

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

**492.119 Installment sale contract; extension; refinance charges; maximum rate; cash loans.**

Sec. 19. (a) The holder of an installment sale contract may extend the scheduled due date, defer a payment or payments, or renew the unpaid time balance of the contract.

(b) The holder may contract for, receive, and collect a refinance charge for the extension, deferment, or renewal. The refinance charge shall not exceed the amount ascertained under the rates allowed by section 18(a).

(c) If 1 or more installment payments are extended or deferred, computing the refinance charge on the amount of the installment payment or payments or part of a payment that is refinanced, for the period of time for which each payment or part of a payment is extended or deferred, shall not exceed rates provided for in section 18(a).

The refinance charges may be computed on the basis of a full month for any fractional month period in excess of 10 days.

(d) If the unpaid balance of the contract is refinanced or renewed, a refinance charge may be assessed on the amount obtained by adding to the unpaid time balance of the contract the insurance cost and other costs incidental to refinancing and the unpaid default charges that may be accrued, and by deducting any rebate that may be due to the buyer for prepayment incidental to refinancing, at the rate of the finance charge provided for in section 18(a), but otherwise subject to the provisions of this act governing computation of the original finance charge. The provisions of this act governing minimum finance charges and minimum prepayment rebate do not apply in calculating refinance charges on the contract renewed under this method of computation.

(e) The holder of an installment sale contract shall not include in any contract for refinancing the contract any cash loan to the buyer, nor any credit extended to the buyer incidental to the purchase of goods or services. A loan under this section does not include, nor does this act prohibit, a rearrangement of payments under the installment sale contract by a refinance transaction involving a restoration of certain installment payments made under the contract, but the refinance charge on the amount restored may not be more than that specified in section 18(a). The holder of the contract may embody in the refinance contract the cost of accessories, equipment, and parts for the motor vehicle sold under the contract, and the cost of repairs and services to the motor vehicle including finance charges on the contract.

**History:** 1950, Ex. Sess., Act 27, Eff. Mar. 31, 1951;—Am. 1957, Act 216, Eff. Sept. 27, 1957;—Am. 1995, Act 166, Eff. Mar. 28, 1996.