

HOUSE BILL No. 5314

October 23, 1997, Introduced by Reps. Profit, Palamara and Alley and referred to the Committee on Commerce.

A bill to amend 1950 (Ex Sess) PA 27, entitled "Motor vehicle sales finance act," by amending section 13 (MCL 492.113), as amended by 1990 PA 27.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) Every installment sale contract shall state
2 the full names and addresses of all the parties to the contract,
3 the date when signed by the buyer, and shall contain a descrip-
4 tion of the motor vehicle sold sufficient for accurate
5 identification.

6 (2) An installment sale contract shall set forth all of the
7 following separate items in the following order:

8 1. Cash price of the motor vehicle. This amount shall
9 include any taxes and costs of agreed upon accessories and
10 installation of the accessories and documentary preparation

1 fees. The Documentary preparation fees shall not exceed ~~-\$40.00-~~
2 \$75.00.

3 2. Down payment made by the buyer at the time of or before
4 execution of the contract, indicating whether made in cash, or
5 represented by the agreed value of a "trade-in" motor vehicle, or
6 other goods, or both. The amount of cash and the value of any
7 "trade-in" shall be shown separately. A description of the
8 "trade-in", if any, sufficient for identification shall be
9 shown.

10 3. Unpaid cash price balance, which shall be the difference
11 between the cash price (item 1) and the down payment (item 2)
12 above.

13 4. Insurance premiums and costs of travel emergency bene-
14 fits pertaining to the operation of the automobile for the pay-
15 ment of which the seller agrees to extend credit to the buyer.
16 The term of the insurance, a concise description of the coverage,
17 and the travel emergency benefits shall be set forth. If the
18 precise cost of the insurance is not available at the time the
19 contract is signed, an estimated amount, ascertained from the
20 current published applicable manual of a recognized standard
21 insurance rating bureau may be set forth in the contract. The
22 seller shall, within 25 days after making the installment con-
23 tract, mail or cause to be mailed to the buyer at his or her
24 address as shown on the installment contract a certificate or
25 policy of insurance and a statement, showing exact cost of the
26 insurance. All installment sale contracts shall contain the
27 following warning, which shall be printed prominently in red ink

1 and in 12-point type or larger, directly preceding the notice
2 provided for in section 12(d), and shall be enclosed by a contin-
3 uous heavy line:

4

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6 Warning: The insurance afforded hereunder does not cover
7 liability for injury to persons or damage to property of others
8 unless so indicated hereon.

9

10 5. Other costs, necessary or incidental, which the seller
11 contracts to pay on behalf of the buyer and for the amount of
12 which the seller agrees to extend credit to the buyer as autho-
13 rized by this act. The costs shall be itemized in the contract
14 as to nature and amount.

15 6. Principal amount financed, which shall be the total of
16 the unpaid cash price balance (item 3) plus the insurance premium
17 and travel emergency benefit costs (item 4) plus other costs
18 (item 5) for which the seller agrees to extend credit to the
19 buyer.

20 7. Finance charge, which is the consideration in excess of
21 the cash price (item 1), excluding insurance premium and travel
22 emergency benefit costs (item 4) and other costs (item 5), which
23 the buyer agrees to pay to the seller for the privilege of pur-
24 chasing the motor vehicle under the installment sale contract.

25 8. Time balance, which shall be the total of the principal
26 amount financed (item 6) plus the finance charge (item 7) and

1 which shall represent the total obligation of the buyer which he
2 or she agrees to pay in 2 or more scheduled payments.

3 9. Payment schedule, which shall state the number of pay-
4 ments, the amount of the payments and the time of the payments
5 required to liquidate the time balance.

6 (3) An installment sale contract shall state clearly any
7 collateral security taken for the buyer's obligation under the
8 contract.

9 (4) An installment sale contract shall contain a summary
10 notice of the buyer's principal legal rights respecting prepay-
11 ment of the contract and rebate of finance charge and reinstate-
12 ment of the contract in the event of repossession.

13 (5) An installment sale contract shall contain specific pro-
14 visions as to the buyer's liability respecting default charges,
15 repossession, and sale of the motor vehicle in case of default or
16 other breach of contract, and respecting the collateral security,
17 if any.