

Act No. 107
Public Acts of 1993
Approved by the Governor
July 15, 1993
Filed with the Secretary of State
July 16, 1993

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Reps. Shugars, Jaye, Rhead and Jamian

ENROLLED HOUSE BILL No. 4605

AN ACT to amend sections 20 and 22a of Act No. 27 of the Public Acts of the Extra Session of 1950, entitled as amended "An act defining and regulating certain installment sales of motor vehicles; prescribing the conditions under which such sales may be made and regulating the financing thereof; regulating and licensing persons engaged in the business of making or financing such sales; prescribing the form, contents and effect of instruments used in connection with such sales and the financing thereof; prescribing certain rights and obligations of buyers, sellers, persons financing such sales and others; limiting charges in connection with such instruments and fixing maximum interest rates for delinquencies, extensions and loans; regulating insurance in connection with such sales; regulating repossessions, redemptions, resales and deficiency judgments and the rights of parties with respect thereto; authorizing extensions, loans and forbearances related to such sales; authorizing investigations and examinations of persons engaged in the business of making or financing such sales; transferring certain powers and duties with respect to finance companies to the commissioner of the financial institutions bureau; and prescribing penalties," being sections 492.120 and 492.122a of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 20 and 22a of Act No. 27 of the Public Acts of the Extra Session of 1950, being sections 492.120 and 492.122a of the Michigan Compiled Laws, are amended to read as follows:

Sec. 20. A default charge may be collected on each installment payment of an installment sale contract, including a contract subject to section 41, that is not paid on or before the due date of the payment. The default charge shall not exceed the rate of 2% per month on the amount of each payment in arrears. The default charge may be computed on the basis of a full calendar month for any fractional month period in excess of 10 days. Each default charges may be collected, when earned, during the term of the contract, or may be accumulated and collected at final maturity or at the time of final payment under the contract. The default charge shall not be collected on any payment in default because of an acceleration provision in the contract.

Sec. 22a. Compliance with the requirements of the truth in lending act, title I of Public Law 90-321, 15 U.S.C. 1601 to 1608, 1610 to 1613, 1615, 1631 to 1635, 1637 to 1638, 1640 to 1647, and 1661 to 1667e is compliance with the disclosure provisions of section 13 and of section 2 of Act No. 305 of the Public Acts of 1939, being section 566.302 of the Michigan Compiled Laws.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.