

HOME IMPROVEMENT FINANCE ACT (EXCERPT)
Act 332 of 1965

PART 1

445.1101 Home improvement finance act; short title.

Sec. 101. This act shall be known and may be cited as the "home improvement finance act".

History: 1965, Act 332, Eff. Jan. 1, 1966.

445.1102 Definitions.

Sec. 102. As used in this act, except where the context clearly indicates otherwise:

(a) "Banking institution" means a bank, bank and trust company, trust company, savings bank, private bank, or a national banking association, organized and doing business under the provisions of any law of this state, or of any other state of the United States, or under the provisions of any law of the United States of America.

(b) "Cash price" means the cash sales price stated in a home improvement installment contract, or the cash sales price of goods and services that are the subject of a home improvement charge sale, for which the contractor would sell or furnish to the buyer and the buyer would buy or obtain from the contractor the goods and services which are the subject of the contract or home improvement charge sale, if the sale were a sale for cash, instead of a home improvement installment sale or home improvement charge sale, and may include any taxes.

(c) "Collateral" means real or personal property subject to a pledge, security interest, mortgage, encumbrance, judgment, or other lien which secures the performance of an obligation of the buyer, or a surety or guarantor for the buyer, under a home improvement installment contract or any extension, deferment, renewal, or other revision thereof.

(d) "Down payment" means the amounts paid in money and in goods to the home improvement contractor and allowances given by the home improvement contractor to the buyer prior to or contemporaneous with the execution of a home improvement installment contract.

(e) "Finance charge", "credit service charge", "service charge", "time price differential", or a similar term means that amount by which the time sale price exceeds the aggregate of the cash price and the amounts, if any, included for insurance premiums and official fees.

(f) "Financing agency" means a person other than a home improvement contractor engaged, directly or indirectly, as principal, agent, or broker in the business of purchasing, acquiring, financing, soliciting, or arranging for the financing or acquisition of home improvement installment contracts or home improvement charge agreements or any obligation in connection therewith. It does not include a person to the extent that the person makes bona fide commercial loans to contractors or financing agencies and takes assignments of, or an interest in, an aggregation of such contracts only as security for such commercial loans under which, in the absence of default or other bona fide breach of the loan contract, ownership of such contracts remains vested in the assignor and collection of payments on such contracts is made by the assignor.

(g) "Goods" means chattels which are furnished or used in the modernization, rehabilitation, repair, alteration, or improvement of real property, but not in the construction of new homes.

(h) "Holder" means a person, including a contractor, currently entitled to the rights of a contractor under a home improvement installment contract or home improvement charge agreement.

(i) "Home improvement charge agreement" or "agreement" means an instrument prescribing the terms of home improvement charge sales, whether secured or unsecured, which may be made under the agreement from time to time and under the terms of which a time price differential is to be computed in relation to the buyer's unpaid balance from time to time.

(j) "Home improvement charge sale" means the sale of goods and furnishing of services by a contractor to a retail buyer pursuant to a home improvement charge agreement and as to which sale the cash price is stated to be in excess of \$300.00.

(k) "Home improvement contractor" or "contractor" means a person who sells goods and services, or agrees to furnish or render services, to a retail buyer pursuant to a home improvement installment contract, or sells goods and services to a retail buyer pursuant to a home improvement charge agreement, but not in connection with construction of new homes.

(l) "Home improvement installment contract" or "contract" means an agreement covering a home improvement installment sale, whether contained in 1 or more documents, together with any accompanying promissory note or other evidence of indebtedness, pursuant to which the buyer promises to pay in installments all or any part of the time sale price or prices of goods and services, or services. It does not

include such an agreement:

- (i) Pertaining to real property used for a commercial or business purpose.
- (ii) Covering the sale of goods by a person who neither directly nor indirectly performs or arranges to perform any services in connection with the installation of or application of the goods.
- (iii) Covering only an appliance designed to be free-standing and not built into and permanently affixed as an integral part of the structure such as a stove, freezer, refrigerator, air conditioner other than one connected with a central heating system, hot water heater, and the like.
- (iv) Covering the sale of goods and the furnishing of services or the furnishing of services thereunder for a cash price stated therein of \$300.00 or less.
- (v) If the loan is contracted for or obtained directly by the retail buyer from the lending institution, person, or corporation.
- (vi) Which is a home improvement charge agreement.
- (m) "Home improvement installment sale" or "sale" means the sale of goods and furnishing of services or the furnishing of services by a contractor to a retail buyer pursuant to a home improvement installment contract in which the cash price is stated to be in excess of \$300.00.
- (n) "Official fees" means the fees required by law to be paid to the appropriate public officer for obtaining any permit or filing or recording or releasing any judgment, mortgage, or other lien or perfecting any security interest taken or reserved as security in connection with a home improvement installment contract.
- (o) "Person" means an individual, partnership, association, business corporation, banking institution, nonprofit corporation, common law trust, joint stock company, or any other group of individuals, however organized.
- (p) "Principal amount financed" means the cash price of the goods and services which are the subject matter of the home improvement installment sale minus the amount of the buyer's down payment, plus the amounts, if any, included for insurance and official fees.
- (q) "Retail buyer" or "buyer" means a person who buys goods and services, or services from a contractor pursuant to a home improvement installment contract, or goods and services from a contractor pursuant to a home improvement charge agreement.
- (r) "Services" means work, labor, and services furnished in connection with the installation or application of goods.
- (s) "Time balance" means the sum of the principal amount financed and the finance charge.
- (t) "Time sale price" means the total of the cash price of the goods and services or services, the finance charge, and the amounts, if any, included for insurance premiums and official fees.

History: 1965, Act 332, Eff. Jan. 1, 1966;—Am. 1985, Act 202, Imd. Eff. Dec. 27, 1985.

445.1111 Effect of compliance with truth in lending act.

Sec. 111. Compliance with the requirements of the truth in lending act, title I of Public Law 90-321, 15 U.S.C. 1601 to 1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1638, 1640 to 1647, and 1661 to 1667e, is compliance with the disclosure provisions of section 203(b), (c), (d), (e), (f), (g), (h), (i), (j), and (k), and section 204a(3).

History: Add. 1969, Act 30, Imd. Eff. July 10, 1969;—Am. 1985, Act 202, Imd. Eff. Dec. 27, 1985;—Am. 1993, Act 97, Imd. Eff. July 13, 1993.