

## RETAIL INSTALLMENT SALES ACT (EXCERPT)

Act 224 of 1966

### **445.853 Retail installment contract; requirements; size; notice to buyer; delivery of copy; nondelivery; provisions; contents of contract; transaction involving vehicle; terms; statement that seller retains security interest.**

Sec. 3. Each retail installment contract shall be in writing, dated, signed by the retail buyer or the authorized representative of the retail buyer and completed as to all essential provisions, except as otherwise provided in sections 5 and 6. A seller, agent of the seller, or employee of the seller, acting in the course of his or her employment shall not act as the authorized representative of a retail buyer under this act.

(a) The printed or typed portion of the contract, other than instructions for completion, shall be in a size equal to at least 8-point type. The contract shall be designated "retail installment contract" and shall contain substantially the following notice printed or typed in a size equal to at least 10-point bold type:

"Notice to the buyer: Do not sign this contract before you read it or if it contains blank spaces. You are entitled to a copy of the contract you sign. You are entitled to a partial return of the finance charge if you prepay the balance."

(b) The retail seller shall deliver to the retail buyer, or mail to him or her at his or her address shown on the retail installment contract, a copy of the contract as accepted by the seller. Until the seller delivers or mails a copy of the contract, the buyer, to any extent that he or she has not received delivery of the goods or been furnished or rendered the services, has the right to rescind his or her contract and to receive a refund of all payments made and return of all goods traded in to the seller on account of or in contemplation of the contract, or if those goods cannot be returned, the value of the goods. Any reliance by a holder other than the seller on written acknowledgment by the buyer of delivery of a copy of the contract shall be based upon a statement in a size equal to at least 10-point bold type and, if contained in the contract, shall appear directly above the buyer's signature or the signature of the authorized representative of the buyer and shall require a separate signature of the buyer or the authorized representative of the buyer.

(c) The retail installment contract shall contain the names of the seller and the buyer, the place of business of the seller, the residence or other address of the buyer as specified by the buyer, and a description or identification of the goods sold or to be sold, or services furnished or rendered or to be furnished or rendered.

(d) The retail installment contract shall contain the following items:

(1) The cash sale price of the goods or services.

(2) The amount of the buyer's down payment, identifying the amounts paid in money and allowed for goods traded in.

(3) The difference between subparagraphs (1) and (2).

(4) The itemized amounts of official fees.

(5) The aggregate amount, if any, included for insurance, if a separate identified charge is made therefor, specifying the type or types of insurance and the term or terms of coverage.

(6) If the retail installment transaction involves goods that are a vehicle, the cost of any guaranteed asset protection waiver that the seller agrees to extend credit to the buyer to obtain. For purposes of this subparagraph, all of the following apply:

(i) "Guaranteed asset protection waiver" means that term as defined in section 3 of the guaranteed asset protection waiver act.

(ii) "Vehicle" means goods that are a motor vehicle, as that term is defined in section 3 of the guaranteed asset protection waiver act, that is not subject to the motor vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to 492.141.

(iii) A guaranteed asset protection waiver may be included as part of, or as an addendum to, a retail installment contract.

(iv) A retail seller that offers, sells, or provides guaranteed asset protection waivers to retail buyers in this state must comply with the guaranteed asset protection waiver act.

(v) Any cost to a retail buyer for a guaranteed asset protection waiver entered into in compliance with the truth in lending act, 15 USC 1601 to 1667f, and the regulations promulgated under that act, 12 CFR part 226, must be separately stated and is not considered a finance charge or interest.

(7) The principal balance, which is the total of the amounts described in subparagraphs (3), (4), (5), and (6).

(8) The amount of the time price differential for the full term of the contract.

(9) The amount of the time balance owed by the buyer to the seller, which is the total of the amounts described in subparagraphs (7) and (8).

(10) Except as otherwise provided in this subparagraph, the maximum number of installment payments

required and the amount of each installment and the due date of each payment necessary to pay the time balance set forth in subparagraph (9). If installment payments other than the final payment are stated as a series of equal schedule amounts and if the amount of the final installment payment does not substantially exceed the scheduled amount of each preceding installment payment, the maximum number of payments and the amount and due date of each payment need not be separately stated and the amount of the scheduled final installment payment may be stated as the remaining unpaid balance. The due date of the first installment payment may be fixed by a day or date or may be fixed by reference to the date of the contract or to the time of delivery or installation.

(11) The time sale price.

(12) If any installment, except the down payment, is more than double the average of all other installments, except the down payment, the following legend printed in at least 10-point bold type or typewritten: "This contract is not payable in installments of equal amounts", followed, if there is but 1 larger installment, by: "An installment of \$..... will be due on ....." or, if there is more than 1 larger installment, by: "larger installments will be due as follows: .....", in the latter case inserting the amount of every larger installment and of its due date. The above items need not be stated in the sequence or order set forth; additional items may be included to explain the computations made in determining the amount to be paid by the buyer.

(13) A notice to the buyer that on his or her request the seller must provide or make available for examination by the buyer a statement or table showing how the partial refund of the time price charge is to be computed if any balance of the contract is prepaid.

(14) A statement that the seller retains a security interest in the subject matter of the retail installment contract or retail charge agreement if he or she does so and a statement setting forth the nature and terms of the security interest retained, and the following legend printed in at least 10-point bold type or typewritten: "The seller retains a security interest in the subject matter of this agreement".

**History:** 1966, Act 224, Eff. Mar. 10, 1967;—Am. 2009, Act 232, Eff. July 7, 2010.