

**RETAIL INSTALLMENT SALES ACT (EXCERPT)**  
**Act 224 of 1966**

**445.864 Retail installment contracts or charge agreements; prohibited provisions; denial of application based on geographic location of residence prohibited; permissible conduct; exemption; contract for financial services not required; offer of combination of services not precluded by subsection (5).**

Sec. 14. (1) Any of the following provisions contained in a retail installment contract or retail charge agreement are void and unenforceable:

(a) In the absence of the buyer's default in the performance of any of the buyer's obligations, the holder may accelerate the maturity of a part or all of the amount owing.

(b) A power of attorney is given to confess judgment in this state, or an assignment of wages is given.

(c) The seller or holder or other person acting on the seller's or holder's behalf is given authority to enter upon the buyer's premises unlawfully or to commit a breach of the peace in the repossession of goods.

(d) The buyer waives a right of action against the seller or holder or other person acting on the seller's or holder's behalf, for an illegal act committed in the collection of payments under the contract or agreement or in the repossession of goods.

(e) The buyer executes a power of attorney appointing the seller or holder, or other person acting on the seller's or holder's behalf, as the buyer's agent in collection of payments under the contract or agreement or in the repossession of goods.

(f) The buyer agrees not to assert against the seller or against an assignee a claim or defense arising out of the sale.

(g) An agreement by the buyer to pay liquidated damages.

(2) A seller shall not deny an application for a retail installment contract or retail charge agreement based in whole or in part upon the geographic location of the residence of the applicant.

(3) Subsection (2) shall not preclude a seller from doing any of the following:

(a) Limiting its retail installment contracts or retail charge agreements to residents of this state or to all counties contiguous to the county in which the business is located, and including that county of location.

(b) Denying an application for a retail installment contract or retail charge agreement, if the store at the location to which the application is made gives equal consideration to all applicants who reside in that store's trade area, with respect to the geographic location of the residence of each applicant. As used in this subdivision, "trade area" includes the places of residence of all regular customers of the store.

(c) Denying an application for a retail installment contract or retail charge agreement if the seller maintains a consistent credit evaluation system within at least 2 contiguous counties, and that system does not take into consideration the geographic location of the residence of an applicant in determining whether the applicant should be granted or denied a retail installment contract or retail charge agreement, and the seller does not grant a retail installment contract or retail charge agreement in any other county.

(d) Researching payment and repayment rates in selected geographic locations for the purpose of detecting causative factors.

(4) Subsection (2) shall not apply to a seller whose annual gross receipts for sales of goods and services within this state are less than \$2,000,000.00.

(5) A retail seller shall not require as a condition of approving the retail installment transaction that the retail buyer contract for 1 or more financial services offered by the retail seller or a particular service provider designated by the retail seller.

(6) Subsection (5) does not preclude a retail seller from offering a combination of 2 or more services under prices or terms that are more favorable to the retail buyer than the prices or terms the services would be offered separately.

**History:** 1966, Act 224, Eff. Mar. 10, 1967;—Am. 1980, Act 272, Eff. Mar. 31, 1981;—Am. 1995, Act 167, Eff. Mar. 28, 1996.

**Compiler's note:** In subsection (6), "the prices or terms the services would be offered" evidently should read "the prices or terms at which the services would be offered."