1987, being sections 445.852, 445.857,  
4 445.858, 445.861, 445.862, and 445.873 of the Michigan Compiled  
5 Laws, are amended to read as follows:

6 Sec. 2. As used in this act:

7 (a) "Goods" means all tangible chattels ~~personal when~~  
8 purchased primarily for personal, family, or household use and

1 not for commercial, AGRICULTURAL, or business use. ~~but not~~  
 2 ~~including motor vehicles, money, things in action, or intangible~~  
 3 ~~personal property or their equivalent.~~ Goods ~~includes~~ INCLUDE  
 4 chattels ~~which~~ THAT are furnished or used ~~at the time of~~  
 5 ~~sale or subsequently, in~~ FOR the modernization, rehabilitation,  
 6 repair, alteration, improvement, or construction of real property  
 7 so as to become a SEVERABLE OR NONSEVERABLE part of the property,  
 8 ~~whether or not severable from the property and which~~ IF THOSE  
 9 CHATTELS are not covered by ~~the provisions of~~ the home improve-  
 10 ment finance act, Act No. 332 of the Public Acts of 1965, being  
 11 sections 445.1101 to 445.1431 of the Michigan Compiled Laws.  
 12 Goods ~~includes~~ INCLUDE merchandise certificates ~~or~~ or coupons  
 13 ~~issued by a retail seller~~ THAT ARE not redeemable in cash  
 14 and THAT ARE to be used in their face amount instead of cash, in  
 15 exchange for goods or services sold by the seller. GOODS DO NOT  
 16 INCLUDE A MOTOR VEHICLE, MONEY, A THING IN ACTION, INTANGIBLE  
 17 PERSONAL PROPERTY, OR THEIR EQUIVALENT.

18 (b) "Services" means work, labor, advice, counseling, or  
 19 instruction ~~of any kind~~ if purchased primarily for personal,  
 20 family, or household use and not for commercial or business use.  
 21 ~~but does~~ SERVICES DO not include ~~work~~ ANY OF THE  
 22 FOLLOWING:

23 (i) WORK, labor, advice, counseling, or instruction for  
 24 which the cost is FIXED by law ~~fixed~~ or ~~approved by, or filed~~  
 25 subject to THE approval or disapproval ~~with,~~ OF the United  
 26 States or this state. ~~or educational~~

1 (ii) EDUCATIONAL counseling or instruction provided by an  
2 accredited college or university or A primary or secondary school  
3 providing education required by the state. ~~or counseling~~

4 (iii) COUNSELING or instruction of a kindergarten or nursery  
5 school.

6 (c) "Motor vehicle" means ~~any~~ A self-propelled device ~~in~~  
7 ~~which, upon which, or~~ by which ~~any~~ A person or property ~~is~~  
8 ~~or~~ may be transported ~~or drawn~~ upon a public highway. ~~—~~  
9 ~~excluding a~~ MOTOR VEHICLE DOES NOT INCLUDE ANY OF THE  
10 FOLLOWING:

11 (i) A mobile home as THAT TERM IS defined in section 719a of  
12 the Michigan vehicle code, Act No. 300 of the Public Acts of  
13 1949, being section 257.719a of the Michigan Compiled Laws. ~~—~~  
14 ~~all tractors~~

15 (ii) TRACTORS, motorcycles, ~~all~~ trailers and semitrailers,  
16 ~~buses, trucks,~~ power shovels, road machinery, agricultural  
17 machinery, and other machinery not designed primarily for highway  
18 transportation ~~—~~ but which ~~may~~ incidentally ~~transport~~  
19 TRANSPORTS persons or property on a public highway. ~~—~~ and  
20 ~~including~~ MOTOR VEHICLE ALSO DOES NOT INCLUDE devices ~~which~~  
21 THAT move upon or are guided by a track or travel through the  
22 air.

23 (d) "Retail buyer" or "buyer" means a person who buys or  
24 agrees to buy goods or obtain services or agrees to have services  
25 rendered or furnished ~~—~~ from a retail seller.

26 (e) "Retail seller" or "seller" means a person regularly and  
27 principally engaged in the business of selling goods or services

1 to retail buyers, but does not include the services of a  
 2 professional person licensed by the state ~~to~~ to perform legal or  
 3 dental services ~~or~~ or medical services as a medical doctor or a  
 4 doctor of osteopathy.

5 (f) "Retail installment transaction" means any transaction  
 6 in which a retail buyer purchases goods or services from a retail  
 7 seller pursuant to a retail installment contract or a retail  
 8 charge agreement ~~which~~ THAT provides for a time price differ-  
 9 ential and under which the buyer agrees to pay the unpaid balance  
 10 in 1 or more installments. Retail installment transaction does  
 11 not include a rental-purchase agreement as defined in section 2  
 12 of the rental-purchase agreement act, Act No. 424 of the Public  
 13 Acts of 1984, being section 445.952 of the Michigan Compiled  
 14 Laws.

15 (g) "Retail installment contract" means an instrument ~~to~~  
 16 ~~other than a retail charge agreement or an instrument reflecting~~  
 17 ~~a sale made pursuant to a retail charge agreement,~~ entered into  
 18 in this state evidencing a SECURED OR UNSECURED retail install-  
 19 ment transaction, ~~whether secured or unsecured. Retail install-~~  
 20 ~~ment contract~~ AND includes a chattel mortgage, a security agree-  
 21 ment, a conditional sale contract, or a ~~contract in the form of~~  
 22 ~~a~~ bailment or ~~a~~ lease CONTRACT if the ~~bailee or lessee con-~~  
 23 ~~tracts to pay as compensation for their use a sum substantially~~  
 24 ~~equivalent to or in excess of the value of the goods sold and if~~  
 25 ~~it is agreed~~ BAILMENT OR LEASE CONTRACT REQUIRES THE BAILEE OR  
 26 LESSEE TO PAY AN AMOUNT EQUAL TO OR GREATER THAN THE VALUE OF THE  
 27 BAILED OR LEASED GOOD, AND ADDITIONALLY PROVIDES that the bailee

1 or lessee ~~is bound to~~ SHALL become, ~~or~~ for no ~~other or a~~  
2 ~~merely~~ ADDITIONAL CONSIDERATION OR FOR nominal consideration,  
3 ~~has the option of becoming,~~ the owner of the ~~goods~~ GOOD upon  
4 full compliance with the ~~provisions of the~~ bailment or lease  
5 CONTRACT. Retail installment contract does not include ~~a~~ ANY  
6 OF THE FOLLOWING:

7 (i) A rental-purchase agreement as defined in section 2 of  
8 the rental-purchase agreement act, Act No. 424 of the Public Acts  
9 of 1984.

10 (ii) A RETAIL CHARGE AGREEMENT.

11 (iii) AN INSTRUMENT EVIDENCING A SALE MADE PURSUANT TO A  
12 RETAIL CHARGE AGREEMENT.

13 (h) "Retail charge agreement" means an instrument prescrib-  
14 ing the terms of A SECURED OR UNSECURED retail installment  
15 ~~transactions whether secured or unsecured which~~ TRANSACTION  
16 THAT may be made under the instrument from time to time and under  
17 the terms of which a time price differential is to be computed in  
18 relation to the buyer's unpaid balance from time to time.

19 (i) "Time price differential" means the amount ~~which is~~  
20 ~~paid or payable~~ A BUYER PAYS OR IS REQUIRED TO PAY for the priv-  
21 ilege of purchasing goods or services ~~to be paid for by the~~  
22 ~~buyer~~ in installments over a period of time. Time price differ-  
23 ential does not include the amount, if any, charged for insurance  
24 premiums, delinquency charges, attorney fees, court costs, or  
25 official fees, but does include all other charges INCLUDED IN A  
26 FINANCE CHARGE AS THAT TERM IS DEFINED IN SECTION 106 OF

1 CHAPTER 1 OF THE TRUTH IN LENDING ACT, TITLE I OF THE CONSUMER  
2 CREDIT PROTECTION ACT, PUBLIC LAW 90-321, 15 U.S.C. 1605.

3 (j) "Cash sale price" means the price OF A GOOD OR SERVICE A  
4 RETAIL BUYER WOULD PAY IF HE OR SHE PAID FOR THE GOOD OR SERVICE  
5 IN CASH, AND THAT IS stated in a retail installment contract or  
6 in a sales slip or other memorandum furnished by a retail seller  
7 to a retail buyer ~~under or in connection with~~ PURSUANT TO a  
8 retail charge agreement ~~for which the seller would have sold~~  
9 ~~or furnished to the buyer and the buyer would have bought or~~  
10 ~~obtained from the seller the goods or services which are the~~  
11 ~~subject matter of a retail installment transaction, if the sale~~  
12 ~~had been a sale for cash~~ THAT GOOD OR SERVICE. The cash sale  
13 price may include any taxes and charges for delivery, installa-  
14 tion, servicing, repairs, alterations, or improvements.

15 (k) "Official fees" means ~~the amount of the~~ fees pre-  
16 scribed by law and charged and paid by the seller or holder for  
17 filing, recording, or otherwise perfecting, ~~and~~ releasing, or  
18 satisfying, a retained title, lien, or other security interest  
19 created by a retail installment transaction.

20 (l) "Time sale price" means the cash sale price of ~~the~~  
21 goods or services and the amount, if any, included for  
22 ~~insurance,~~ OFFICIAL FEES, THE TIME PRICE DIFFERENTIAL, AND, if  
23 a separate ~~therefor~~ identified charge is made, ~~therefor~~ FOR  
24 INSURANCE. ~~the official fees, and the time price~~  
25 ~~differential.~~

26 (m) "Principal balance" means the cash sale price of the  
27 goods or services ~~which are the subject matter of~~ COVERED BY a

1 retail installment contract plus the amounts, if any, included in  
 2 the cash sale price ~~—~~ if a separate identified charge is made  
 3 and stated in the contract for insurance ~~and for~~ OR official  
 4 fees, less the amount of the buyer's down payment in money or  
 5 goods, or both.

6 (n) "Holder" means the retail seller of ~~the~~ goods or serv-  
 7 ices ~~under the~~ COVERED BY A retail installment contract or  
 8 retail charge agreement, or ~~the~~ HIS OR HER assignee. ~~if the~~  
 9 ~~retail installment contract or the retail charge agreement or~~  
 10 ~~outstanding balance under either has been sold or otherwise~~  
 11 ~~transferred.~~

12 (o) "Person" means an individual, partnership, joint ven-  
 13 ture, corporation, association, or ~~any other group, however~~  
 14 ~~organized~~ OTHER LEGAL ENTITY.

15 Sec. 7. ~~(+)~~ A retail installment contract may provide  
 16 for, and the seller or holder may then charge, collect, and  
 17 receive a time price differential ~~which shall~~ THAT DOES not  
 18 exceed THE RATE OF INTEREST OR ITS EQUIVALENT PERMITTED BY THE  
 19 CREDIT REFORM ACT. ~~an amount determined in accord with the fol-~~  
 20 ~~lowing schedule:~~

21 ~~(a) On so much of the principal balance as does not exceed~~  
 22 ~~\$500.00, at the rate of \$12.00 per \$100.00 per year.~~

23 ~~(b) On so much of the principal balance as exceeds \$500.00,~~  
 24 ~~at the rate of \$10.00 per \$100.00 per year.~~

25 ~~(2) The time price differential under this section shall be~~  
 26 ~~computed on the principal balance of each transaction, as~~  
 27 ~~determined under section 3 on contracts payable in successive~~

1 ~~monthly payments substantially equal in amount from the date of~~  
2 ~~the contract to the maturity of the final payment, notwithstand-~~  
3 ~~ing that the total time balance thereof is required to be paid in~~  
4 ~~4 or more deferred payments. When a retail installment contract~~  
5 ~~provides for payment other than in substantially equal, succes-~~  
6 ~~sive monthly payments, the time price differential shall not~~  
7 ~~exceed the amount which will provide the same return as is per-~~  
8 ~~mited on substantially equal, successive monthly payment con-~~  
9 ~~tracts, having due regard for the schedule of payments. The time~~  
10 ~~price differential may be computed on the basis of a full month~~  
11 ~~for a fractional portion of a month in excess of 10 days. (3)~~  
12 A minimum time price differential of not more than \$10.00 may be  
13 charged, received, and collected on each contract, whether or not  
14 the contract is prepaid.

15 ~~(4) Except as provided in section 23, in a retail install-~~  
16 ~~ment contract for the purchase of goods or services in which~~  
17 ~~there is a separately stated time price differential, a portion~~  
18 ~~of the payments made during the taxable year under the contract~~  
19 ~~shall be treated as interest. The portion of a payment to be~~  
20 ~~treated as interest shall be equal to 6% of the average unpaid~~  
21 ~~balance under the contract during the taxable year. For purposes~~  
22 ~~of this computation, the average unpaid balance under the con-~~  
23 ~~tract is the sum of the unpaid balance outstanding on the first~~  
24 ~~day of each month beginning during the taxable year, divided by~~  
25 ~~+2.~~

26 Sec. 8. (1) Notwithstanding ~~the~~ CONTRARY provisions of a  
27 retail installment contract, ~~to the contrary,~~ a buyer may

1 prepay in full the unpaid ~~time~~ balance ~~thereof~~ OF THE RETAIL  
 2 INSTALLMENT CONTRACT at any time before its final due date and,  
 3 if the buyer does so, shall receive a refund credit ~~thereon~~ for  
 4 the prepayment, except as provided in section 23. The amount of  
 5 the refund credit shall NOT BE LESS THAN THE AMOUNT THAT WOULD BE  
 6 REFUNDED USING THE ACTUARIAL METHOD. ~~represent at least as great~~  
 7 ~~a proportion of the original time price differential after first~~  
 8 ~~deducting therefrom an acquisition cost of not more than \$10.00~~  
 9 as:

10       ~~(a) The sum of the monthly balances under the schedule of~~  
 11 ~~payments in the contract beginning as of the date after the pre-~~  
 12 ~~payment which is the next succeeding monthly anniversary date of~~  
 13 ~~the due date of the first installment under the contract, or, if~~  
 14 ~~the prepayment is before the due date of the first installment~~  
 15 ~~under the contract, then as of the date after the prepayment~~  
 16 ~~which is the next succeeding monthly anniversary date of the date~~  
 17 ~~of the contract, bears to.~~

18       ~~(b) The sum of all the monthly balances under the schedule~~  
 19 ~~of installment payments in the contract.~~

20       (2) ~~Where the amount of~~ A refund credit ~~is~~ OF less than  
 21 \$1.00 ~~, a refund credit~~ need not be made.

22       Sec. 11. (a) If, in a retail installment transaction, a  
 23 retail buyer ~~makes any subsequent~~ purchases ~~of~~ goods or serv-  
 24 ices from a retail seller from whom he OR SHE has previously pur-  
 25 chased goods or services under 1 or more retail installment con-  
 26 tracts, and the amounts under ~~such~~ THE previous contracts have  
 27 not been fully paid, ~~at the seller's option,~~ the subsequent

1 purchases may be included in and consolidated with 1 or more of  
2 the previous contracts AT THE SELLER'S OPTION. Each subsequent  
3 purchase shall be a separate retail installment contract under  
4 this act, notwithstanding that the ~~same~~ PURCHASE may be  
5 included in and consolidated with 1 or more previous contracts.  
6 All the provisions of this act with respect to retail installment  
7 contracts ~~shall be applicable~~ APPLY to subsequent purchases  
8 except as ~~hereinafter stated~~ OTHERWISE PROVIDED in this  
9 section.

10 (b) In the event of consolidation, ~~in lieu of the buyer's~~  
11 ~~executing~~ IF THE BUYER DOES NOT EXECUTE a retail installment  
12 contract respecting each subsequent purchase ~~—~~ as provided in  
13 this act, ~~it shall be sufficient if~~ the seller ~~prepares~~ MAY  
14 PREPARE a written memorandum of each subsequent purchase ~~—~~ in  
15 ~~which case~~ AND the provisions of section 3 ~~shall not be~~  
16 ~~applicable~~ DO NOT APPLY. Unless previously furnished in writing  
17 to the buyer by the seller, by sales slip, memorandum, or other-  
18 wise, ~~such~~ THE memorandum shall contain ~~with respect to each~~  
19 ~~subsequent purchase~~ items (1) to (8) of ~~subsection (d) of~~ sec-  
20 tion ~~—3~~ 3(D) and ~~—, in addition,~~ the outstanding balance of the  
21 previous contract or contracts, the consolidated time balance,  
22 and the revised installments applicable to the consolidated time  
23 balance, if any. The seller shall deliver to the buyer a copy of  
24 the memorandum prior to the due date of the first installment of  
25 the consolidated contract.

26 (c) When subsequent purchases are made, if the seller has  
27 retained title or taken a lien or other security interest in any

1 of the goods purchased under any 1 of the contracts included in  
2 the consolidation, the entire amount of all payments made prior  
3 to ~~such~~ THE subsequent purchases ~~shall be deemed~~ ARE  
4 CONSIDERED to have been applied to the unpaid time balances of  
5 the previous purchases. ~~, and each~~ EACH payment after the sub-  
6 sequent purchase made on the consolidated contract shall be  
7 ~~deemed~~ CONSIDERED to have been allocated to all of the various  
8 purchases in the same ratio as the original cash sale prices of  
9 the various purchases bear to the total of all. Where the amount  
10 of each installment payment is increased in connection with sub-  
11 sequent purchases, at the seller's option, the subsequent pay-  
12 ments may be ~~deemed~~ CONSIDERED to be allocated as ~~follows:~~ an  
13 amount equal to the original periodic payment to the previous  
14 purchase, the balance to the subsequent purchase. ~~However, the~~  
15 THE amount of ~~any~~ A down payment on the subsequent purchase  
16 shall be allocated in its entirety to the subsequent purchase.  
17 ~~The provisions of this~~ THIS subsection ~~shall~~ DOES not apply  
18 ~~to cases where such~~ IF THE previous and subsequent purchases  
19 involve equipment, parts or other goods attached or affixed to  
20 goods previously purchased and not fully paid, or to services ~~in~~  
21 ~~connection therewith~~ rendered by the seller at the buyer's  
22 request.

23 (d) (1) The holder of a retail installment contract, upon  
24 agreement in writing with the buyer, may extend the scheduled due  
25 date or defer the scheduled payment of all or of any part of any  
26 installment or installments payable ~~thereunder~~ UNDER THE  
27 CONTRACT. ~~The holder may charge and collect at the time of the~~

~~1 extension or deferral for the payment of an extension or deferral~~  
~~2 by the buyer a fee and collect and receive the same, but such~~  
~~3 charge may not exceed an amount equal to 1 1/4% per month on the~~  
~~4 amount of the installment or installments, or part thereof,~~  
~~5 extended or deferred for the period of extension or deferral.~~  
~~6 Such period shall not exceed the period from the date when such~~  
~~7 extended or deferred installment, or part thereof, would have~~  
~~8 been payable in the absence of such extension or deferral, to the~~  
~~9 date when such installment or installments, or part thereof, are~~  
~~10 made payable under the agreement of extension or deferral,~~  
~~11 except that a~~ A minimum charge of \$1.00 for the period of exten-  
~~12 sion or deferral may be made in any case where the extension or~~  
~~13 deferral charge, when computed at ~~such rate~~ THE RATE PERMITTED~~  
~~14 BY THE CREDIT REFORM ACT, amounts to less than \$1.00. The agree-~~  
~~15 ment may also provide for THE BUYER'S payment ~~by the buyer~~ of~~  
~~16 the additional cost to the holder of the contract of premiums for~~  
~~17 continuing in force ~~—~~ until the end of ~~such~~ THE period of~~  
~~18 extension or deferral ~~—~~ any insurance ~~coverages~~ COVERAGE pro-~~  
~~19 vided for in the contract. The extension or deferral ~~must~~~~  
~~20 SHALL be confirmed in writing by the holder.~~

21 (2) The holder of a retail installment contract, upon agree-  
22 ment in writing with the buyer, may refinance the payment of the  
23 unpaid time balance of the contract by providing for a new sched-  
24 ule of installment payments. The holder may charge and contract  
25 for the payment of a refinance charge by the buyer and collect  
26 and receive the ~~same~~ REFINANCE CHARGE, but ~~such~~ THE refinance  
27 charge shall be based upon the amount refinanced, plus any

1 additional cost of insurance and of official fees incident to  
2 ~~such~~ THE refinancing, after the deduction of a refund ~~of~~ OR  
3 credit in an amount equal to that to which the buyer would have  
4 been entitled under section 8, if he OR SHE had prepaid in full  
5 his OR HER obligations under the contract or contracts, computed  
6 without allowance for any minimum earned finance charge. ~~Such~~  
7 THE refinance charge shall not exceed the rate of ~~finance charge~~  
8 ~~provided under section 7~~ INTEREST OR ITS EQUIVALENT PERMITTED BY  
9 THE CREDIT REFORM ACT. The refinancing agreement shall set forth  
10 the amount of the unpaid time balance to be refinanced, the  
11 amount of any refund credit, the amount to be refinanced after  
12 the deduction of the refund credit, any additional premiums paid  
13 for insurance and of official fees to the buyer, the amount of  
14 the finance charge under the refinancing agreement, the new  
15 unpaid time balance, and the new schedule of installment  
16 payments.

17       Sec. 12. (a) ~~Each~~ A retail charge agreement shall be in  
18 writing and signed by the buyer or the authorized representative  
19 of the buyer. A copy of an agreement executed on or after ~~the~~  
20 ~~effective date of this act~~ MARCH 10, 1967 shall be delivered or  
21 mailed to the buyer before the date on which the first payment is  
22 due under the agreement. An acknowledgment by the buyer of  
23 delivery of a copy of the agreement contained in the body of the  
24 agreement shall be in a size equal to at least 10-point ~~bold~~  
25 BOLD FACED type and shall appear directly above the buyer's signa-  
26 ture or the signature of the authorized representative of the  
27 buyer. An agreement executed on or after ~~the effective date of~~

1 ~~this act~~ MARCH 10, 1967 shall not be signed by the buyer when it  
 2 contains blank spaces ~~of items which are~~ FOR essential provi-  
 3 sions of the transaction. ~~to be filled in after it has been~~  
 4 signed. The buyer's acknowledgment ~~, conforming to the require-~~  
 5 ~~ments of this section,~~ of delivery of a copy of an agreement ~~,~~  
 6 ~~shall be~~ IN ACCORDANCE WITH THIS SECTION IS presumptive proof,  
 7 in any action or proceeding, of the delivery and that the agree-  
 8 ment, when signed, did not contain a blank space. ~~as provided in~~  
 9 ~~this subsection.~~ All retail charge agreements executed on or  
 10 after ~~the effective date of this act~~ MARCH 10, 1967 shall state  
 11 the maximum amount and rate of the time price differential to be  
 12 charged and paid pursuant to ~~those~~ THE agreements. An agree-  
 13 ment shall contain substantially the following notice printed or  
 14 typed in a size equal to at least 10-point ~~bold~~ BOLDFACED  
 15 type. "Notice to the buyer--Do not sign this agreement before  
 16 you read it or if it contains blank spaces. You are entitled to  
 17 a copy of the agreement you sign."

18 (b) The buyer under the retail charge agreement shall  
 19 promptly be supplied with a statement IF as of the end of ~~each~~  
 20 A monthly period, which need not be a calendar month, or other  
 21 regular period agreed upon in writing, ~~at the end of which~~  
 22 there is an unpaid balance under the agreement. ~~, which~~ THE  
 23 statement shall ~~recite~~ CONTAIN ALL OF the following:

24 (1) The unpaid balance under the retail charge agreement at  
 25 the beginning and at the end of the period.

26 (2) The cash sale price of each purchase by the buyer during  
 27 the period and, unless a sales slip or a memorandum of each

1 purchase is attached to the statement, the purchase or posting  
2 date, a brief description, or identification of each purchase.

3 (3) The payments made by the buyer and any other credits to  
4 the buyer during the period.

5 (4) The amount, if any, of any time price differential for  
6 that period.

7 (5) A statement ~~to the effect~~ that the buyer at any time  
8 may pay his OR HER total unpaid balance or any part of that  
9 balance.

10 (c) A retail charge agreement may provide for, and the  
11 seller or holder may then charge, collect, and receive, a time  
12 price differential for the privilege of paying in installments  
13 under the agreement ~~in an amount not exceeding 1.7% of the~~  
14 ~~unpaid balance per month~~ AT A RATE NOT GREATER THAN THE RATE  
15 PERMITTED BY THE CREDIT REFORM ACT. The time price differential  
16 under this subsection shall be computed on all amounts unpaid  
17 under the agreement from month to month, which need not be calen-  
18 dar months, or other regular periods; but if the regular period  
19 is other than a monthly period, ~~or if the unpaid amount is less~~  
20 ~~than or greater than \$10.00,~~ the time price differential may be  
21 computed proportionately. The time price differential may be  
22 computed for all unpaid balances within a range of ~~not in excess~~  
23 ~~of~~ \$10.00 OR LESS on the basis of the median amount within that  
24 range if as so computed the time price differential is applied to  
25 all unpaid balances within that range. A minimum time price dif-  
26 ferential OF not ~~in excess of~~ MORE THAN 70 cents per month may  
27 be charged, received, and collected.

1 (d) The time price differential for purchases made under a  
2 retail charge agreement shall not be computed or imposed on an  
3 amount charged for the sale of goods or services until those  
4 goods or services have been delivered to the purchaser of the  
5 goods or services. If the time price differential is charged  
6 before delivery of the goods or services, the charges applied  
7 before the delivery date shall be adjusted upon the request of  
8 the purchaser in accordance with ~~part D of~~ CHAPTER 4 OF THE  
9 TRUTH IN LENDING ACT, title I of the ~~federal~~ consumer credit  
10 protection act, PUBLIC LAW 90-321, 15 U.S.C. 1666 to 1666j.

11 (e) A retail charge agreement may also provide for the pay-  
12 ment of an attorney's reasonable fee ~~where~~ IF it is referred  
13 for collection to an attorney not a salaried employee of the  
14 holder of the retail charge agreement or HOLDER OF an unpaid bal-  
15 ance under the agreement, and for court costs.

16 Sec. 23. Instead of a time price differential computed on  
17 the original principal balance, ~~as defined in section 2(m),~~ the  
18 seller may charge from time to time a time price differential  
19 consisting of interest on the amount of the unpaid principal bal-  
20 ance of the contract. ~~In this event, the~~ THE transaction  
21 ~~shall be~~ IS subject to this act as modified by the following  
22 provisions: ~~—~~

23 ~~(a) Time price differential shall mean the estimated amount~~  
24 ~~of consideration in excess of the cash sale price which the buyer~~  
25 ~~will pay in the form of interest assuming that each scheduled~~  
26 ~~payment is made on the date it is due and in the scheduled~~  
27 ~~amount.~~

1 ~~(b) The maximum estimated time price differential shall not~~  
2 ~~exceed the maximum dollar amount allowed pursuant to section 7~~  
3 ~~for contracts of the same contractual maturity computed on the~~  
4 ~~actual number of days between installment payments.~~

5 (A) ~~(c)~~ The number and amount of installment payments  
6 required to be stated ~~pursuant to~~ UNDER section 3 may be esti-  
7 mated for purposes of this section assuming that each scheduled  
8 payment is made on the date it is due and in the scheduled  
9 amount.

10 ~~(d) Section 7(4) shall not be applicable.~~

11 (B) ~~(e)~~ The holder of the contract ~~shall have~~ HAS the  
12 option of deferring interest charges ~~which~~ THAT accrue due to  
13 installment payments being received later than the periodic  
14 installment due date. The deferred interest charge shall be com-  
15 puted on the basis of additional interest charges accruing for  
16 late installment payments and appropriate interest reductions for  
17 installment payments made before the due date. On contracts pro-  
18 viding for equal monthly installments, if the final installment  
19 is more than 105% of a previous installment as a result of the  
20 deferred interest charges, the installment buyer shall be given  
21 the option to pay the deferred interest charges not less than 25  
22 days after the date the last installment payment is due.

23 (C) ~~(f)~~ If the entire principal balance is prepaid in  
24 full, together with all interest incurred to the date of prepay-  
25 ment, the balance of the original time price differential shall  
26 be canceled and the provisions of section 8 respecting a refund  
27 credit shall not be applicable.

1           Section 2. This amendatory act shall not take effect unless  
2 Senate Bill No. 438  
3                           of the 88th Legislature is enacted into law.