

**RETAIL INSTALLMENT SALES ACT (EXCERPT)**  
**Act 224 of 1966**

**445.861 Retail installment transactions; subsequent purchases; previous contracts; inclusion and consolidation; new schedule of installment payments.**

Sec. 11.

(a) If, in a retail installment transaction, a retail buyer purchases goods or services from a retail seller from whom he or she has previously purchased goods or services under 1 or more retail installment contracts, and the amounts under the previous contracts have not been fully paid, the subsequent purchases may be included in and consolidated with 1 or more of the previous contracts at the seller's option. Each subsequent purchase shall be a separate retail installment contract under this act, notwithstanding that the purchase may be included in and consolidated with 1 or more previous contracts. All the provisions of this act with respect to retail installment contracts apply to subsequent purchases except as otherwise provided in this section.

(b) In the event of consolidation, if the buyer does not execute a retail installment contract respecting each subsequent purchase as provided in this act, the seller may prepare a written memorandum of each subsequent purchase and the provisions of section 3 do not apply. Unless previously furnished in writing to the buyer by the seller, by sales slip, memorandum, or otherwise, the memorandum shall contain items (1) to (8) of section 3(d) and the outstanding balance of the previous contract or contracts, the consolidated time balance, and the revised installments applicable to the consolidated time balance, if any. The seller shall deliver to the buyer a copy of the memorandum prior to the due date of the first installment of the consolidated contract.

(c) When subsequent purchases are made, if the seller has retained title or taken a lien or other security interest in any of the goods purchased under any 1 of the contracts included in the consolidation, the entire amount of all payments made prior to the subsequent purchases are considered to have been applied to the unpaid time balances of the previous purchases. Each payment after the subsequent purchase made on the consolidated contract shall be considered to have been allocated to all of the various purchases in the same ratio as the original cash sale prices of the various purchases bear to the total of all. Where the amount of each installment payment is increased in connection with subsequent purchases, at the seller's option, the subsequent payments may be considered to be allocated as an amount equal to the original periodic payment to the previous purchase, the balance to the subsequent purchase. The amount of a down payment on the subsequent purchase shall be allocated in its entirety to the subsequent purchase. This subsection does not apply if the previous and subsequent purchases involve equipment, parts or other goods attached or affixed to goods previously purchased and not fully paid, or to services rendered by the seller at the buyer's request.

(d) (1) The holder of a retail installment contract, upon agreement in writing with the buyer, may extend the scheduled due date or defer the scheduled payment of all or of any part of any installment or installments payable under the contract. A minimum charge of \$1.00 for the period of extension or deferral may be made in any case where the extension or deferral charge, when computed at the rate permitted a regulated lender by the credit reform act, amounts to less than \$1.00. The agreement may also provide for the buyer's payment of the additional cost to the holder of the contract of premiums for continuing in force until the end of the period of extension or deferral any insurance coverage provided for in the contract. The extension or deferral shall be confirmed in writing by the holder.

(2) The holder of a retail installment contract, upon agreement in writing with the buyer, may refinance the payment of the unpaid time balance of the contract by providing for a new schedule of installment payments. The holder may charge and contract for the payment of a refinance charge by the buyer and collect and receive the refinance charge, but the refinance charge shall be based upon the amount refinanced, plus any additional cost of insurance and of official fees incident to the refinancing, after the deduction of a refund or credit in an amount equal to that to which the buyer would have been entitled under section 8, if he or she had prepaid in full his or her obligations under the contract or contracts, computed without allowance for any minimum earned finance charge. The refinance charge shall not exceed the rate of interest or its equivalent permitted a regulated lender by the credit reform act. The refinancing agreement shall set forth the amount of the unpaid time balance to be refinanced, the amount of any refund credit, the amount to be refinanced after the deduction of the refund credit, any additional premiums paid for insurance and of official fees to the buyer, the amount of the finance charge under the refinancing agreement, the new unpaid time balance, and the new schedule of installment payments.

**History:** 1966, Act 224, Eff. Mar. 10, 1967 ;-- Am. 1995, Act 167, Eff. Mar. 28, 1996

**Compiler's Notes:** In the second sentence of subdivision (c), after the second instance of "of the various purchases" evidently should read "that the various purchases."

