

HOUSE BILL No. 5609

February 12, 2002, Introduced by Reps. Switalski, Plakas, Rivet, Lockwood, Kooiman and Newell 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~~ AN installment sale contract shall
2 state the full names and addresses of all the parties to the con-
3 tract ~~—~~, AND the date when signed by the buyer and shall contain
4 a description of the motor vehicle sold THAT IS sufficient for
5 accurate identification.

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

8 (A) ~~1. Cash~~ THE CASH price of the motor vehicle. This
9 amount shall include any taxes and costs of agreed upon
10 accessories and installation of the accessories and documentary

1 preparation fees. The documentary preparation fees shall not
2 exceed ~~-\$40.00~~ \$50.00.

3 (B) ~~2. Down~~ THE DOWN payment made by the buyer at the
4 time of or before execution of the contract, indicating whether
5 made in cash, or represented by the agreed value of a
6 ~~"trade-in"~~ TRADE-IN motor vehicle, or other goods, or both.
7 The amount of cash and the value of any ~~"trade-in"~~ TRADE-IN
8 shall be shown separately. A description THAT IS SUFFICIENT FOR
9 IDENTIFICATION of ~~the "trade-in", if any, sufficient for~~
10 ~~identification~~ ANY TRADE-IN shall be shown.

11 (C) ~~3. Unpaid~~ THE UNPAID cash price balance, which ~~shall~~
12 ~~be~~ IS the difference between the cash price ~~(item 1)~~ UNDER
13 SUBDIVISION (A) and the down payment ~~(item 2) above~~ UNDER SUB-
14 DIVISION (B).

15 (D) ~~4. Insurance~~ THE INSURANCE premiums and costs of
16 travel emergency benefits pertaining to the operation of the
17 automobile for the payment of which the seller agrees to extend
18 credit to the buyer. The term of the insurance, a concise
19 description of the coverage, and the travel emergency benefits
20 shall be set forth. If the precise cost of the insurance is not
21 available at the time the contract is signed, an estimated
22 amount, ascertained from the current published applicable manual
23 of a recognized standard insurance rating bureau, may be set
24 forth in the contract. The seller shall, within 25 days after
25 making the installment contract, mail or cause to be mailed to
26 the buyer at his or her address as shown on the installment
27 contract a certificate or policy of insurance and a statement,

showing exact cost of the insurance. All installment sale contracts shall contain the following warning, which shall be printed prominently in red ink and in 12-point type or larger, directly preceding the notice provided for in section 12(d), and shall be enclosed by a continuous heavy line:

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

(E) ~~5. Other costs~~ necessary or incidental ~~, which~~ COSTS THAT the seller contracts to pay on behalf of the buyer and for the amount of which the seller agrees to extend credit to the buyer as authorized by this act. The costs shall be itemized in the contract as to nature and amount.

(F) ~~6. Principal~~ THE PRINCIPAL amount financed, which ~~shall be~~ IS the total of the ~~unpaid cash price balance (item 3) plus the insurance premium and travel emergency benefit costs (item 4) plus other costs (item 5) for which the seller agrees to extend credit to the buyer~~ AMOUNTS DESCRIBED IN SUBDIVISIONS (C), (D), AND (E).

(G) ~~7. Finance~~ THE FINANCE charge, which is the consideration in excess of the ~~cash price (item 1), excluding insurance premium and travel emergency benefit costs (item 4) and other costs (item 5), which the buyer agrees to pay to the seller for the privilege of purchasing the motor vehicle under the~~

1 ~~installment sale contract~~ TOTAL OF THE CASH PRICE UNDER
2 SUBDIVISION (A), EXCLUDING THE AMOUNTS DESCRIBED IN SUBDIVISIONS
3 (D) AND (E).

4 (H) ~~8. Time~~ THE TIME balance, which ~~shall be~~ IS the
5 total of the ~~principal amount financed (item 6) plus the finance~~
6 ~~charge (item 7) and which shall represent~~ AMOUNTS DESCRIBED IN
7 SUBDIVISIONS (F) AND (G) AND REPRESENTS the total obligation of
8 the buyer ~~which~~ THAT he or she agrees to pay in 2 or more
9 scheduled payments.

10 (I) ~~9. Payment~~ THE PAYMENT schedule, which shall state
11 the number of payments, the amount of the payments, and the time
12 of the payments required to liquidate the time balance.

13 (3) An installment sale contract shall state clearly any
14 collateral security taken for the buyer's obligation under the
15 contract.

16 (4) An installment sale contract shall contain a summary
17 notice of the buyer's principal legal rights respecting prepay-
18 ment of the contract and rebate of THE finance charge and rein-
19 statement of the contract in the event of repossession.

20 (5) An installment sale contract shall contain specific pro-
21 visions as to the buyer's liability respecting default charges,
22 repossession, and sale of the motor vehicle in case of default or
23 other breach of contract, and respecting the collateral security,
24 if any.