

MOTOR VEHICLE SALES FINANCE ACT (EXCERPT)
Act 27 of 1950 (Ex. Sess.)

492.118 Finance charge on installment sale contract; maximum rate; computation.

Sec. 18. (1) A seller licensed under this act may charge the buyer a finance charge on any installment sale contract covering the retail sale of a motor vehicle in this state. The finance charge shall not exceed the rate permitted by the credit reform act, 1995 PA 162, MCL 445.1851 to 445.1864.

(2) The seller shall compute the finance charge on the principal amount financed as determined under section 13(2)(f).

(3) The seller shall compute the finance charge at the annual rates permitted by subsection (1) on installment sale contracts that are payable by installment payments, extending for a period of 1 year. On installment sale contracts providing for installment payments extending for a period that is less than or greater than 1 year, the seller shall compute the finance charge proportionately. If an installment sale contract provides for payment other than in equal successive weekly, semimonthly, or monthly installments, the finance charge may be at a rate that will provide the same annual percentage rate as is permitted on monthly payment contracts considering the schedule of payments in the contract. The seller shall disclose the annual percentage rate of the installment sales contract in accordance with disclosure requirements of the truth in lending act, title I of the consumer credit protection act, Public Law 90-321, 15 U.S.C. 1601 to 1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1648, and 1661 to 1667e, and the regulations promulgated under the truth in lending act.

(4) The seller may compute the finance charge on the basis of a full month for a fractional month period in excess of 10 days.

(5) A seller may charge a minimum finance charge of \$15.00 on an installment sale contract in which the finance charge, when computed at the rates indicated, results in a total charge of less than \$15.00.

History: 1950, Ex. Sess., Act 27, Eff. Mar. 31, 1951;—Am. 1974, Act 329, Eff. Apr. 1, 1975;—Am. 1980, Act 79, Imd. Eff. Apr. 7, 1980;—Am. 1981, Act 56, Imd. Eff. June 1, 1981;—Am. 1981, Act 165, Imd. Eff. Dec. 2, 1981;—Am. 1982, Act 320, Imd. Eff. Dec. 2, 1982;—Am. 1983, Act 246, Imd. Eff. Dec. 1, 1983;—Am. 1995, Act 166, Eff. Mar. 28, 1996;—Am. 2002, Act 699, Imd. Eff. Dec. 30, 2002.