

**SUBSTITUTE FOR
HOUSE BILL NO. 5354**

A bill to amend 1950 (Ex Sess) PA 27, entitled
"Motor vehicle sales finance act,"
by amending the title and sections 2, 4, 5, 6, 6a, 7, 8, 9, 10, 11,
12, 13, 13a, 14, 14a, 15, 16, 16a, 17, 18, 19, 20, 21, 22, 22a, 28,
29, 30, 31, and 34 (MCL 492.102, 492.104, 492.105, 492.106,
492.106a, 492.107, 492.108, 492.109, 492.110, 492.111, 492.112,
492.113, 492.113a, 492.114, 492.114a, 492.115, 492.116, 492.116a,
492.117, 492.118, 492.119, 492.120, 492.121, 492.122, 492.122a,
492.128, 492.129, 492.130, 492.131, and 492.134), sections 2, 12,
13, 22, and 31 as amended by 2024 PA 94, section 4 as amended and
section 6a as added by 2004 PA 283, sections 5, 6, and 7 as amended
by 1988 PA 242, section 13a as added by 2005 PA 319, section 14 as
amended by 2000 PA 361, section 14a as amended by 1980 PA 77,



section 17 as amended by 2006 PA 302, section 18 as amended by 2002 PA 699, sections 19, 20, and 21 as amended by 1995 PA 166, and section 22a as amended by 1993 PA 107, and by adding sections 4a, 9a, and 37a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

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An act ~~defining and regulating~~ **to define and regulate** certain installment sales of motor vehicles; ~~prescribing~~ **to prescribe** the conditions under which ~~such~~ **certain installment sales of motor vehicles** may be made and ~~regulating~~ **to regulate** the financing thereof; ~~regulating and licensing of certain installment sales of motor vehicles;~~ **to regulate and require licensing for** persons engaged in the business of making or financing ~~such~~ **certain** sales; ~~prescribing~~ **to prescribe** the form, contents, and effect of instruments used in connection with ~~such~~ **certain** sales and the financing thereof; ~~prescribing of certain sales;~~ **to prescribe** certain rights and obligations of buyers, sellers, persons financing ~~such~~ **certain** sales, and others; ~~limiting~~ **to limit** charges in connection with ~~such~~ **certain** instruments and ~~fixing~~ **fix** maximum interest rates for delinquencies, extensions, and loans; ~~regulating~~ **to regulate** insurance in connection with ~~such~~ **certain** sales; ~~regulating~~ **to regulate** repossessions, redemptions, resales, and deficiency judgments and the rights of parties with respect thereto; ~~authorizing~~ **to repossessions, redemptions, resales, and deficiency judgments;** **to authorize** extensions, loans, and forbearances related to ~~such~~ **certain** sales; ~~authorizing~~ **to authorize** investigations and examinations of persons engaged in the business of making or financing ~~such~~ **certain** sales; ~~transferring~~ **to transfer** certain powers and duties with respect to finance



1 companies to the ~~commissioner~~**director** of the ~~financial~~
 2 ~~institutions bureau;~~ **department of insurance and financial**
 3 **services; to provide for the powers and duties of certain state**
 4 **governmental officers and entities; and to prohibit certain actions**
 5 **and prescribe civil sanctions** and ~~prescribing~~ penalties.

6 Sec. 2. As used in this act:

7 (a) "Administrator" means the director of the department of
 8 insurance and financial services **or the designee of the director.**

9 (b) "Cash price" means the price measured in dollars at which
 10 a seller of a motor vehicle would in good faith sell to the buyer
 11 or to any other buyer under like circumstances, and the buyer would
 12 in good faith buy from the seller, the motor vehicle that is the
 13 subject matter of an installment sale contract if the sale were a
 14 sale for cash instead of an installment sale.

15 ~~(c) "Collateral security" means security, other than a~~
 16 ~~security interest in a motor vehicle that is the subject of an~~
 17 ~~installment sale contract, that is given to secure performance of~~
 18 ~~an obligation of the buyer, or of any surety or guarantor for the~~
 19 ~~buyer, under an installment sale contract. Collateral security~~
 20 ~~includes the undertakings of any surety or guarantor for the buyer~~
 21 ~~and any interest in, encumbrance on, or pledge of real or personal~~
 22 ~~property other than the motor vehicle that is the subject of the~~
 23 ~~installment sale contract.~~

24 **(c)** ~~(d)~~—"Down payment" means all partial payments, whether
 25 made in cash or otherwise, received by or for the benefit of the
 26 seller before or substantially contemporaneous with either the
 27 execution of the installment sale contract or the delivery of the
 28 motor vehicle sold under that contract, whichever occurs later.

29 **(d)** ~~(e)~~—"Finance charge" means that term as defined in section



1 106 of the truth in lending act, 15 USC 1605.

2 (e) ~~(f)~~—"Financial institution" means a state or national
3 chartered bank, a state or federal chartered savings and loan
4 association, or a state or federal chartered credit union.

5 (f) ~~(g)~~—"Holder" means a seller or other person that is
6 currently entitled to the rights of a seller under an installment
7 sale contract.

8 (g) ~~(h)~~—"Installment buyer" or "buyer" means a person that
9 buys, hires, or leases a motor vehicle **while located in this state**
10 for personal, family, or household use, and not for commercial,
11 business, or agricultural use, under an installment sale contract
12 or a legal successor in interest to that person.

13 (h) ~~(i)~~—"Installment sale contract" or "contract" means an
14 agreement for the retail sale of a motor vehicle, or that has a
15 similar purpose or effect, under which part or all of the price is
16 payable in 2 or more scheduled payments subsequent to the making of
17 the agreement or under which the obligor undertakes to make 2 or
18 more scheduled payments or deposits that can be used to pay part or
19 all of the purchase price, whether or not the seller has retained a
20 security interest in the motor vehicle ~~or has taken collateral~~
21 ~~security~~ for the buyer's obligation, and any extension, deferment,
22 renewal, or other revision of that agreement. Installment sale
23 contract and contract include a loan, mortgage, conditional sale
24 contract, purchase-money chattel mortgage, hire-purchase agreement,
25 or agreement for the bailment or lease of a motor vehicle under
26 which the hire-purchaser, the bailee, or the lessee agrees to pay
27 as compensation a sum substantially equivalent to or in excess of
28 the value of the motor vehicle, and any other form of agreement
29 that has a similar purpose or effect. Installment sale contract and



1 contract do not include a sale or contract for sale on an open book
 2 account in which the seller has not retained or taken a security
 3 interest in the motor vehicle sold ~~or collateral security~~ for the
 4 buyer's obligation, the buyer is not required to pay any sum other
 5 than the cash price of the motor vehicle sold in connection with
 6 the sale or extension of credit, and the buyer is obligated to pay
 7 for the motor vehicle in full not later than 90 days after the time
 8 the sale or contract for sale was made.

9 (i) ~~(j)~~ "Installment seller" or "seller" means a person
 10 engaged in the business of selling, offering for sale, hiring, or
 11 leasing motor vehicles under installment sale contracts or a legal
 12 successor in interest to that person. As used in this subdivision,
 13 "business" does not include an isolated sale.

14 ~~(k) "Licensed financial institution" means a financial~~
 15 ~~institution issued a license under this act.~~

16 (j) "License" means a license to act as an installment seller
 17 or sales finance company that is issued under this act.

18 (k) ~~(l)~~ "Licensee" means a person ~~issued a license that is~~
 19 **licensed or required to be licensed** under this act as an
 20 installment seller or a sales finance company and whose license has
 21 not expired or been surrendered or revoked, **as applicable**, and in
 22 the plural means a person or persons licensed under 1 or both of
 23 these 2 classifications. ~~Licensee includes a licensed financial~~
 24 ~~institution.~~

25 (l) ~~(m)~~ "Motor vehicle" means a self-propelled device by which
 26 a person or property may be transported on a public highway. ~~or,~~
 27 ~~subject to subparagraph (iv),~~ **Motor vehicle includes** a recreational
 28 vehicle **that has its own motive power**. Motor vehicle does not
 29 include any of the following:



1 (i) A tractor, motorcycle, trailer, semitrailer, or power
2 shovel.

3 (ii) Road machinery, agricultural machinery, or other machinery
4 not designed primarily for highway transportation but that
5 incidentally transports persons or property on a public highway.

6 (iii) A device that moves on or is guided by a track or travels
7 through the air.

8 ~~(iv) A recreational vehicle that does not have its own motive
9 power; is sold by a person engaged solely in the business of
10 selling, offering for sale, hiring, or leasing recreational
11 vehicles that do not have their own motive power; and is sold under
12 a retail installment contract or retail charge agreement that meets
13 the requirements of the retail installment sales act, 1966 PA 224,
14 MCL 445.851 to 445.873.~~

15 (m) ~~(n)~~ "New motor vehicle" means a motor vehicle that is not
16 and has not been a demonstrator, an executive or manufacturer's
17 motor vehicle, a leased motor vehicle, or a used or secondhand
18 motor vehicle.

19 (n) **"NMLS" means the Nationwide Multistate Licensing System
20 and Registry.**

21 (o) "Person" means an individual, partnership, association,
22 corporation, limited liability company, governmental entity, or any
23 other legal entity.

24 (p) "Principal amount financed" means the unpaid cash price
25 balance after deducting the down payment, adding the cost of any
26 insurance premiums required or obtained as security for or by
27 reason of the sale of a motor vehicle under an installment sale
28 contract, and adding other costs necessary or incidental to the
29 sale of the motor vehicle under the contract that the seller



1 contracts to pay on behalf of the buyer and for the amount of which
2 the seller agrees to extend credit to the buyer and for which the
3 buyer contracts voluntarily.

4 (q) "Recreational vehicle" means a recreational vehicle, as
5 that term is defined in section 49a of the Michigan vehicle code,
6 1949 PA 300, MCL 257.49a, except a park model trailer, as that term
7 is defined in section 38a of the Michigan vehicle code, 1949 PA
8 300, MCL 257.38a.

9 (r) "Retail sale" means a sale of a motor vehicle ~~for use by~~
10 **to** a buyer or for the benefit or satisfaction that the buyer may
11 derive from the use of the motor vehicle by another.

12 (s) "Sales finance company" means a person engaged as a
13 principal, agent, or broker in the business of financing or
14 soliciting the financing of installment sale contracts made between
15 other parties, and in the business of acquiring, investing in, or
16 lending money or credit on the security of the retail seller's
17 interest in those contracts whether by discount, purchase, or
18 assignment of those contracts, or otherwise. Sales finance company
19 includes a licensee or other person that as a seller finances
20 installment sale contracts for other sellers or sales finance
21 companies. ~~Sales finance company includes a licensed financial~~
22 ~~institution.~~ Sales finance company does not include any of the
23 following:

24 (i) **A financial institution.**

25 (ii) A person ~~, financial institution, or sales finance company~~
26 that takes an assignment of or an interest in an aggregation of
27 installment sale contracts only as security for bona fide
28 commercial loans under which, in the absence of default or other
29 bona fide breach of the loan contract, ownership of the contracts



1 remains vested in the assignor and collection of payments on the
2 contracts is made by the assignor.

3 ~~(ii) A person that purchases installment sale contracts from a~~
4 ~~sales finance company or from a licensed financial institution.~~

5 **(iii) A person that is formed for the limited purpose of**
6 **acquiring, selling, holding, or financing installment sale**
7 **contracts that purchases installment sale contracts, directly or**
8 **indirectly, from a sales finance company or from a licensed**
9 **financial institution.**

10 (t) "Security interest" means a property right in a motor
11 vehicle that is the subject of an installment sale contract, if the
12 right is retained to secure performance of an obligation of the
13 buyer under that contract. Security interest includes a lien or
14 encumbrance against the motor vehicle, a mortgage interest in the
15 motor vehicle, and a reservation of title to the motor vehicle,
16 whether or not expressed to be absolute, if the title is in
17 substance retained only for security.

18 (u) "Time balance" means the sum of the principal amount
19 financed and the finance charge.

20 (v) "Used or secondhand motor vehicle" means a motor vehicle
21 to which a certificate of title and license plates have been issued
22 and which motor vehicle has been registered for use on the highways
23 by a consumer or by a dealer.

24 Sec. 4. (1) A person shall file an application for a new or
25 renewal license under this act in writing ~~, under oath,~~ and in the
26 form prescribed by the administrator.

27 **(2) The administrator is authorized to establish relationships**
28 **or contracts with the NMLS, or a NMLS successor, to collect and**
29 **maintain records and process transaction fees or other fees related**



1 to licensed installment sellers or sales finance companies or other
2 persons subject to this act.

3 (3) For the purpose of this section, the administrator may use
4 the NMLS for any of the following:

5 (a) Requesting information from and distributing information
6 to the United States Department of Justice or any governmental
7 agency.

8 (b) Requesting and distributing information to and from any
9 government or regulatory source as directed by the administrator.

10 (4) ~~(2)~~ A complete license application ~~shall~~ **must** contain all
11 of the following:

12 (a) The name under which the business is conducted.

13 (b) The address of the principal place of business and of each
14 other place of business, if more than 1.

15 (c) One of the following:

16 (i) The date and place of incorporation and the name and
17 address of all officers and directors if the applicant is a
18 corporation.

19 (ii) The name and ~~residence~~ **residential** address of the owner if
20 the applicant is an individual owner or operating under an assumed
21 name.

22 (iii) The name and ~~residence~~ **residential** address of all owners,
23 partners, or members if the applicant is a partnership,
24 association, or limited liability company.

25 (d) An appointment under subsection ~~(3)~~, **(5)**, if applicable.

26 (e) The bond required under section 5, if applicable.

27 ~~The~~ **Any** license fee ~~or fees~~ required under section ~~5-6~~.

28 **(g) Proof of compliance with section 4a.**

29 ~~(g)~~ Any other information the administrator requires.



1 (5) ~~(3)~~—If a license applicant does not maintain an office in
 2 this state and does not have a resident agent in this state, the
 3 application ~~shall~~**must** include a written appointment of a statutory
 4 agent ~~upon~~**on** whom process, notice, or demand may be served. The
 5 statutory agent shall be an individual residing in this state or a
 6 corporation whose principal place of business is located in this
 7 state. If the identity or address of the statutory agent changes
 8 while the application is pending or after a license is issued, the
 9 applicant or licensee shall within 3 days file with the department
 10 **of insurance and financial services** a written appointment of the
 11 new statutory agent or written notice of the new address, as
 12 applicable.

13 ~~(4) A new or renewal license applicant shall submit a separate~~
 14 ~~application, on the prescribed form, for each place of business~~
 15 ~~conducted by or to be established by the licensee within this~~
 16 ~~state.~~

17 (6) ~~(5)~~—An applicant for a renewal license shall submit the
 18 application for renewal of the license on or before the ~~June 16~~
 19 **December 1** preceding the renewal period. **The administrator shall**
 20 **not renew a license if the applicant fails to pay the fee for the**
 21 **renewal term under section 6.**

22 (7) **A licensee whose license renewal is not received on or**
 23 **before December 31 may renew the license if the licensee submits a**
 24 **renewal application and a renewal fee of \$300.00 for an installment**
 25 **seller license or \$1,000.00 for a seller finance license on or**
 26 **before January 31.**

27 (8) **A licensee that has a change to the information on file**
 28 **with the renewal application shall notify the director of the**
 29 **department of insurance and financial services not later than 30**



1 days after the change.

2 (9) An applicant for an initial license as an installment
3 seller or an applicant for a renewed license as an installment
4 seller may request an extended licensing period of not more than 4
5 years. The administrator must deny the extended licensing period if
6 the applicant fails to pay any required fee under section 6 at the
7 time of requesting the extended licensing period.

8 Sec. 4a. (1) Each control person of a sales finance company
9 applicant or licensee and any individual seeking to become a
10 control person of a sales finance company licensee shall furnish to
11 the administrator through the NMLS all of the following:

12 (a) The individual's fingerprints for submission to the
13 Federal Bureau of Investigation for purposes of a state and
14 national criminal history background check, unless the control
15 person currently resides outside of the United States and has
16 resided outside the United States for the last 10 years.

17 (b) Authorization for the administrator to receive the state
18 and national criminal history background checks described in
19 subdivision (a).

20 (c) The personal history and experience of the individual, in
21 a form prescribed by the administrator, which must include all of
22 the following:

23 (i) An independent credit report from a consumer reporting
24 agency, unless the control person does not have a Social Security
25 number.

26 (ii) Information related to any criminal convictions or pending
27 charges against the individual.

28 (iii) Information related to any regulatory or administrative
29 action or any civil litigation involving claims of fraud,



1 misrepresentation, conversion, mismanagement of funds, breach of
2 fiduciary duty, or breach of contract.

3 (2) As used in this section, "control person" means an
4 individual that has the power to do any of the following:

5 (a) Vote, directly or indirectly, at least 10% of the
6 outstanding voting shares or voting interests of a sales finance
7 company applicant or licensee or a person in control of the
8 applicant or licensee.

9 (b) Elect or appoint executive officers, managers, directors,
10 trustees, or other persons that exercise managerial authority of a
11 person in control of a sales finance company applicant or licensee.

12 (c) Exercise, directly or indirectly, a controlling influence
13 over the management or policies of a sales finance company
14 applicant or licensee or a person in control of the applicant or
15 licensee.

16 Sec. 5. (1) ~~(a) Except as provided in subdivision (b), a~~ A
17 bond, in the form prescribed by the administrator, **executed by a**
18 **bonding company or insurance company authorized to transact**
19 **business in this state and that expires not earlier than the date**
20 **that the license expires**, in the penal sum of \$20,000.00, ~~shall~~
21 **must** accompany the ~~first~~ application by a person for a license **or**
22 **to renew a license** as a sales finance company, and ~~shall apply only~~
23 ~~to the principal place of business of the licensee. A bond, in the~~
24 ~~form prescribed by the administrator, in the penal sum of~~ **plus an**
25 **additional** \$10,000.00 ~~shall accompany each application by a~~
26 ~~licensee for an~~ **for each** additional location to transact business
27 as a sales finance company.

28 ~~(b) Each bond required under subdivision (a) shall be in the~~
29 ~~penal sum of \$5,000.00 if the applicant is licensed under the~~



1 ~~mortgage brokers, lenders, and servicers licensing act, Act No. 173~~
 2 ~~of the Public Acts of 1987, being sections 445.1651 to 445.1683 of~~
 3 ~~the Michigan Compiled Laws, Act No. 125 of the Public Acts of 1981,~~
 4 ~~being sections 493.51 to 493.81 of the Michigan Compiled Laws, or~~
 5 ~~the regulatory loan act of 1963, Act No. 21 of the Public Acts of~~
 6 ~~1939, being sections 493.1 to 493.26 of the Michigan Compiled Laws.~~

7 (2) ~~(c) The bond required under subdivision (a) shall be~~
 8 ~~executed by a surety company authorized by the laws of this state~~
 9 ~~to transact business within this state. A bond accompanying an~~
 10 ~~application for license as a sales finance company, filed by a~~
 11 ~~financial institution located within this state, may be executed by~~
 12 ~~a financial institution on its own behalf, instead of a bond~~
 13 ~~executed by a surety company. The bond shall **must** be executed to~~
 14 ~~the **this** state of Michigan and shall **must** be for the use of the~~
 15 ~~**this** state and for any person. or persons. The condition of the~~
 16 ~~bond shall be **must require** that the licensee will comply with and~~
 17 ~~abide by all the provisions of this act, and all the rules and~~
 18 ~~regulations of the administrator lawfully issued, and **require** that~~
 19 ~~the licensee will pay to the **this** state, to the administrator, or~~
 20 ~~to any person, or persons, any and all money that may become due to~~
 21 ~~the **this** state, to the administrator, or to any person or persons~~
 22 ~~from the licensee under the provisions of this act. A person who~~
 23 ~~**that** is aggrieved by the misconduct of a licensee and who **that** has~~
 24 ~~recovered a judgment against a licensee, and whose judgment is not~~
 25 ~~satisfied within 30 days after it becomes final, may maintain an~~
 26 ~~action ~~upon~~ **on** the bond of the licensee in any court having~~
 27 ~~jurisdiction of the amount claimed. Service of process for ~~such an~~~~
 28 ~~action **under this subsection** may be served anywhere ~~within~~ **in** this~~
 29 ~~state.~~



~~1 (d) A new bond or renewal certificate shall accompany every
2 application for renewal license and shall be filed annually at
3 least 15 days before July 1.~~

~~4 Sec. 6. (a) An application for license shall be accompanied by
5 a license fee in the following amounts:~~

~~6 1. \$30.00 for license as an installment seller of motor
7 vehicles, permitting that installment seller to finance installment
8 sales contracts made between the installment seller and an
9 installment buyer.~~

~~10 2. \$150.00 for the first license as a sales finance company,
11 except financial institutions, which shall pay a fee of \$35.00 for
12 each office licensed as a sales finance office.~~

~~13 (b) A separate license fee of \$75.00 shall be paid by each
14 sales finance company, except financial institutions, for each
15 additional place of business conducted by that sales finance
16 company within the state.~~

~~17 (c) An abatement in the amount of the license fee shall not be
18 made if the license is issued for less than 1 year, or if the
19 license is surrendered, canceled, or revoked before the expiration
20 of the license year for which issued.~~

**21 (1) At the time of making an initial application or renewing a
22 license under this act, a licensee shall pay to the administrator
23 the applicable license fee established by the administrator under
24 subsection (2) (a), (b), (c), or (d). A licensee shall also pay the
25 executed contract fee established by the administrator under
26 subsection (2) (e) at the time and in the form established by the
27 administrator.**

**28 (2) The administrator shall annually establish a schedule of
29 fees to be paid by applicants and licensees during the next**



1 calendar year. In establishing the fees, the administrator shall
 2 consider the amount that is necessary to generate funds sufficient
 3 to pay, but not to exceed, the department's reasonably anticipated
 4 costs of administering this act. The administrator shall establish
 5 by rule or order the time and method of payment of the fee
 6 established under this subsection. The fees must be set as follows:

7 (a) Except as otherwise provided in subdivision (b), to obtain
 8 an initial or to renew an installment seller license, a base fee of
 9 not more than \$150.00 for the main location and not more than
 10 \$50.00 for each branch location.

11 (b) If the extended licensing period is authorized by the
 12 administrator under section 4, the fee described in subdivision (a)
 13 must be multiplied by the number of years authorized for the
 14 extended licensing period.

15 (c) To obtain an initial or to renew a sales finance company
 16 license, a base fee of not more than \$500.00 for the main location
 17 and not more than \$50.00 for each branch location.

18 (d) To amend an existing license, a fee of not more than
 19 \$150.00.

20 (e) Beginning on January 1, 2026, to transfer a title for the
 21 sale of a new or used motor vehicle, the fee set under section 806
 22 of the Michigan vehicle code, 1949 PA 300, MCL 257.806.

23 (3) ~~(d) Each~~ Except as otherwise provided in section 4, each
 24 license issued under this act shall ~~expire~~ expires on July 1
 25 December 31 annually. ~~A~~ Except as otherwise provided in section 4,
 26 a renewal license fee in the same amount as that paid for the
 27 original license shall ~~shall~~ must be paid annually for each respective
 28 type of the license and for each licensed place of business.

29 ~~(e) A licensee shall pay an examination fee for any~~



~~1 examination of its records conducted by the administrator. The
 2 examination fee shall be the lesser of the actual hourly rate or
 3 per contract rate as established by this subdivision. An
 4 examination fee based on the per contract rate shall not be less
 5 than \$150.00. Annually, the administrator shall determine and
 6 notify all licensees of the hourly rate and per contract rate at
 7 which examination fees shall be charged for all examinations
 8 conducted pursuant to this act during the calendar year. The hourly
 9 rate shall be not less than \$20.00 per hour, nor more than \$40.00
 10 per hour for each examiner engaged in an examination. The per
 11 contract rate shall be not less than \$0.08, nor more than \$0.20 per
 12 installment sales contract. The examination fee shall be invoiced
 13 upon the completion of the examination and shall be due and payable
 14 upon receipt of the invoice by the licensee. A licensee shall not
 15 be required to pay for more than 1 examination in any 1 calendar
 16 year. An installment seller shall not be required to pay more than
 17 \$200.00 for an examination unless the licensee holds its own
 18 installment sales contracts.~~

~~19 (f) All fees and expenses provided for in this section and in
 20 section 7(c) shall be paid into the state treasury to the credit of
 21 the financial institutions bureau, and money in this account shall
 22 be used only for the operation of the financial institutions
 23 bureau.~~

**24 (4) Money received under this act must be deposited into the
 25 motor vehicle sales finance act fund created in section 806 of the
 26 Michigan vehicle code, 1949 PA 300, MCL 257.806.**

**27 (5) The department of insurance and financial services shall
 28 expend money from the motor vehicle sales finance act fund, on
 29 appropriation, only to administer and enforce this act and to pay**



1 other costs associated with the administrator's regulatory
 2 obligations under this act. Money in the motor vehicle sales
 3 finance act fund at the close of the fiscal year remains in the
 4 motor vehicle sales finance act fund and does not lapse to the
 5 general fund.

6 Sec. 6a. (1) Subject to subsection (3), ~~beginning on the~~
 7 ~~effective date of the amendatory act that added this section,~~ the
 8 administrator shall approve or ~~reject~~ **deny** a new or renewal license
 9 application within 90 days after the date a complete application
 10 under section 4 is received by the ~~office of financial and~~
 11 ~~insurance services or the date it is received by another agency or~~
 12 ~~department of state government on behalf of the office of financial~~
 13 ~~and insurance services, whichever is earlier.~~ **administrator.**

14 (2) If an application described in subsection (1) is
 15 considered incomplete by the administrator, the administrator ~~shall~~
 16 **must** notify the applicant in writing or electronically ~~within~~ **not**
 17 **later than** 30 days after receipt of the incomplete application,
 18 describing the deficiency and requesting the additional
 19 information. ~~, the unpaid fee, or the bond.~~ The 90-day time period
 20 described in subsection (1) is tolled ~~upon~~ **on** notification by the
 21 administrator of a deficiency until the date the requested
 22 information is received by the administrator. The determination of
 23 the completeness of an application does not operate as an approval
 24 of the application for the license and does not confer eligibility
 25 of an applicant determined otherwise ineligible for issuance of a
 26 license. The tolling of the 90-day time period under this
 27 subsection does not allow the administrator to otherwise delay the
 28 processing of the application, and that application, ~~upon~~ **on**
 29 completion, ~~shall~~ **must** be placed in sequence with other complete



1 applications received at that same time.

2 (3) If the administrator fails to issue or deny a license
 3 within the time required by this section, the administrator ~~shall~~
 4 **must** return the license fee. ~~and shall reduce the license fee for~~
 5 ~~the applicant's next renewal application, if any, by 15%. The~~
 6 ~~administrator shall not discriminate against an applicant in the~~
 7 ~~processing of the application based upon the fact that the license~~
 8 ~~fee was refunded or discounted under this subsection.~~

9 (4) ~~Beginning October 1, 2005, the~~ **The** administrator shall
 10 submit a report by December 1 of each year to the standing
 11 committees of the senate and house of representatives concerned
 12 with commerce issues and to the appropriations subcommittees of the
 13 senate and house of representatives generally responsible for
 14 appropriations to the ~~office of financial and insurance services.~~
 15 **department of insurance and financial services.** The administrator
 16 shall include all of the following information in the report
 17 concerning the preceding fiscal year:

18 (a) The number of initial and renewal applications the
 19 administrator received and completed within the 90-day time period
 20 described in subsection (1).

21 (b) The number of applications denied.

22 (c) The number of applicants not issued a license within the
 23 90-day time period and the amount of money returned to licensees
 24 and registrants under subsection (3).

25 Sec. 7. **(1)** ~~(a) Upon~~ **On** approving a license application, the
 26 administrator ~~shall~~ **must** issue to the applicant a license
 27 certificate showing the name of the person authorized to do
 28 business under the license and the business address of the
 29 licensee. ~~Upon issuance to a licensee, a license certificate shall~~



1 ~~be posted in a conspicuous place in the place of business of the~~
 2 ~~licensee in full view of the public at all times.~~**The licensee shall**
 3 **at all times conspicuously display the license in the outer office**
 4 **of the licensee or branch office of the licensee, if that office**
 5 **offers in-person services to consumers, and state on an internet**
 6 **website that is available to the public that the licensee is**
 7 **licensed in this state and provide the licensee's license number.**

8 (2) ~~(b) A license shall not be transferable or assignable.~~**A**
 9 **license must not be transferred or assigned without the consent of**
 10 **the administrator. The sale, transfer, assignment, or conveyance of**
 11 **more than 25% of the outstanding voting stock of a licensee that is**
 12 **a corporation, or more than 25% of the interest in a licensee that**
 13 **is a partnership or other unincorporated association, is considered**
 14 **a transfer of the license. The licensee shall pay the amendment fee**
 15 **under section 6 to transfer a license.**

16 (3) ~~(c) A licensee may change his or her~~**its** place of business
 17 to another location within the same municipality for which the
 18 license certificate was issued. A licensee desiring to change the
 19 address of ~~his or her~~**its** place of business shall give prior
 20 written notice to the administrator and shall return the license
 21 certificate to the administrator for amendment. The administrator
 22 shall amend the license certificate to show the new address and the
 23 date of the change. ~~, which shall then be~~**The new address under**
 24 **this subsection is** the authorized address of the licensee. A
 25 licensee shall pay ~~a fee of \$10.00~~**the fee under section 6** to amend
 26 a license certificate.

27 ~~(d) Only 1 place of business may be operated under the same~~
 28 ~~license. A licensee may operate more than 1 place of business by~~
 29 ~~filing an application on the prescribed form for each additional~~



1 ~~place of business and complying with the bond and license fee~~
 2 ~~provisions of this act. For an installment seller only, if every~~
 3 ~~place of business is conducted in 1 city under 1 name and all~~
 4 ~~business records are continuously kept in 1 place, only 1 license~~
 5 ~~shall be required for all places of business conducted in that~~
 6 ~~city.~~

7 Sec. 8. **(1)** ~~(a)~~The administrator may ~~reject~~**deny** any
 8 application for license or any application for renewal of a license
 9 if ~~he~~**the administrator** is not satisfied that the financial
 10 responsibility and the general fitness of the applicant, and of the
 11 owners, partners, or members thereof, ~~if the~~**of an** applicant be
 12 **that is** a partnership or association, ~~and~~**or** of the officers and
 13 directors, ~~if the~~**of an** applicant be **that is** a corporation, are
 14 such as to warrant the belief that the business for which
 15 application for license is filed will be operated in accordance
 16 with ~~the provisions of this act.~~

17 **(2)** ~~(b)~~Whenever the administrator ~~rejects~~**denies** an
 18 application for license, ~~he shall mail~~**the administrator must issue**
 19 a notice of ~~such action~~**the denial** to the applicant and the
 20 applicant may, within 30 days of the date of ~~such~~**the** notice,
 21 appeal ~~from such action~~**the denial** to the circuit court in the
 22 manner provided for in ~~section 9, subsection (d) of this act.~~**the**
 23 **administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to**
 24 **24.328.**

25 **(3)** ~~(c)~~Whenever the administrator ~~rejects~~**denies** an
 26 application for license, ~~he shall~~**the administrator must** retain the
 27 license fee ~~which~~**that** accompanied the application, to defray costs
 28 of investigation.

29 Sec. 9. **(1)** ~~(a)~~The administrator, ~~upon~~**on** 30 ~~days~~**days'**



1 written notice to the licensee, forwarded by registered mail to the
 2 place of business of ~~such the~~ licensee, as shown in the application
 3 for license or as amended on the license certificate ~~in case of if~~
 4 **there was a** change of address subsequent to issuance of the license
 5 certificate, may revoke or suspend ~~any a~~ license, **order a licensee**
 6 **to cease and desist under section 9a, or assess a civil fine under**
 7 **section 37a(4), as applicable,** if ~~he the~~ administrator finds that
 8 **any of the following apply:**

9 (a) ~~1. The licensee has made any material misstatement in the~~
 10 application for license. ~~or that~~

11 (b) ~~2. The licensee has violated any provisions of this act or~~
 12 **any other law or that is applicable to the selling or financing**
 13 **of a motor vehicle.**

14 (c) ~~3. The licensee refuses or has refused to permit the~~
 15 administrator or ~~his designated representative~~ **the administrator's**
 16 **designee** to make examinations authorized by this act. ~~or that~~

17 (d) ~~4. The~~ **If the licensee is a sales finance company, the**
 18 licensee ~~in the case of a sales finance company~~ has failed to
 19 maintain in effect the bond required under ~~the provisions of this~~
 20 act. ~~or that~~

21 (e) ~~5. The licensee has failed to maintain satisfactory~~
 22 records required by this act. ~~or that~~

23 (f) ~~6. The licensee has falsified any records required by this~~
 24 act to be maintained in connection with the business contemplated
 25 by this act. ~~or that~~

26 (g) ~~7. The licensee has after proper notice failed to file any~~
 27 report with the administrator within the time stipulated in this
 28 act. ~~or that~~

29 (h) ~~8. The licensee has failed to pay the fine required by~~



1 ~~this act for failure to file reports to the administrator~~ **fee under**
 2 **section 6(2)(e), 4(7), or 11(9)** within the time stipulated. ~~or~~
 3 ~~that~~

4 (i) ~~9.~~The licensee has defrauded any retail buyer to the
 5 buyer's damage or ~~wilfully~~ **willfully** failed to perform any written
 6 agreement with any retail buyer. ~~or that~~

7 (j) ~~10.~~Any fact or condition exists or is discovered ~~which,~~
 8 **that**, if it had existed or had been discovered at the time of
 9 filing of the application for ~~such~~ **the** license, would have
 10 warranted the administrator in refusing to issue ~~such~~ **the** license.

11 (2) ~~(b)~~The administrator may revoke or suspend only the
 12 particular license with respect to which grounds for revocation may
 13 occur or exist, but if ~~he~~ **the administrator** finds that grounds for
 14 revocation are of general application to all places of business or
 15 to more than 1 place of business operated by a licensee, ~~he~~ **the**
 16 **administrator** may revoke all of the licenses issued to ~~such~~ **the**
 17 licensee or those licenses to which grounds for revocation apply. ~~or~~
 18 ~~as the case may be.~~

19 (3) ~~(e)~~Whenever a license has been revoked, the administrator
 20 shall not issue another license to the licensee ~~pursuant to the~~
 21 ~~provisions of~~ **under** this act until the expiration of at least 1
 22 year from the effective date of revocation of ~~said~~ **that** license.

23 (4) ~~(d)~~ Appeals may be taken from the action of the
 24 administrator in accordance with procedure prescribed in section 30
 25 of Act No. 319 of the Public Acts of 1969, being section 487.330 of
 26 the Compiled Laws of 1948. **A proceeding under this act is subject to**
 27 **the administrative procedures act of 1969, 1969 PA 306, MCL 24.201**
 28 **to 24.328.**

29 **Sec. 9a. (1) If, after an investigation, in the opinion of the**



1 administrator, a licensee is or has engaged in a practice that
2 poses a threat of financial loss or threat to the public welfare,
3 or is or has violated an applicable law, rule, or order, the
4 administrator may issue and serve on the licensee a cease and
5 desist order under this section.

6 (2) A cease and desist order issued under this section must
7 contain a statement of the facts constituting the alleged practice
8 or violation and must fix a time and place for a hearing to
9 determine if the administrator should issue an order to cease and
10 desist against the licensee.

11 (3) A licensee may consent to the issuance of a cease and
12 desist order under this section. If the licensee or a duly
13 authorized representative of the licensee fails to appear at a
14 hearing described in subsection (2), the licensee is considered to
15 have consented to the issuance of a cease and desist order.

16 (4) If a licensee consents under subsection (3) or if the
17 administrator finds, based on the record made at the hearing under
18 subsection (2), that the practice or violation specified in the
19 order is established, the cease and desist order becomes final. The
20 cease and desist order may require the licensee and its officers,
21 directors, members, partners, trustees, employees, agents, or
22 control persons to cease and desist from the practice or violation
23 and to take affirmative action to correct the conditions resulting
24 from the practice or violation.

25 (5) Except as otherwise provided in subsection (6), or to the
26 extent the cease and desist order is stayed, modified, terminated,
27 or set aside by the administrator or a court, a cease and desist
28 order is effective on the date of service.

29 (6) A cease and desist order issued with a licensee's consent



1 **is effective at the time specified in the order and remains**
 2 **effective and enforceable as provided in the order.**

3 Sec. 10. (1) ~~(a) The~~ **Subject to subsections (2) and (3), the**
 4 ~~administrator is authorized and empowered to~~ **may** investigate and
 5 examine at any time during **reasonably established** regular business
 6 hours any and all books, accounts, papers, records, documents, and
 7 files, to the extent that ~~such~~ **the** investigation and examination
 8 pertain to matters regulated under ~~the provisions of this act,~~ of
 9 any licensee and of any person ~~who shall be~~ **that is** engaged in
 10 business contemplated by this act. For this purpose the
 11 administrator shall have free access to the offices and places of
 12 business and any and all books, accounts, papers, records,
 13 documents, and files of all such persons. A person ~~who~~ **that** is not
 14 licensed under this act ~~shall be~~ **is** presumed to be engaged in
 15 business contemplated by this act ~~, if he,~~ **the person,** as
 16 principal, agent, or broker advertises or solicits business for
 17 which a license is required ~~by the provisions of~~ **under** this act,
 18 and the administrator, and any person designated by ~~him~~ **the**
 19 **administrator,** for ~~that~~ **the** purpose is ~~, in such case, hereby~~
 20 empowered to examine the books, accounts, papers, records,
 21 documents, files, safes, and vaults of such persons for the purpose
 22 of discovering violations of this act.

23 **(2) If an examination under subsection (1) is a routine**
 24 **examination, the administrator shall do both of the following:**

25 **(a) Provide the licensee with not less than 36 hours' written**
 26 **notice of the examination.**

27 **(b) Maintain a record of the delivery of the notice described**
 28 **in subdivision (a) in the examination record.**

29 **(3) In response to a complaint, the administrator may conduct**



1 unannounced, periodic, on-site investigations of a licensee.

2 (4) ~~(b)~~ The administrator ~~is empowered to~~ **may** require the
 3 attendance and testimony of witnesses and the production of any
 4 books, accounts, papers, records, documents, and files relating to
 5 ~~such business which~~ **that** the administrator has authority ~~by~~ **under**
 6 this act to investigate, and for this purpose the administrator or
 7 ~~his~~ **the administrator's** duly authorized representative, may sign
 8 subpoenas, administer oaths and affirmations, examine witnesses,
 9 and receive evidence. In case of disobedience of any subpoena or
 10 the contumacy of any witness appearing before the administrator,
 11 the administrator may invoke the aid of the circuit court of Ingham
 12 ~~county, County,~~ or any circuit court of ~~the~~ **this** state. ~~and such~~
 13 **A court under this subsection** shall ~~thereupon~~ issue an order
 14 requiring the person subpoenaed to obey the subpoena, or to give
 15 evidence, or to produce books, accounts, papers, records,
 16 documents, and files relative to the matter in question. Any
 17 failure to obey ~~such~~ **an** order of the court **under this subsection**
 18 may be punished by ~~such~~ **the** court as a contempt. ~~thereof.~~

19 (5) **Except as otherwise provided in this subsection, the**
 20 **administrator and the department of insurance and financial**
 21 **services shall not disclose information obtained in an examination**
 22 **or investigation. The administrator, each former administrator, and**
 23 **each current and former deputy, agent, and employee of the**
 24 **department of insurance and financial services shall not disclose**
 25 **any facts and information obtained in the course of their duties,**
 26 **unless that individual is required under law to report on, take**
 27 **official action concerning, or testify in any proceedings regarding**
 28 **a licensee or the activities of a licensee. This subsection does**
 29 **not apply to, and does not prohibit the furnishing of information**



1 or documents to, any federal, foreign, or out-of-state regulatory
 2 agency with jurisdiction over a licensee and is not applicable to
 3 any disclosure made in the public interest by the administrator, at
 4 the discretion of the administrator.

5 (6) ~~(e) The administrator is hereby authorized and empowered~~
 6 ~~to may~~ prescribe the various blank forms to be used by licensees in
 7 making reports, and to make rules and regulations relating to the
 8 enforcement of this act. A copy of every rule and regulation shall
 9 be mailed by the administrator to all licensees under this act at
 10 their respective licensed places of business at least 10 days
 11 before the effective date thereof.

12 (7) For purposes of this section, the administrator may do any
 13 of the following:

14 (a) Enter into agreements or relationships with other
 15 governmental regulatory associations to improve efficiencies and
 16 reduce the regulatory burden by sharing resources, standardized or
 17 uniform methods or procedures, and documents, records, information,
 18 or evidence obtained under this section.

19 (b) Use, hire, contract, or employ public or privately
 20 available analytical systems, methods, or software to examine or
 21 investigate a licensee or other person subject to this act.

22 (c) Accept and rely on examination or investigation reports
 23 made by other state or federal government officials.

24 (d) Accept audit reports prepared by an independent certified
 25 public accountant for the licensee or other person subject to this
 26 act in the course of that part of the examination covering the same
 27 general subject matter as the audit and incorporate the audit
 28 report in the report of the examination, report of investigation,
 29 or other writing of the administrator.



1 (8) As used in this section:

2 (a) "Routine examination" means an examination that is not the
3 result of a complaint or a suspected violation of this act.

4 (b) "Written notice" includes, but is not limited to, notice
5 by email or text message.

6 Sec. 11. ~~(a) Every licensee shall maintain, at the place of
7 business designated in the license certificate, such books,
8 accounts and records of the business conducted under the license
9 issued for such place of business as will enable the administrator
10 to determine whether the business of the licensee contemplated by
11 this act is being operated in accordance with the provisions of
12 this act.~~

13 ~~(b) A licensee, operating 1 or more licensed places of
14 business in this state, may maintain the general control records of
15 all such offices at any 1 of such offices, or at any other office
16 maintained by such licensee, upon the filing of a written request
17 with the administrator designating therein the office at which such
18 control records are maintained and upon approval of such request by
19 the administrator.~~

20 (1) A licensee shall keep and use in the licensee's business
21 the books, accounts, and records the administrator may require to
22 determine whether the licensee is complying with this act and with
23 the rules promulgated by the administrator under this act.

24 (2) A licensee shall preserve and make accessible to the
25 administrator the books, accounts, and records described in
26 subsection (1) for at least 2 years after making the final entry in
27 that book, account, or record.

28 (3) The preservation of records by reproduction under the
29 records reproduction act, 1992 PA 116, MCL 24.401 to 24.406,



1 constitutes compliance with this section.

2 (4) The books and accounts described in subsection (1) may be
3 kept at a location other than the licensee's principal place of
4 business if the books and accounts are made available to the
5 administrator on request.

6 (5) If a licensee's principal place of business is not in this
7 state, or the books, accounts, or records described in subsection
8 (1) are not made available in this state, the licensee must pay the
9 reasonable travel, lodging, and meal expenses of any person
10 required to travel to examine the licensee.

11 (6) ~~(e)~~ All books, accounts, and records of the licensee shall
12 must be maintained in the English language.

13 ~~(d) All books, accounts and records of licensees, including~~
14 ~~any cards used in a card system, shall be preserved and available~~
15 ~~for examination by the administrator for at least 2 years after~~
16 ~~making the final entry therein.~~

17 (7) On or before a date to be determined by the administrator,
18 a licensee shall quarterly or annually file with the administrator
19 a report providing information, as prescribed by the administrator,
20 concerning the business and operations of the licensee under this
21 act during the immediately preceding quarter or calendar year. In
22 addition, the administrator may require a licensee to file a
23 special report as the administrator considers reasonably necessary
24 for the proper supervision of licensees under this act.

25 (8) A person who willfully and knowingly subscribes and
26 affirms a false statement in a report required under subsection (7)
27 is subject to all penalties under this act.

28 (9) A licensee whose reports are not received on or before the
29 date to be determined by the administrator under subsection (7) is



1 subject to a late fee in the amount of \$25.00 for each day that the
2 report is late or \$1,000.00, whichever is less.

3 (10) The administrator shall electronically accept any record
4 or document described in this act, if possible and practical.

5 Sec. 12. (1) An installment sale contract must be in writing,
6 contain all of the agreements between the buyer and the seller
7 relating to the installment sale of the motor vehicle sold, and be
8 signed by both the buyer and the seller.

9 (2) An installment sale contract must be completed as to all
10 essential provisions before the signing of the contract by the
11 buyer and contain other information as the administrator may
12 require.

13 (3) An exact copy of the installment sale contract must be
14 furnished by the seller to the buyer without charge at the time the
15 buyer signs the contract. The buyer's copy of the contract must
16 contain the signature of the seller identical with the signature on
17 the original contract.

18 (4) An installment sale contract must contain the following
19 notice printed prominently and in the form indicated in 12-point
20 type or larger directly above the space provided in the contract
21 form for the signature of the buyer:

22 "Notice to buyer. Do not sign this contract in blank. You are
23 entitled to 1 true copy of the contract you sign without charge.
24 Keep it to protect your legal rights."

25 (5) The seller shall obtain from the buyer a written
26 acknowledgment of the delivery of the copy of the contract. The
27 acknowledgment must be printed in 12-point type or larger and, if
28 attached to the contract, it must be printed below the buyer's
29 signature to the contract and independently signed.



1 (6) Except as otherwise provided in ~~this subsection and~~
 2 section 22, an installment sale contract must provide for ~~weekly,~~
 3 ~~semi-monthly, or monthly payments of the time balance in~~
 4 substantially equal periods and amounts. ~~This subsection does not~~
 5 ~~do either of the following:~~

6 ~~(a) Apply to an installment sale contract made between a~~
 7 ~~seller and a buyer who is an employee of the seller.~~

8 ~~(b) Prohibit an installment sale contract that extends the~~
 9 ~~time for making installment payments for a period of not to exceed~~
 10 ~~3 months.~~

11 Sec. 13. (1) An installment sale contract must include the
 12 full **legal** names and addresses of all the parties to the contract,
 13 the date when signed by the buyer, and a description of the motor
 14 vehicle sold that is sufficient for accurate identification.

15 (2) An installment sale contract must set forth all of the
 16 following separate items in the following order:

17 (a) The cash price of the motor vehicle. This amount must
 18 include any taxes, the cash price of agreed on accessories and
 19 installation of the accessories, the cash price of any extended
 20 warranty or service contract, ~~and~~ a documentary preparation fee,
 21 **and the fee set by the administrator under section 6(2)(e)**. The
 22 documentary preparation fee must not exceed 5% of the cash price of
 23 the motor vehicle or \$160.00, whichever is less. Beginning on
 24 January 1, 2005, the administrator shall adjust the maximum amount
 25 then in effect for the documentary preparation fee described in
 26 this subdivision every 2 years to reflect the cumulative percentage
 27 change in the Consumer Price Index for the 2 immediately preceding
 28 calendar years, as determined by the administrator. The
 29 administrator shall round the adjustment to the nearest \$10.00



1 increment to set the fee every 2 years under this subdivision, but
2 shall carry over and use the absolute value to calculate the next
3 2-year adjustment. As used in this subdivision, "Consumer Price
4 Index" means the United States Consumer Price Index for all urban
5 consumers, U.S. city average, as defined and reported by the Bureau
6 of Labor Statistics of the United States Department of Labor.

7 (b) The down payment made by the buyer at the time of or
8 before execution of the contract, indicating whether made in cash,
9 represented by the agreed value of a trade-in motor vehicle or
10 other goods, or both. The amount of cash and the value of any
11 trade-in must be stated separately. A description that is
12 sufficient for identification of any trade-in must be included.

13 (c) The unpaid cash price balance, which is the difference
14 between the cash price under subdivision (a) and the down payment
15 under subdivision (b).

16 (d) The cost of any insurance premium or travel emergency
17 benefits pertaining to the operation of the automobile that the
18 seller agrees to extend credit to the buyer to obtain. The
19 installment sale contract must set forth the term of the insurance
20 and a concise description of the terms of the insurance policy and
21 the travel emergency benefits. If the precise cost of the insurance
22 is not available at the time the contract is signed, an estimated
23 amount, ascertained from the current published applicable manual of
24 a recognized standard insurance rating bureau, may be set forth in
25 the contract. Not later than 25 days after making the installment
26 sale contract, the seller shall mail or cause to be mailed to the
27 buyer at the buyer's address as shown on the contract a certificate
28 or policy of insurance and a statement showing the exact cost of
29 the insurance. Each installment sale contract must contain the



1 following warning, printed prominently ~~in red ink and~~ in 12-point
 2 type or larger, directly preceding the notice provided for in
 3 section 12(4), enclosed by a continuous heavy line:

4
 5 Warning: The insurance afforded hereunder does not cover
 6 liability for injury to persons or damage to property of
 7 others unless so indicated hereon.

8
 9 (e) The cost of any guaranteed asset protection waiver that
 10 the seller agrees to extend credit to the buyer to obtain. For
 11 purposes of this subdivision, all of the following apply:

12 (i) "Guaranteed asset protection waiver" means that term as
 13 defined in section 3 of the guaranteed asset protection waiver act,
 14 2009 PA 229, MCL 492.23.

15 (ii) A guaranteed asset protection waiver may be included as
 16 part of, or as an addendum to, an installment sale contract.

17 (iii) An installment seller that offers, sells, or provides
 18 guaranteed asset protection waivers to installment buyers in this
 19 state must comply with the guaranteed asset protection waiver act,
 20 2009 PA 229, MCL 492.21 to 492.33.

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

26 (f) Other necessary or incidental costs that the seller
 27 contracts to pay on behalf of the buyer and for the amount of which
 28 the seller agrees to extend credit to the buyer as authorized under
 29 this act. The contract must contain an itemization of the nature



1 and amount of the costs.

2 (g) The principal amount financed, which is the total of the
3 amounts described in subdivisions (c), (d), (e), and (f).

4 (h) The finance charge, which is the consideration in excess
5 of the total of the cash price under subdivision (a), excluding the
6 amounts described in subdivisions (d), (e), and (f).

7 (i) The time balance, which is the total of the amounts
8 described in subdivisions (g) and (h) and represents the total
9 obligation of the buyer that the buyer agrees to pay in 2 or more
10 scheduled payments.

11 (j) The payment schedule, which must include the number of
12 payments, the amount of the payments, and the time of the payments
13 required to liquidate the time balance. If the installment sale
14 contract is for a new motor vehicle, the installment sale contract
15 must contain the following notice printed prominently in 12-point
16 type or larger directly below the federal Truth-In-Lending
17 disclosure box:

18 "Notice: Customer should review the payment schedule to
19 determine if the contract requires payments in equal amounts."

20 ~~(3) An installment sale contract must state clearly any
21 collateral security given to secure the buyer's obligation under
22 the contract.~~

23 **(3)** ~~(4)~~ An installment sale contract must contain a summary
24 notice of the buyer's principal legal rights respecting prepayment
25 of the contract and rebate of the finance charge and reinstatement
26 of the contract in the event of repossession.

27 **(4)** ~~(5)~~ An installment sale contract must contain specific
28 provisions concerning the buyer's liability for default charges,
29 repossession, and sale of the motor vehicle in case of default or



1 other breach of contract, and the seller's or holder's rights.
 2 ~~concerning any collateral security.~~

3 Sec. 13a. (1) A seller in an installment sale transaction may
 4 pay on behalf of the buyer and agree to finance in the installment
 5 sale contract all or part of the balance of any indebtedness
 6 secured by a motor vehicle that the seller takes in trade in the
 7 installment sale transaction or all or any part of the balance owed
 8 under a lease of a motor vehicle that is terminated in connection
 9 with the installment sale transaction.

10 (2) If subsection (1) applies in an installment sale
 11 transaction, then the other necessary or incidental costs included
 12 in the installment sale contract under section ~~13(2)(e) shall~~
 13 **13(2)(f) must** include the amount the seller agreed to finance under
 14 subsection (1).

15 Sec. 14. **(1)** ~~(a)~~An installment sale contract ~~shall~~**must** not
 16 be signed by a party to the contract unless it contains all of the
 17 information and statements required ~~by~~**under** this act.

18 **(2)** ~~(b)~~An installment sale contract ~~shall~~**must** not contain an
 19 acceleration clause under which any part or all of the time balance
 20 represented by payments, not yet matured, may be declared
 21 immediately payable because the seller or holder deems itself to be
 22 insecure **or is unable to assign the installment contract.**

23 **(3)** ~~(e)~~An installment sale contract ~~shall~~**must** not contain a
 24 provision authorizing a person acting on behalf of the seller or
 25 holder to enter ~~upon~~**the** premises of the buyer unlawfully or to
 26 commit a breach of the peace in the repossession of the motor
 27 vehicle. ~~or collateral security.~~A right of repossession of a motor
 28 vehicle provided in an installment sale contract ~~shall~~**must** be
 29 exercised only in the manner provided in part 6 of article 9 of the



1 uniform commercial code, 1962 PA 174, MCL 440.9601 to 440.9628,
2 concerning taking possession of and disposing of collateral.

3 (4) ~~(d)~~—An installment sale contract ~~shall~~**must** not contain a
4 provision by which the buyer waives a right of action against the
5 seller, holder, or other person acting on behalf of the holder for
6 an illegal act committed in the collection of the payments under
7 the contract or in the repossession of the motor vehicle. ~~or~~
8 ~~collateral security.~~

9 (5) ~~(e)~~—An installment sale contract ~~shall~~**must** not contain a
10 provision by which the buyer executes a power of attorney
11 appointing the seller, the holder, or the agent of the licensee as
12 the buyer's agent in collection of the payments under the contract
13 or in repossession of the motor vehicle sold. ~~or collateral~~
14 ~~security.~~

15 (6) ~~(f)~~—An installment sale contract ~~shall~~**must** not contain a
16 provision relieving the holder, or other assignee, from liability
17 for legal remedies ~~which~~**that** the buyer has against the seller
18 under the contract or under a separate instrument executed in
19 connection with the contract.

20 Sec. 14a. ~~(a) A person shall not take a negotiable instrument,~~
21 ~~other than a currently dated check or draft, as evidence of the~~
22 ~~obligation of the buyer in a retail sale of a motor vehicle.~~

23 (1) ~~(b)~~—A holder of an installment sale contract is subject to
24 all the claims and defenses of the buyer arising out of the
25 installment transaction, but the buyer's recovery ~~shall~~**must** not
26 exceed the amount paid to the holder thereunder.

27 (2) ~~(e)~~—An installment sale contract entered into under this
28 act ~~shall~~**must** contain the following provision in at least 10-point
29 boldface type:



1 Notice

2 Any holder of this ~~consumer credit~~ contract is subject to all
3 claims and defenses which the ~~debtor~~ **installment buyer** could assert
4 against the

5 seller of goods or services obtained pursuant hereto or with
6 the proceeds hereof. Recovery hereunder by the ~~debtor~~ **installment**
7 **buyer** shall

8 not exceed amounts paid by the ~~debtor~~ **installment buyer** hereunder.

9 (3) ~~(d)~~ This section applies only to sales made ~~pursuant to~~
10 **under** an installment sale contract.

11 (4) ~~(e)~~ In an action by the holder to collect a debt from the
12 buyer, the court, after notice to the buyer and a hearing, may
13 designate a disinterested third party to receive payments from the
14 buyer. If the court finds that the buyer will not be unreasonably
15 burdened nor deprived of adequate transportation by making the
16 payments, an amount ~~up to but not greater~~ **that is not more** than the
17 amount of each ~~time balance~~ payment due ~~shall~~ **must** be paid to the
18 disinterested third party as it becomes due during the period of
19 litigation. At the conclusion of the litigation these payments
20 ~~shall~~ **must** be distributed ~~pursuant to~~ **in accordance with** the
21 judgment of the court.

22 Sec. 15. (1) ~~(a)~~ Whenever an installment sale contract is
23 lawfully sold, transferred, or assigned to a person ~~who~~ **that** is
24 licensed as a sales finance company, ~~pursuant to the provisions of~~
25 **under** this act, ~~such~~ **the** new holder shall furnish to the buyer in
26 ~~such~~ **the** contract a written notice of ~~such~~ **the** sale, transfer, or
27 assignment, ~~excepting~~ **except** when assignment is made only to secure
28 a bona fide commercial loan. ~~or pursuant to a bulk sale of~~
29 ~~installment sale contracts. Such notices shall~~ **A notice under this**



1 **subsection must** set forth the name and address of the new holder
 2 and ~~shall~~**must** notify the buyer of the name and address of the
 3 person authorized to receive future payments on ~~such~~**the** contract.
 4 If ~~such~~**the** notice **under this subsection** has not been given, any
 5 payment or tender of payment made to and any service of notice on
 6 the last known holder by the buyer ~~shall be~~**is** binding ~~upon~~**on** any
 7 subsequent holder. ~~No~~**An** installment ~~sales~~**sale** contract ~~shall~~**must**
 8 **not** be sold to any person doing business in this state who is not
 9 licensed **or is not exempt from licensure** ~~under the provisions of~~
 10 this act.

11 (2) ~~(b) The provisions of this section shall~~ **This section does**
 12 not apply to an assignment of an aggregation of installment sale
 13 contracts, ~~which~~**that** is executed by a seller or sales finance
 14 company ~~in connection with a bulk sale or as~~ collateral security
 15 for a bona fide commercial loan, obtained at lawful rates of
 16 interest from a person regularly engaged in the business of lending
 17 money on the security of such assigned collateral, and under which,
 18 in the absence of default or other bona fide breach of the loan
 19 contract, ownership of the assigned contracts remains vested in the
 20 assignor and collection of payments on ~~such~~**the** assigned contracts
 21 is made by the assignor ~~: And provided, That such~~ **and the**
 22 assignment and loan contracts are not for the purpose of evading or
 23 circumventing ~~the provisions of~~ this act.

24 Sec. 16. (1) ~~(a)~~The buyer of a motor vehicle under an
 25 installment sale contract may be required to provide insurance on
 26 ~~such~~**the** motor vehicle at the buyer's expense for the protection of
 27 the seller or subsequent holder. ~~Such insurance shall~~ **The insurance**
 28 **under this subsection must** be limited to insurance against
 29 substantial risk of damage, destruction, or theft of ~~such~~**the** motor



1 vehicle. ~~Provided, however, That the foregoing shall~~ **This**
 2 **subsection does** not interfere with the liberty of contract of the
 3 buyer and seller to contract for travel emergency benefits
 4 pertaining to the operation of the automobile or other or
 5 additional insurance as security for or by reason of the obligation
 6 of the buyer, and ~~inclusion of~~ **including** the cost of ~~such the~~
 7 insurance premium and ~~said the~~ travel emergency benefits in the
 8 principal amount advanced under the installment sale contract. ~~Such~~
 9 ~~insurance shall, if~~ **If** possible to obtain, **the insurance under this**
 10 **subsection must** be written for the dual protection of the buyer and
 11 of the seller, or subsequent holder, to the extent of ~~his the~~
 12 **buyer's and seller's, or subsequent holder's,** interest in the motor
 13 vehicle. ~~Such insurance shall~~ **The insurance under this subsection**
 14 **must** be for an amount, ~~and~~ period of time, and ~~upon on~~ terms and
 15 conditions, ~~which that~~ are reasonable and appropriate considering
 16 the type and condition of the motor vehicle, the amount of the time
 17 balance, and the schedule of payments in the installment sale
 18 contract. ~~In the event such insurance~~ **If the insurance under this**
 19 **subsection** cannot be obtained for the dual protection of the buyer
 20 and the seller, or subsequent holder, or if obtained, is ~~cancelled~~
 21 **canceled** by the insurance company ~~prior to~~ **before** expiration, the
 22 seller, or subsequent holder, may obtain insurance to protect ~~his~~
 23 **the seller's, or subsequent holder's,** interest in the motor vehicle
 24 and the buyer may be required to pay the cost thereof. ~~In such~~
 25 ~~event, of that insurance.~~ **If the seller, or subsequent holder,**
 26 **obtains the insurance under this subsection, the** seller, or
 27 subsequent holder, ~~shall~~ **must** promptly notify the buyer that ~~such~~
 28 **the** insurance cannot be obtained, or is ~~cancelled,~~ **canceled,** and
 29 credit to the buyer the difference between the amount charged by



1 the seller for ~~such~~**the** dual protection insurance and the cost to
 2 the seller of ~~such~~**the** single interest insurance, ~~(less, less,~~ in
 3 the event of cancellation, the earned premium on the dual interest
 4 insurance for the period it is in ~~force):~~ ~~Provided, That whenever~~
 5 ~~such~~**force. If the** insurance is written for the protection of the
 6 seller, or subsequent holder, only, ~~neither~~ the insurance company
 7 issuing the policy ~~nor~~**or** any other person shall **not** be subrogated
 8 to the rights of the insured as against the buyer.

9 (2) ~~(b)~~ The buyer of a motor vehicle under an installment sale
 10 contract ~~shall have the privilege of purchasing such~~ **may purchase**
 11 **the** insurance **under this section** from any insurance company, agent,
 12 or broker authorized to do business in ~~Michigan~~**this state** other
 13 than the installment seller. ~~No~~**An** installment seller shall **not**
 14 coerce, threaten, or in any manner influence any installment buyer
 15 to purchase insurance from any insurance company, agent, or broker
 16 designated by ~~such~~**the installment** seller. ~~÷ Provided, however,~~
 17 ~~That the~~**The** inclusion of the cost of the insurance premium in the
 18 installment sale contract, when the buyer selects the company,
 19 agent, or broker, ~~shall be~~**is** optional with the seller.

20 (3) ~~(c)~~ Whenever the seller contracts to purchase, at the
 21 buyer's expense, ~~such~~**the** insurance **under this section** on a motor
 22 vehicle sold under an installment sale contract, ~~such~~**the** insurance
 23 ~~shall~~**must** be purchased through an agent, ~~and/or~~ broker, or other
 24 person, ~~that is~~ **is** authorized to conduct business in ~~Michigan~~,
 25 ~~and~~ ~~such~~**this state. The** insurance ~~shall~~**must** be written by an
 26 insurance company qualified to do business in ~~Michigan~~**this state.**
 27 The status of the buyer and seller or holder, as set forth in ~~such~~
 28 **the** insurance contract, ~~shall~~**must** conform to the status of these
 29 parties in the installment sale contract. The cost of the premium



1 on ~~such-the~~ insurance to the buyer ~~shall-must~~ not be in excess of
 2 the amount of the premium ~~which-that~~ others are required to pay to
 3 ~~such-the~~ insurance company for similar coverage, and in no event in
 4 excess of rates established in the then current published
 5 applicable manual of a recognized standard insurance rating bureau,
 6 or the rates fixed by authority of ~~the-this~~ state. ~~of Michigan.~~

7 (4) ~~(d)~~ Whenever the seller contracts to purchase, at the
 8 buyer's expense, ~~such-the~~ insurance **under this section** on a motor
 9 vehicle sold under an installment sale contract, a certificate of
 10 insurance and a statement showing itemized cost of ~~such-the~~
 11 insurance ~~shall-must~~ be delivered to the buyer ~~within-not later~~
 12 **than** 25 days ~~of-after~~ the date ~~of-that~~ the ~~buyer's signing of-buyer~~
 13 **signs** the installment sale contract.

14 (5) ~~(e)~~ The insurance policy or certificate of insurance on
 15 the motor vehicle ~~which-that~~ is furnished to the buyer, when the
 16 insurance is placed by the seller or subsequent holder at the
 17 buyer's expense, ~~shall-must~~ set forth complete information as to
 18 the effective dates ~~,and~~ amounts of premiums and coverage, and
 19 ~~shall-must~~ contain all the terms of the insurance contract.

20 (6) ~~(f)~~ When the seller or subsequent holder has placed, at
 21 the expense of the buyer, **the** insurance on a motor vehicle sold
 22 under an installment sale contract and the buyer prepays the ~~time~~
 23 balance under the contract ~~prior to-before~~ the expiration date of
 24 the insurance, ~~such-the~~ insurance ~~shall-must~~ remain in force unless
 25 the buyer requests cancellation ~~thereof.~~ **of the insurance.** The
 26 seller or holder shall not cancel the insurance under such
 27 circumstances without the buyer's consent. ~~,nor shall the-The~~
 28 seller or holder **shall not** coerce the buyer to cancel the
 29 insurance. ~~Unexpired-Any unexpired~~ insurance premiums received by



1 the seller or holder, resulting from cancellation of insurance
 2 ~~which that~~ was originally placed at the buyer's expense, ~~shall must~~
 3 be used in procuring comparable insurance ~~as in under~~ subsection
 4 ~~(g) of this section provided, and if such (7)~~. **If comparable**
 5 insurance cannot be obtained, ~~shall the unexpired insurance premium~~
 6 **must** be paid to the buyer or credited to any matured unpaid
 7 installments under the contract.

8 (7) ~~(g)~~ When the seller contracts to purchase insurance at the
 9 buyer's expense and ~~such the~~ insurance is ~~cancelled canceled~~ by the
 10 insurance company ~~prior to before~~ expiration, the seller or
 11 subsequent holder shall attempt to place comparable insurance with
 12 another insurance company and furnish or cause to be furnished to
 13 the buyer a copy of the insurance policy or certificate of
 14 insurance, subject to the same requirements of this act applicable
 15 to the original policy. ~~In the event If~~ the holder is unable to
 16 obtain ~~such comparable~~ insurance in another insurance company, ~~he~~
 17 **the holder** shall promptly notify the buyer by registered mail,
 18 addressed to the buyer at the address appearing ~~upon on~~ the
 19 installment sale contract, ~~unless or, if~~ the seller is in receipt
 20 of written notice of a change in the buyer's address, ~~and in such~~
 21 ~~event addressed to the buyer at such changed address. the address~~
 22 **provided in the written notice of the change in the buyer's**
 23 **address**. The buyer may then obtain ~~such~~ insurance from an insurance
 24 company, agent, or broker of ~~his the buyer's~~ own selection. The
 25 holder ~~shall also be is~~ liable to the buyer for any loss suffered
 26 by the buyer through negligence on the part of the holder in
 27 promptly mailing notice to the buyer of ~~his the holder's~~ inability
 28 to obtain replacement insurance.

29 Sec. 16a. If unexpired insurance premiums received by the



1 seller or holder resulting from the cancellation of insurance ~~which~~
 2 **that** was originally placed by the buyer's expense cannot be used in
 3 procuring comparable insurance ~~as in~~ **under** section ~~16~~, subsection
 4 ~~(g)~~, ~~such~~ **16(7)**, **the** unexpired insurance premiums shall ~~must~~ be
 5 credited to the ~~last maturing installments under the~~
 6 ~~contract.~~ **buyer's account.**

7 Sec. 17. **(1)** ~~(a)~~—In addition to the cost of insurance premiums
 8 and travel emergency benefits authorized in ~~the preceding~~ section
 9 ~~of this act~~, **16**, the seller of a motor vehicle under an installment
 10 sale contract may require the buyer to pay certain other costs
 11 incurred in the sale of a motor vehicle under ~~such~~ **the installment**
 12 **sale** contract as follows:

13 **(a)** ~~1.~~—Fees, payable to ~~the~~ **this** state, ~~of Michigan~~, for
 14 filing a lien or encumbrances on the certificate of title to a
 15 motor vehicle sold under an installment sale contract. ~~or~~
 16 ~~collateral security thereto.~~

17 **(b)** ~~2.~~—Fees, payable to a public official, for filing or
 18 recording and satisfying or releasing the installment sale contract
 19 or instruments securing the buyer's obligation.

20 **(c)** ~~3.~~—Fees for notarization required in connection with the
 21 filing and recording or satisfying and releasing a mortgage,
 22 judgment lien or encumbrance.

23 **(2)** ~~(b)~~—The seller of a motor vehicle under an installment
 24 sale contract may also contract with the buyer to pay, on behalf of
 25 the buyer, such other costs incidental to the sale of a motor
 26 vehicle and contracted for voluntarily by the buyer as follows:

27 **(a)** ~~1.~~—Fees in amounts established by and paid to ~~the~~ **this**
 28 state ~~of Michigan~~ for titling and registration of the motor vehicle
 29 and issuance or transfer of registration plates.



1 **(b) 2.**—If the buyer of a motor vehicle elects to title or
 2 register the motor vehicle electronically, fees payable to any
 3 third party authorized by the secretary of state and to the seller
 4 for electronic titling and registration of the motor vehicle.

5 **(3) (e)**—~~The foregoing costs~~ **described in subsections (1) and**
 6 **(2)** may be charged, contracted for, **or** collected or received by the
 7 seller from the buyer independently of the installment sale
 8 contract, or the seller may extend credit to the buyer for the
 9 amount of ~~such the~~ costs and include ~~such the~~ amount in the
 10 principal amount financed under the installment sale contract.

11 **(4) (d)**—~~Such other costs~~ **Any other cost** paid or payable by the
 12 buyer ~~shall must~~ not exceed the amount ~~which that~~ the seller
 13 expends, ~~or~~ intends to expend, ~~therefor.~~ **or is entitled to retain**
 14 **as authorized by the secretary of state.** Any such costs ~~which that~~
 15 the seller has collected from the buyer, or ~~which that~~ have been
 16 included in the buyer's obligation under the installment sale
 17 contract ~~which that~~ are not disbursed by the seller, as
 18 contemplated, ~~shall must~~ be immediately refunded or credited to the
 19 buyer.

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

25 (2) The seller shall compute the finance charge on the
 26 principal amount financed as determined under section
 27 ~~13(2) (f).~~ **13(2) (g)** .

28 **(3) Any charge on an installment sale contract under this act**
 29 **that is made after the effective date of the amendatory act that**



1 added section 9a must not be paid, deducted, received in advance,
 2 or compounded. Any charge on an installment sale contract made
 3 under this act must be computed on the unpaid principal balance or
 4 portions of the balance, specifically expressed in every obligation
 5 signed by the borrower, and computed on the basis of the number of
 6 days actually elapsed. The seller shall compute the finance charge
 7 at the annual rates permitted by ~~under~~ subsection (1) on
 8 installment sale contracts that are payable by installment
 9 payments. ~~, extending for a period of 1 year. On installment sale~~
 10 ~~contracts providing for installment payments extending for a period~~
 11 ~~that is less than or greater than 1 year, the seller shall compute~~
 12 ~~the finance charge proportionately. If an installment sale contract~~
 13 ~~provides for payment other than in equal successive weekly,~~
 14 ~~semimonthly, or monthly installments, the finance charge may be at~~
 15 ~~a rate that will provide the same annual percentage rate as is~~
 16 ~~permitted on monthly payment contracts considering the schedule of~~
 17 ~~payments in the contract. The seller shall disclose the annual~~
 18 ~~percentage rate of the installment sales~~ **sale** contract in
 19 accordance with disclosure requirements of the truth in lending
 20 act, ~~title I of the consumer credit protection act, Public Law 90-~~
 21 ~~321, 15 U.S.C. USC 1601 to 1608, 1610 to 1613, 1615, 1631 to 1635,~~
 22 ~~1637 to 1648, and 1661 to 1667e, **1667f**, and the regulations~~
 23 ~~promulgated under the truth in lending~~ **that** act.

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

26 **(4)** ~~(5)~~ A seller may charge a minimum finance charge of \$15.00
 27 on an installment sale contract in which the finance charge, when
 28 computed at the rates indicated, results in a total charge of less
 29 than \$15.00.



1 Sec. 19. (1) ~~(a) The Beginning on the effective date of the~~
 2 **amendatory act that added section 9a, the** holder of an installment
 3 sale contract ~~may extend the scheduled due date, defer a payment or~~
 4 ~~payments, or renew the unpaid time balance of the contract.~~**shall**
 5 **not charge a fee for extending the scheduled due date or deferring**
 6 **payments of the installment sale contract.**

7 (2) For installment sale contracts that are entered into
 8 before the effective date of the amendatory act that added section
 9 9a and include precomputed interest, all of the following apply:

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

12 (b) The holder may contract for, receive, and collect a
 13 refinance charge for the extension, deferment, or renewal. The
 14 refinance charge ~~shall~~**must** not exceed the amount ascertained under
 15 the rates allowed by ~~under~~ section ~~18(a).~~**18(1)**.

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

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

24 (d) If the unpaid balance of the contract is refinanced or
 25 renewed, a refinance charge may be assessed on the amount obtained
 26 by adding to the unpaid time balance of the contract the insurance
 27 cost and other costs incidental to refinancing and the unpaid
 28 default charges that may be accrued, and by deducting any rebate
 29 that may be due to the buyer for prepayment incidental to



1 refinancing, at the rate of the finance charge provided for ~~in~~
 2 **under** section ~~18(a), 18(1)~~, but otherwise subject to the provisions
 3 of this act governing computation of the original finance charge.
 4 The provisions of this act governing minimum finance charges and
 5 minimum prepayment rebate do not apply in calculating refinance
 6 charges on the contract renewed under this method of computation.

7 (e) The holder of an installment sale contract shall not
 8 include in any contract for refinancing the contract any cash loan
 9 to the buyer, nor any credit extended to the buyer incidental to
 10 the purchase of goods or services. A loan under this section does
 11 not include, ~~nor does~~ **and** this act **does not** prohibit, a
 12 rearrangement of payments under the installment sale contract by a
 13 refinance transaction involving a restoration of certain
 14 installment payments made under the contract, but the refinance
 15 charge on the amount restored ~~may~~ **must** not be more than that
 16 specified in section ~~18(a), 18(1)~~. The holder of the contract may
 17 embody in the refinance contract the cost of accessories,
 18 equipment, and parts for the motor vehicle sold under the contract,
 19 and the cost of repairs and services to the motor vehicle including
 20 finance charges on the contract.

21 Sec. 20. A default charge may be collected on each installment
 22 payment of an installment sale contract, ~~including a contract~~
 23 ~~subject to section 41,~~ that is not paid on or before the due date
 24 of the payment. The default charge ~~shall~~ **must** not exceed the rate
 25 permitted ~~in~~ **under** the credit reform act, **1995 PA 162, MCL 445.1851**
 26 **to 445.1864**, on the amount of each payment in arrears. ~~The default~~
 27 ~~charge may be computed on the basis of a full calendar month for~~
 28 ~~any fractional month period in excess of 10 days.~~ Each default
 29 ~~charges~~ **charge** may be collected, when earned, during the term of



1 the contract, or may be accumulated and collected at final maturity
 2 or at the time of final payment under the contract. The default
 3 charge ~~shall~~**must** not be collected on any payment in default
 4 because of an acceleration provision in the contract.

5 Sec. 21. (1) The buyer, notwithstanding the provisions of any
 6 installment sale contract, may prepay at any time all or a part of
 7 the unpaid ~~time~~ balance under an installment sale contract.

8 (2) ~~Except as provided in section 41, when~~ **For an installment**
 9 **sale contract that was entered into before the effective date of**
 10 **the amendatory act that added section 9a that included precomputed**
 11 **interest, both of the following apply:**

12 (a) **When** all of the time balance is liquidated before maturity
 13 by prepayment, refinancing, or termination by surrender or
 14 repossession and resale of the motor vehicle, the holder of the
 15 installment sale contract shall rebate to the buyer immediately the
 16 unearned portion of the finance charge. ~~Rebate~~**The rebate** may be
 17 made in cash or credited to the amount due on the obligation of the
 18 buyer.

19 (b) ~~(3)~~The unearned portion of the finance charge to be
 20 rebated to the buyer ~~shall~~**must** be rebated by the actuarial method.
 21 The holder is not required to rebate a portion of the unearned
 22 finance charge that results in a net minimum finance charge on the
 23 contract less than \$15.00. The holder is not required to rebate an
 24 unearned finance charge when the amount due, computed as set forth
 25 in this section, is less than \$1.00.

26 Sec. 22. (1) An installment sale contract may provide for a
 27 series of ~~weekly, semi-monthly or monthly~~ payments in substantially
 28 equal periods and amounts, followed by a single larger payment that
 29 satisfies the unpaid ~~time~~ balance, in which event the installment



1 buyer has the right to an option, at the time the larger payment
 2 becomes due, to make the larger payment or to enter into a second
 3 contract that conforms to all the provisions of this act except
 4 that the ~~refinance~~**finance** charge **rate** provided for in the second
 5 contract must not exceed the finance charge rate provided for in
 6 the first contract.

7 (2) An installment sale contract for a new motor vehicle may
 8 provide for a series of monthly payments in unequal payment
 9 amounts, if both of the following conditions are met:

10 (a) The amount of any payment under the installment sale
 11 contract does not increase more than 40% from the amount of the
 12 first scheduled payment.

13 (b) The amount of each payment under the installment sale
 14 contract does not exceed the buyer's maximum payment threshold, as
 15 determined by the installment seller or the sales finance company
 16 at the time the buyer completes the installment sale contract.

17 Sec. 22a. Compliance with the requirements of the truth in
 18 lending act, ~~title I of Public Law 90-321, 15 U.S.C. USC~~ 1601 to
 19 1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1638, 1640 to 1647,
 20 and 1661 to 1667e **1667f**, is compliance with the disclosure
 21 provisions ~~of~~**under** section ~~13~~**13(2)** and ~~of~~ section 2 of Act No.
 22 305 of the Public Acts of 1939, being section 566.302 of the
 23 Michigan Compiled Laws **1939 PA 305, MCL 566.302.**

24 Sec. 28. **(1)** ~~(a)~~ At any time after execution of an installment
 25 sale contract and ~~within~~**not later than** 1 year after ~~termination of~~
 26 ~~such~~**the** contract **is marked paid and returned**, the holder of ~~such~~
 27 **the** contract shall furnish the buyer, ~~upon~~**on** request, with a
 28 complete and detailed statement of account showing **the following:**

29 **(a)** ~~1.~~ All amounts paid by the buyer on account of the



1 obligation, dates of payment and the allocation of ~~such-the~~
 2 payments to reduction of the time balance, refinance charges,
 3 default charges, court costs, ~~attorney's-attorney~~ fees, expenses of
 4 retaking, repairing, storing, or otherwise.

5 (b) ~~2.~~All amounts credited to the buyer ~~as rebates for~~
 6 ~~prepayment and from~~ unexpired premiums on insurance
 7 ~~cancelled.~~**canceled or any other ancillary products.**

8 (c) ~~3.~~The amount of the installment payments, accrued charges
 9 and expenses incurred, if any, ~~which-that~~ are due and payable.

10 (d) ~~4.~~The number and amount of installment payments to become
 11 due and payable, if any, and the due dates ~~thereof.~~**of the payments.**

12 (2) ~~(b)~~The **holder shall provide the** buyer shall ~~be furnished~~
 13 with 1 ~~such~~ statement of account without charge during the term of
 14 the contract or ~~within~~**not later than** 1 year after termination, and
 15 the holder may require payment of a fee of 50 cents for any
 16 additional statements.

17 (3) ~~(e)~~The holder shall furnish the buyer, ~~upon-on~~ request
 18 and ~~upon-on~~ payment of a fee of 50 cents, with a duplicate copy of
 19 the installment sale contract to replace the buyer's copy of ~~such~~
 20 **the** contract ~~which-that~~ is required to be furnished to the buyer
 21 without charge at the time of execution of the contract.

22 Sec. 29. ~~(a)~~**(1)** Whenever payment is made on account of any
 23 installment sale contract, the ~~person-licensee~~ receiving ~~such-the~~
 24 payment shall, at the time of receiving ~~such-the~~ payment, furnish
 25 to the buyer or to the person making the payment on behalf of the
 26 buyer, a ~~complete written receipt therefor, if requested. A receipt~~
 27 ~~must be given if payment is made in cash.~~

28 ~~(b) Such receipt shall show the date of payment, the amount of~~
 29 ~~the payment, and shall identify the obligation to which such~~



1 ~~payment is applicable.~~

2 ~~(c) When issued for payments made at any office of the holder~~
3 ~~or mailed to such office, which payments are applied to reduction~~
4 ~~of the time balance, such receipt shall, if requested by the buyer,~~
5 ~~also set forth the unpaid time balance remaining due after~~
6 ~~crediting such payment. If such payment includes default charges~~
7 ~~authorized by this act, the amount of such default charges shall be~~
8 ~~set forth on the receipt independently of the payment applied to~~
9 ~~reduction of the time balance.~~

10 ~~(d) When the buyer elects to make such payments by mail, the~~
11 ~~holder may require the buyer to supply a self-addressed stamped~~
12 ~~envelope as a condition for mailing such receipt to him, if he has~~
13 ~~been previously notified of such condition.~~ **plain and complete**
14 **receipt that shows all of the following:**

- 15 (a) **The date of the payment.**
- 16 (b) **The amount of the payment.**
- 17 (c) **The obligation to which the payment is applicable.**
- 18 (d) **The amount applied to charges.**
- 19 (e) **The amount applied to principal, if any.**
- 20 (f) **The unpaid principal balance.**

21 (2) **A licensee is in compliance with this section if the**
22 **licensee provides a monthly statement or invoice to the borrower**
23 **electronically or by online access that provides the above**
24 **information.**

25 **Sec. 30. (1) (a) Upon On** payment in full of the ~~time balance~~
26 **principal amount financed, the earned finance charge,** and other
27 amounts lawfully due under an installment sale contract, the holder
28 shall ~~, unless the buyer is otherwise indebted to the holder and~~
29 ~~has secured such debt by lien upon the motor vehicle:~~



1 ~~1. Return to the buyer the original of all instruments~~
 2 ~~evidencing indebtedness or constituting security under an~~
 3 ~~installment sale contract, which were signed by the buyer or his~~
 4 ~~sureties or guarantors in conjunction with such contract, excepting~~
 5 ~~such instruments as are filed or recorded with a public official~~
 6 ~~and retained in the files of such official, and~~

7 ~~2. Release all security interest in the motor vehicle or in~~
 8 ~~collateral security to the obligation of the buyer under such~~
 9 ~~contract, and~~

10 ~~3. Deliver to the buyer all documents of title obtained from~~
 11 ~~him.~~ **provide to the buyer a copy of the installment contract stamped**
 12 **paid, termination of lien, and a final statement of account showing**
 13 **a zero balance.**

14 (2) ~~(b)~~ When the final payment on an installment sale contract
 15 is made in cash, money order, or equivalent tender, by the buyer or
 16 ~~his~~ **the buyer's** authorized representative, at the office of the
 17 holder, a legal discharge of this encumbrance ~~, shall~~ **must** be
 18 delivered at the time of ~~such~~ **the** tender of payment. ~~, if demanded~~
 19 ~~by the buyer; otherwise delivery may be made at a later date in~~
 20 ~~person or by mail as may be arranged between buyer and holder. All~~
 21 other instruments referred to in this section ~~shall~~ **must** be
 22 delivered or mailed to the buyer ~~within~~ **not later than** 25 days ~~of~~
 23 **after** the date of final payment.

24 Sec. 31. (1) A licensee under this act shall not charge,
 25 contract for, collect, or receive from the buyer, directly or
 26 indirectly, any further or other amount for costs, charges,
 27 examination, appraisal, service, brokerage, commission, expense,
 28 interest, discount, fees, fines, penalties, or other thing of value
 29 in connection with the retail sale of a motor vehicle under an



1 installment sale contract in excess of the cost of insurance
2 premiums, other costs, the finance charges, ~~refinance charges,~~
3 default charges, recording and satisfaction fees, court costs,
4 attorney fees, and expenses of retaking, repairing, and storing a
5 repossessed motor vehicle that are authorized under this act.

6 (2) A licensee under this act shall not collect any charge in
7 connection with a contemplated sale of a motor vehicle under an
8 installment sale contract if the contract is not consummated. This
9 subsection does not affect the legal status of a deposit paid by a
10 prospective buyer to a seller as a binder on the contemplated
11 purchase of a motor vehicle.

12 (3) A licensee under this act shall not charge either of the
13 following fees related to an installment sale contract that
14 requires payments in unequal amounts under section 22(2):

15 (a) A fee based solely on the fact that the installment sale
16 contract requires payments in unequal amounts instead of payments
17 in equal amounts.

18 (b) A fee related to the prepayment of all of the unpaid time
19 balance under the installment sale contract due to the resale of
20 the motor vehicle.

21 (4) An insurance company, agent, or broker shall not pay or
22 cause to be paid, directly or indirectly, to any installment
23 seller, and an installment seller shall not receive from any
24 insurance company, agent, or broker, any portion of an insurance
25 premium involved in the retail installment sale of a motor vehicle
26 other than for the benefit of the installment buyer, and all
27 payments must be held by the installment seller in trust for the
28 benefit of the installment buyer and must be paid to the
29 installment buyer within 30 days, unless used in procuring



1 comparable insurance or credited to matured unpaid installments
2 under the contract as provided in section ~~16(f)~~-**16(6)**.

3 (5) Whenever in an installment sale contract under this act
4 the seller or any subsequent holder has charged, contracted for,
5 collected, or received from the buyer prohibited costs or charges
6 in connection with the contract, all the costs and charges in
7 connection with the contract, other than for insurance, are void
8 and unenforceable. ~~and any amounts paid by the buyer for such costs
9 and charges, other than insurance, must be applied on the principal
10 of the contract.~~

11 (6) If a motor vehicle is covered by an installment sale
12 contract, the buyer shall not transfer equity in that vehicle to
13 another person without the written consent of the holder of the
14 sale contract. The holder of the sale contract may charge a
15 transfer fee of \$25.00.

16 Sec. 34. **(1)** ~~(a)~~The expiration, surrender, or revocation of a
17 license, issued ~~pursuant to~~**under** this act, ~~shall not~~**does not**
18 impair or affect the obligation of any motor vehicle installment
19 sale contract entered into lawfully or lawfully acquired by a
20 holder. ~~÷ Provided, however, That the holder of such contracts
21 shall forfeit the right to charge, contract for, receive or collect
22 refinance charges authorized by this act for renewal of a contract,
23 if the license of such holder expired, was surrendered, or was
24 revoked prior to the date of such renewal.~~

25 **(2)** ~~(b)~~A licensee whose license has expired, was surrendered,
26 or was revoked ~~may thereafter~~**shall, within 60 days**, sell,
27 transfer, or assign contracts entered into or acquired ~~prior~~
28 ~~thereto~~**before the expiration, surrender, or revocation of the**
29 **license** to ~~any~~**a** licensed sales finance company or ~~banking~~



1 **financial** institution. ~~and such~~ **A** sales finance company or
 2 ~~banking~~ **financial** institution acquiring ~~such~~ **contracts under this**
 3 **subsection** may renew ~~such~~ **the** contracts in accordance with the
 4 ~~provisions of~~ this act.

5 (3) ~~(e)~~ A licensee whose license has expired, was surrendered,
 6 or was revoked shall not ~~thereafter enter~~ **do either of the**
 7 **following after the expiration, surrender, or revocation of the**
 8 **license:**

9 (a) **Enter** into new contracts for the retail sale ~~of~~ motor
 10 vehicles under installment sale contracts. ~~and shall not~~
 11 ~~thereafter discount,~~

12 (b) **Discount,** purchase, or otherwise acquire ~~such~~ **installment**
 13 **sale** contracts.

14 **Sec. 37a. (1) A person that intentionally makes a false**
 15 **statement, misrepresentation, or false certification in a record or**
 16 **document filed or required to be maintained under this act or that**
 17 **intentionally makes a false entry or omits a material entry in a**
 18 **record may be ordered to pay a civil fine of not more than**
 19 **\$5,000.00.**

20 (2) A person that knowingly engages in an activity for which a
 21 license is required under this act and is not licensed under this
 22 act is guilty of a felony punishable by imprisonment for not more
 23 than 3 years or a fine of not more than \$15,000.00, or both.

24 (3) A court shall order a person convicted of violating
 25 subsection (2) to pay restitution as provided under section 1a of
 26 chapter IX of the code of criminal procedure, 1927 PA 175, MCL
 27 769.1a, and the William Van Regenmorter crime victim's rights act,
 28 1985 PA 87, MCL 780.751 to 780.834.

29 (4) The administrator may assess a civil fine against a person



1 that violates this act, a rule promulgated under this act, or an
 2 order or ruling issued by the administrator under this act, or any
 3 other applicable state or federal law in an amount that does not
 4 exceed \$1,000.00 for each violation, plus this state's costs and
 5 expenses for the investigation and prosecution of the matter,
 6 including reasonable attorney fees.

7 Enacting section 1. Sections 37 and 41 of the motor vehicle
 8 sales finance act, 1950 (Ex Sess) PA 27, MCL 492.137 and 492.141,
 9 are repealed.

10 Enacting section 2. This amendatory act does not take effect
 11 unless all of the following bills of the 102nd Legislature are
 12 enacted into law:

- 13 (a) House Bill No. 5355.
- 14 (b) House Bill No. 5356.
- 15 (c) House Bill No. 5357.
- 16 (d) House Bill No. 5358.
- 17 (e) House Bill No. 5359.
- 18 (f) House Bill No. 5360.
- 19 (g) House Bill No. 5361.
- 20 (h) House Bill No. 5362.
- 21 (i) House Bill No. 5363.
- 22 (j) House Bill No. 5364.
- 23 (k) House Bill No. 5365.
- 24 (l) House Bill No. 5366.
- 25 (m) House Bill No. 5367.
- 26 (n) Senate Bill No. _____ or House Bill No. _____ (request no.
 27 06982'24).

