

HOUSE BILL NO. 4281

March 20, 2025, Introduced by Reps. Edwards, Foreman, McFall, McKinney, B. Carter, Wilson, Mentzer and Arbit and referred to Committee on Regulatory Reform.

A bill to give certain rights to consumers purchasing or leasing a used motor vehicle; to create a contract cancellation option agreement; to prescribe requirements for used motor vehicle dealers; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "used motor vehicle
2 warranty act".

3 Sec. 2. As used in this act:

4 (a) "Consumer" means a person that purchases or leases a used

1 motor vehicle for personal, family, or household use and not for
2 the purpose of selling or leasing the used motor vehicle to another
3 person.

4 (b) "Motor vehicle" means that term as defined in section 33
5 of the Michigan vehicle code, 1949 PA 300, MCL 257.33, but does not
6 include a bus, a tractor, or farm equipment.

7 (c) "New motor vehicle" means a motor vehicle that is in the
8 possession of the manufacturer, distributor, or wholesaler, or has
9 been sold only to a new motor vehicle dealer and for which the new
10 motor vehicle dealer has not issued an original title.

11 (d) "New motor vehicle dealer" means a person that is engaged
12 in the business of purchasing, leasing, selling, exchanging, or
13 dealing in new motor vehicles and that holds a dealer agreement for
14 the sale of new motor vehicles.

15 (e) "Off-highway vehicle" means a vehicle intended for use on
16 steep or uneven terrain, unpaved ground, or trails, including, but
17 not limited to, any of the following:

18 (i) A snowmobile or other vehicle specifically designed to
19 travel over snow or ice.

20 (ii) An all-terrain vehicle.

21 (iii) A vehicle intended for use in construction.

22 (iv) A dirt bike.

23 (f) "Person" means an individual, partnership, corporation,
24 limited liability company, association, trust, estate, or other
25 legal entity.

26 (g) "Purchase price" means the actual used motor vehicle sales
27 price listed on the consumer's order, including a cash payment by
28 the consumer, the sum equal to an allowance for any trade-in, sales
29 tax, and license and registration fees.

1 (h) "Used motor vehicle" means a motor vehicle that is
2 purchased or leased in this state and is not a new motor vehicle.

3 (i) "Used motor vehicle dealer" means a person that is engaged
4 in the business of purchasing, leasing, selling, exchanging, or
5 dealing in used motor vehicles. Used motor vehicle dealer does not
6 include a new motor vehicle dealer purchasing, leasing, selling,
7 exchanging, or dealing in used motor vehicles as part of its
8 business of purchasing, leasing, selling, exchanging, or dealing in
9 new motor vehicles.

10 Sec. 4. A used motor vehicle dealer shall not sell or lease a
11 used motor vehicle with a purchase price of not more than
12 \$50,000.00 to a consumer without offering the consumer the right to
13 purchase a contract cancellation option agreement that allows the
14 consumer to return the used motor vehicle without cause not more
15 than 2 days after purchase.

16 Sec. 6. (1) A contract cancellation option agreement must be
17 contained in the consumer's order and must include all of the
18 following:

19 (a) The name of the consumer and the used motor vehicle
20 dealer.

21 (b) A statement specifying that the consumer has 2 days after
22 purchase to exercise the right to cancel the purchase under the
23 contract cancellation option agreement and return the vehicle to
24 the dealer.

25 (c) A statement that the consumer has the right to drive the
26 used motor vehicle for not more than 150 miles during the 2-day
27 period under subdivision (b).

28 (d) A statement that the consumer has the right to have the
29 used motor vehicle inspected by a mechanic of the consumer's

1 choosing during the 2-day period under subdivision (b).

2 (e) A statement that the consumer has the right to cancel the
3 purchase under the contract cancellation option agreement and
4 return the used motor vehicle for any reason or without cause
5 during the 2-day period under subdivision (b) and receive a full
6 refund of the purchase price, minus a restocking fee.

7 (f) A statement specifying the dollar amount of the restocking
8 fee the consumer may be charged if the consumer exercises the right
9 to cancel the purchase under the contract cancellation option
10 agreement.

11 (2) If a consumer decides that the consumer no longer wants to
12 purchase or lease the used motor vehicle and wants to exercise the
13 consumer's right to cancel under the contract cancellation option
14 agreement, the used motor vehicle dealer shall provide the
15 consumer, after the consumer returns the used motor vehicle, with a
16 full refund of the purchase price, minus a restocking fee, not more
17 than 2 days after the date the consumer exercises the right to
18 cancel the purchase.

19 Sec. 8. (1) A used motor vehicle dealer may charge a consumer
20 a nonrefundable fee for purchasing a contract cancellation option
21 agreement provided under this act.

22 (2) The price for a contract cancellation option agreement
23 must not exceed the following:

24 (a) \$75.00 for a used motor vehicle with a purchase price of
25 \$5,000.00 or less.

26 (b) \$150.00 for a used motor vehicle with a purchase price
27 between \$5,001.00 and \$10,000.00.

28 (c) \$250.00 for a used motor vehicle with a purchase price
29 between \$10,001.00 and \$30,000.00.

1 (d) 1% of the purchase price of a used motor vehicle with a
2 purchase price between \$30,001.00 and \$50,000.00.

3 (3) If a consumer decides to exercise the consumer's right to
4 cancel under the contract cancellation option agreement and the
5 consumer returns the used motor vehicle within the time specified
6 under section 6(1)(b), a used motor vehicle dealer may charge a
7 consumer a restocking fee that must not exceed the following:

8 (a) \$175.00 for a used motor vehicle with a purchase price of
9 \$5,000.00 or less.

10 (b) \$350.00 for a used motor vehicle with a purchase price
11 between \$5,001.00 and \$10,000.00.

12 (c) \$500.00 for a used motor vehicle with a purchase price
13 between \$10,001.00 and \$50,000.00.

14 Sec. 10. (1) A used motor vehicle dealer is not required to
15 offer a contract cancellation option agreement to a consumer who
16 purchases or leases any of the following:

17 (a) A motorcycle.

18 (b) An off-highway vehicle.

19 (c) A used motor vehicle with a purchase price of more than
20 \$50,000.00.

21 (2) This act does not apply to a sale or lease of a used motor
22 vehicle between private parties.

23 Sec. 12. A consumer may bring an action to recover actual
24 damages resulting from a violation of this act. A consumer who
25 prevails in an action brought under this section may recover the
26 consumer's costs and expenses, including attorney fees.

27 Sec. 14. This act applies to any used motor vehicle that is
28 sold or leased to a consumer on or after the effective date of this
29 act.

1 Enacting section 1. This act takes effect 180 days after the
2 date it is enacted into law.