

# SENATE BILL NO. 345

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

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 2009 PA 231.

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

1           Sec. 13. (1) An installment sale contract ~~shall~~**must** include  
2 the full names and addresses of all the parties to the contract,  
3 the date when signed by the buyer, and a description of the motor  
4 vehicle sold that is sufficient for accurate identification.

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

1           (a) The cash price of the motor vehicle. This amount ~~shall~~  
2 **must** include any taxes, the cash price of agreed ~~upon~~**on**  
3 accessories and installation of the accessories, the cash price of  
4 any extended warranty or service contract, and a documentary  
5 preparation fee. The documentary preparation fee ~~shall~~**must** not  
6 exceed 5% of the cash price of the motor vehicle or \$160.00,  
7 whichever is less. Beginning on January 1, 2005, the administrator  
8 shall adjust the maximum amount then in effect for the documentary  
9 preparation fee described in this subdivision every 2 years to  
10 reflect the cumulative percentage change in the ~~consumer price~~  
11 ~~index~~**Consumer Price Index** for the 2 ~~immediately preceding~~ calendar  
12 years **preceding the adjustment**, as determined by the administrator.  
13 The administrator shall round the adjustment to the nearest \$10.00  
14 increment to set the fee every 2 years under this subdivision, but  
15 shall carry over and use the absolute value to calculate the next  
16 2-year adjustment. As used in this subdivision, "~~consumer price~~  
17 ~~index~~"**Consumer Price Index** means the United States ~~consumer~~  
18 ~~price index~~**Consumer Price Index** for all urban consumers, U.S. city  
19 average, as defined and reported by the United States ~~department of~~  
20 ~~labor, bureau of labor statistics~~**Department of Labor, Bureau of**  
21 **Labor Statistics**.

22           (b) The down payment made by the buyer at the time of or  
23 before execution of the contract, indicating whether made in cash,  
24 represented by the agreed value of a trade-in motor vehicle or  
25 other goods, or both. The amount of cash and the value of any  
26 trade-in ~~shall~~**must** be stated separately. A description that is  
27 sufficient for identification of any trade-in ~~shall~~**must** be  
28 included.

29           (c) The unpaid cash price balance, which is the difference

1 between the cash price under subdivision (a) and the down payment  
2 under subdivision (b).

3 (d) The cost of any insurance premium or travel emergency  
4 benefits pertaining to the operation of the automobile that the  
5 seller agrees to extend credit to the buyer to obtain. The  
6 installment sale contract ~~shall~~**must** set forth the term of the  
7 insurance and a concise description of the terms of the insurance  
8 policy and the travel emergency benefits. If the precise cost of  
9 the insurance is not available at the time **that** the contract is  
10 signed, an estimated amount, ascertained from the current published  
11 applicable manual of a recognized standard insurance rating bureau,  
12 may be set forth in the contract. ~~Within~~**Not later than** 25 days  
13 after making the installment sale contract, the seller ~~shall~~**must**  
14 mail or cause to be mailed to the buyer at ~~his or her~~**the buyer's**  
15 address as shown on the contract a certificate or policy of  
16 insurance and a statement showing the exact cost of the insurance.  
17 Each installment sale contract ~~shall~~**must** contain the following  
18 warning, printed prominently in red ink and in 12-point type or  
19 larger, directly preceding the notice provided for in section  
20 12(d), enclosed by a continuous heavy line:

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

25 \_\_\_\_\_  
26 (e) The cost of any ~~guaranteed asset~~**motor vehicle financial**  
27 protection ~~waiver~~**product** that the seller agrees to extend credit  
28 to the buyer to obtain. For purposes of this subdivision, all of  
29 the following apply:

1           (i) ~~"Guaranteed asset"~~**Motor vehicle financial** protection  
2 ~~waiver"~~**product"** means that term as defined in section 3 of the  
3 ~~guaranteed asset~~**motor vehicle financial** protection ~~waiver~~**products**  
4 act, **2009 PA 229, MCL 492.23.**

5           (ii) A ~~guaranteed asset~~**motor vehicle financial** protection  
6 ~~waiver~~**product** may be included as part of, or as an addendum to, an  
7 installment sale contract.

8           (iii) An installment seller that offers, sells, or provides  
9 ~~guaranteed asset~~**motor vehicle financial** protection ~~waivers~~  
10 **products** to installment buyers in this state must comply with the  
11 ~~guaranteed asset~~**motor vehicle financial** protection ~~waiver~~**products**  
12 act, **2009 PA 229, MCL 492.21 to 492.34.**

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

19           (f) Other necessary or incidental costs that the seller  
20 contracts to pay on behalf of the buyer and for the amount of which  
21 the seller agrees to extend credit to the buyer as authorized under  
22 this act. The contract ~~shall~~**must** contain an itemization of the  
23 nature and amount of the costs.

24           (g) The principal amount financed, which is the total of the  
25 amounts described in subdivisions (c), (d), (e), and (f).

26           (h) The finance charge, which is the consideration in excess  
27 of the total of the cash price under subdivision (a), excluding the  
28 amounts described in subdivisions (d), (e), and (f).

29           (i) The time balance, which is the total of the amounts

1 described in subdivisions (g) and (h) and represents the total  
2 obligation ~~of that~~ the buyer ~~that he or she~~ agrees to pay in 2 or  
3 more scheduled payments.

4 (j) The payment schedule, which ~~shall~~**must** include the number  
5 of payments, the amount of the payments, and the time of the  
6 payments required to liquidate the time balance.

7 (3) An installment sale contract ~~shall~~**must** state clearly any  
8 collateral security given to secure the buyer's obligation under  
9 the contract.

10 (4) An installment sale contract ~~shall~~**must** contain a summary  
11 notice of the buyer's principal legal rights respecting prepayment  
12 of the contract and rebate of the finance charge and reinstatement  
13 of the contract in the event of repossession.

14 (5) An installment sale contract ~~shall~~**must** contain specific  
15 provisions concerning the buyer's liability for default charges,  
16 repossession, and sale of the motor vehicle in case of default or  
17 other breach of contract, and the seller's or holder's rights  
18 concerning any collateral security.

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

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