

MOTOR VEHICLE INSTALLMENT SALES CONTRACTS (EXCERPT)
Act 305 of 1939

566.302 Contract; contents; delivery of copy and insurance policy to buyer.

Sec. 2. Every retail installment sale of a motor vehicle shall be evidenced by an instrument in writing signed by the retail buyer and a copy thereof shall be delivered to him by the retail seller at the time of its execution. An acknowledgment of the delivery thereof contained in the body of the instrument shall be conclusive proof of delivery in any action to enforce any obligation arising out of the retail installment sale brought by any successor in interest to the rights of the retail seller. The written instrument shall contain all of the agreements of the parties made with reference to the subject matter of the retail installment sale and shall recite the following separate items as such and in the following order: (1) the cash price of the motor vehicle which is the subject matter of the retail installment sale; (2) the amount in cash of the retail buyers' down payments, whether made in money or goods or partly in money and partly in goods; (3) the unpaid balance of the cash price payable by the retail buyer to the retail seller, which is the difference between items 1 and 2; (4) the cost to the retail buyer of any insurance the retail seller has agreed to procure, if the retail seller has agreed to purchase the insurance and extend credit to the retail buyer for the price thereof and if the term of such insurance is less than the contract period, the period of the coverage also shall be recited; (5) the principal balance owed on the retail installment contract, which is the sum total of items 3 and 4; (6) the amount of the finance charge; (7) the time balance owed by the retail buyer to the retail seller and the number of installment payments required and the amount and date of each payment necessary finally to pay the time balance, which is the sum total of items 5 and 6.

Item 4 and item 6 may be added together and stated as 1 sum in the written instrument and, if so stated, item 5 may be omitted, but in such event the retail seller shall within 25 days after the making of the retail installment contract, mail or cause to be mailed to the retail buyer at his address as shown on the retail installment contract a statement reciting the separate amounts of all the items, 1 to 7, inclusive. The reference to insurance in the written instrument shall recite generally the type or types of insurance the retail seller has agreed to procure for the retail buyer, but such reference to insurance shall not be construed to imply the scope of the coverage, the terms, exceptions, limitations, restrictions or conditions of the contract or contracts of insurance to be furnished. Any retail buyer shall have the right to purchase his own insurance from any person other than the retail seller, and in such event item 4 shall be omitted. No retail seller shall coerce, threaten or in any manner influence any retail buyer to purchase insurance from such retail seller, or from any company, agent or broker designated by the retail seller.

Any retail seller, who in any retail installment contract has agreed to purchase insurance for the retail buyer and to extend credit for the price thereof, shall, within 25 days after the making of the retail installment contract, mail or cause to be mailed to the retail buyer at his address as shown on the retail installment contract, a policy or policies of insurance, and in the event such policy or policies shall not be so mailed the seller shall not be entitled to recover, collect or retain that part of the obligation which represents item 4 in such contract and the buyer shall not be liable therefor.

Under a written instrument evidencing a retail installment sale which does not substantially comply with the requirements of this section, the seller shall not be entitled to recover, collect or retain that part of the obligation which represents the finance charge and the buyer shall not be liable therefor.

History: 1939, Act 305, Eff. Sept. 29, 1939;—CL 1948, 566.302.