

HOUSE BILL No. 6653

November 14, 2006, Introduced by Reps. Kolb and Zelenko and referred to the Committee on Commerce.

A bill to amend 1950 (Ex Sess) PA 27, entitled "Motor vehicle sales finance act," by amending sections 12 and 13 (MCL 492.112 and 492.113), section 12 as amended by 1994 PA 2 and section 13 as amended by 2002 PA 699, and by adding sections 11a and 11b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 11A. IF AN INSTALLMENT SELLER OBTAINS AN INSTALLMENT**
2 **BUYER'S CONSUMER CREDIT SCORE FROM A CONSUMER REPORTING AGENCY**
3 **FOR USE IN CONNECTION WITH AN INSTALLMENT SALE CONTRACT, BEFORE**
4 **THE PARTIES SIGN THE CONTRACT, THE SELLER SHALL PROVIDE THE**
5 **FOLLOWING INFORMATION TO THE BUYER IN AT LEAST 10-POINT BOLDFACED**
6 **TYPE ON A DOCUMENT SEPARATE FROM THE CONTRACT:**

1 (A) THE CREDIT SCORE OBTAINED AND USED BY THE SELLER AND THE
2 NAME OF THE CONSUMER REPORTING AGENCY PROVIDING THE CREDIT SCORE
3 TO THE SELLER.

4 (B) THE RANGE OF POSSIBLE CREDIT SCORES ESTABLISHED BY THE
5 CONSUMER REPORTING AGENCY THAT PROVIDED THE CREDIT SCORE.

6 (C) THE FOLLOWING NOTICE, WHICH SHALL INCLUDE THE NAME,
7 ADDRESS, AND TELEPHONE NUMBER OF EACH CONSUMER REPORTING AGENCY
8 PROVIDING A CREDIT SCORE THAT WAS OBTAINED AND USED BY THE
9 SELLER:

10 "NOTICE TO VEHICLE CREDIT APPLICANT
11 IF THE SELLER OBTAINS AND USES A CREDIT SCORE FROM A
12 CONSUMER REPORTING AGENCY IN CONNECTION WITH YOUR INSTALLMENT
13 SALE CONTRACT, THE SELLER MUST DISCLOSE THE SCORE TO YOU. THE
14 CREDIT SCORE IS A COMPUTER-GENERATED SUMMARY CALCULATED BY A
15 CONSUMER REPORTING AGENCY AT THE TIME THE SELLER REQUESTS THE
16 SCORE AND IS BASED ON INFORMATION THE CONSUMER REPORTING AGENCY
17 HAS ON FILE. THE SCORES ARE BASED ON DATA ABOUT YOUR CREDIT
18 HISTORY AND PAYMENT PATTERNS. CREDIT SCORES ARE IMPORTANT BECAUSE
19 THEY ARE USED IN DETERMINING WHETHER TO EXTEND CREDIT. THE SCORE
20 MAY ALSO BE USED TO DETERMINE THE ANNUAL PERCENTAGE RATE YOU MAY
21 BE OFFERED. CREDIT SCORES CAN CHANGE OVER TIME, DEPENDING ON YOUR
22 CONDUCT, HOW YOUR CREDIT HISTORY AND PAYMENT PATTERNS CHANGE, AND
23 HOW CREDIT SCORING TECHNOLOGIES CHANGE. CREDIT SCORES MAY ALSO
24 VARY FROM ONE CONSUMER REPORTING AGENCY TO ANOTHER.

25 IF YOU HAVE QUESTIONS ABOUT YOUR CREDIT SCORE, CONTACT THE
26 CONSUMER REPORTING AGENCY AT THE ADDRESS AND TELEPHONE NUMBER
27 PROVIDED. HOWEVER, THE CONSUMER REPORTING AGENCY DOES NOT

1 PARTICIPATE IN THE DECISION TO TAKE ANY ACTION ON YOUR
2 APPLICATION FOR CREDIT AND IS UNABLE TO PROVIDE YOU WITH SPECIFIC
3 REASONS FOR ANY DECISION ON THE CREDIT APPLICATION. IF YOU HAVE
4 QUESTIONS CONCERNING CREDIT TERMS RELATIVE TO YOUR PURCHASE OR
5 LEASE OF A VEHICLE, ASK THE SELLER."

6 SEC. 11B. (1) AN INSTALLMENT SELLER WHO IS A DEALER, AS
7 DEFINED IN SECTION 11 OF THE MICHIGAN VEHICLE CODE, 1949 PA 300,
8 MCL 257.11, SHALL NOT SELL A USED OR SECONDHAND MOTOR VEHICLE
9 WITH A CASH PRICE OF LESS THAN \$40,000.00 TO A RETAIL BUYER
10 PURSUANT TO AN INSTALLMENT SALE CONTRACT WITHOUT OFFERING THE
11 BUYER A CONTRACT CANCELLATION OPTION AGREEMENT THAT ALLOWS THE
12 BUYER TO RETURN THE MOTOR VEHICLE TO THE SELLER WITHOUT CAUSE.

13 (2) THE PURCHASE PRICE FOR A CONTRACT CANCELLATION OPTION
14 OFFERED UNDER THIS SECTION SHALL NOT EXCEED 1 OF THE FOLLOWING:

15 (A) SEVENTY-FIVE DOLLARS FOR A MOTOR VEHICLE WITH A CASH
16 PRICE OF \$5,000.00 OR LESS.

17 (B) ONE HUNDRED FIFTY DOLLARS FOR A MOTOR VEHICLE WITH A
18 CASH PRICE OF MORE THAN \$5,000.00 BUT NOT MORE THAN \$10,000.00.

19 (C) TWO HUNDRED FIFTY DOLLARS FOR A MOTOR VEHICLE WITH A
20 CASH PRICE OF MORE THAN \$10,000.00 BUT NOT MORE THAN \$30,000.00.

21 (D) ONE PERCENT OF THE PURCHASE PRICE FOR A MOTOR VEHICLE
22 WITH A CASH PRICE OF MORE THAN \$30,000.00 BUT LESS THAN
23 \$40,000.00.

24 (3) A CONTRACT CANCELLATION OPTION OFFERED UNDER THIS
25 SECTION SHALL BE CONTAINED IN A DOCUMENT SEPARATE FROM THE
26 INSTALLMENT SALE CONTRACT AND SHALL CONTAIN AT LEAST ALL OF THE
27 FOLLOWING:

1 (A) THE NAME OF THE INSTALLMENT SELLER AND THE INSTALLMENT
2 BUYER.

3 (B) A DESCRIPTION AND THE VEHICLE IDENTIFICATION NUMBER OF
4 THE MOTOR VEHICLE PURCHASED.

5 (C) A STATEMENT SPECIFYING THE TIME WITHIN WHICH THE BUYER
6 MUST EXERCISE THE RIGHT TO CANCEL THE PURCHASE UNDER THE CONTRACT
7 CANCELLATION OPTION AND RETURN THE MOTOR VEHICLE TO THE SELLER.
8 THE SELLER SHALL NOT SPECIFY A TIME THAT IS EARLIER THAN THE
9 SELLER'S CLOSE OF BUSINESS ON THE SECOND DAY FOLLOWING THE DAY ON
10 WHICH THE MOTOR VEHICLE WAS ORIGINALLY DELIVERED TO THE BUYER BY
11 THE SELLER.

12 (D) A STATEMENT THAT CLEARLY AND CONSPICUOUSLY SPECIFIES THE
13 DOLLAR AMOUNT OF ANY RESTOCKING FEE THE BUYER MUST PAY TO THE
14 SELLER TO EXERCISE THE RIGHT TO CANCEL THE PURCHASE UNDER THE
15 CONTRACT CANCELLATION OPTION. THE RESTOCKING FEE SHALL NOT EXCEED
16 \$175.00 IF THE MOTOR VEHICLE'S CASH PRICE IS \$5,000.00 OR LESS,
17 \$350.00 IF THE MOTOR VEHICLE'S CASH PRICE IS LESS THAN
18 \$10,000.00, OR \$500.00 IF THE MOTOR VEHICLE'S CASH PRICE IS
19 \$10,000.00 OR MORE. THE SELLER SHALL APPLY TOWARD THE RESTOCKING
20 FEE THE PRICE PAID BY THE BUYER FOR THE CONTRACT CANCELLATION
21 OPTION. THE PRICE FOR PURCHASE OF THE CONTRACT CANCELLATION
22 OPTION IS NOT OTHERWISE SUBJECT TO SETOFF OR REFUND.

23 (E) A STATEMENT SPECIFYING THE MAXIMUM NUMBER OF MILES THAT
24 THE MOTOR VEHICLE MAY BE DRIVEN AFTER ITS ORIGINAL DELIVERY BY
25 THE SELLER TO THE BUYER TO REMAIN ELIGIBLE FOR CANCELLATION UNDER
26 THE CONTRACT CANCELLATION OPTION. A SELLER SHALL NOT SPECIFY
27 FEWER THAN 250 MILES IN THE CONTRACT CANCELLATION OPTION

1 AGREEMENT.

2 (F) A STATEMENT THAT THE CONTRACT CANCELLATION OPTION GIVES
3 THE BUYER THE RIGHT TO CANCEL THE PURCHASE AND OBTAIN A FULL
4 REFUND, MINUS THE PURCHASE PRICE FOR THE CONTRACT CANCELLATION
5 OPTION AGREEMENT; AND THAT THE RIGHT TO CANCEL WILL APPLY ONLY IF
6 ALL OF THE FOLLOWING ARE PERSONALLY DELIVERED TO THE SELLER BY
7 THE BUYER WITHIN THE TIME SPECIFIED IN THE CONTRACT CANCELLATION
8 OPTION AGREEMENT:

9 (i) A WRITTEN NOTICE EXERCISING THE RIGHT TO CANCEL THE
10 PURCHASE SIGNED BY THE BUYER.

11 (ii) ANY RESTOCKING FEE SPECIFIED IN THE CONTRACT
12 CANCELLATION OPTION AGREEMENT MINUS THE PURCHASE PRICE FOR THE
13 CONTRACT CANCELLATION OPTION AGREEMENT.

14 (iii) THE ORIGINAL CONTRACT CANCELLATION OPTION AGREEMENT AND
15 INSTALLMENT SALE CONTRACT AND RELATED DOCUMENTS, IF THE SELLER
16 GAVE THOSE ORIGINAL DOCUMENTS TO THE BUYER.

17 (iv) ALL ORIGINAL VEHICLE TITLING AND REGISTRATION DOCUMENTS
18 FOR THE MOTOR VEHICLE, IF THE SELLER GAVE THOSE ORIGINAL
19 DOCUMENTS TO THE BUYER.

20 (v) THE MOTOR VEHICLE, FREE OF ALL LIENS AND ENCUMBRANCES,
21 OTHER THAN ANY LIEN OR ENCUMBRANCE CREATED BY OR INCIDENT TO THE
22 INSTALLMENT SALE CONTRACT, ANY LOAN ARRANGED BY THE SELLER, OR
23 ANY PURCHASE MONEY LOAN OBTAINED BY THE BUYER FROM A THIRD PARTY,
24 AND IN THE SAME CONDITION AS WHEN IT WAS DELIVERED BY THE DEALER
25 TO THE BUYER, REASONABLE WEAR AND TEAR AND ANY DEFECT OR
26 MECHANICAL PROBLEM THAT MANIFESTS OR BECOMES EVIDENT AFTER
27 DELIVERY THAT WAS NOT CAUSED BY THE BUYER EXCEPTED, AND WHICH

1 MUST NOT HAVE BEEN DRIVEN BEYOND THE MILEAGE LIMIT SPECIFIED IN
2 THE CONTRACT CANCELLATION OPTION AGREEMENT.

3 (G) AT THE BOTTOM OF THE CONTRACT CANCELLATION OPTION
4 AGREEMENT, A STATEMENT THAT MAY BE SIGNED BY THE BUYER TO
5 INDICATE THE BUYER'S ELECTION TO EXERCISE THE RIGHT TO CANCEL THE
6 PURCHASE UNDER THE TERMS OF THE CONTRACT CANCELLATION OPTION
7 AGREEMENT, AND THE LAST DATE AND TIME BY WHICH THE OPTION TO
8 CANCEL MAY BE EXERCISED, FOLLOWED BY A LINE FOR THE BUYER'S
9 SIGNATURE. A PARTICULAR FORM OF STATEMENT IS NOT REQUIRED, BUT
10 THE FOLLOWING STATEMENT IS SUFFICIENT: "BY SIGNING BELOW, I ELECT
11 TO EXERCISE MY RIGHT TO CANCEL THE PURCHASE OF THE MOTOR VEHICLE
12 DESCRIBED IN THIS AGREEMENT.". THE BUYER'S DELIVERY OF THE
13 PURCHASE CANCELLATION AGREEMENT TO THE SELLER WITH THE BUYER'S
14 SIGNATURE FOLLOWING THIS STATEMENT CONSTITUTES SUFFICIENT WRITTEN
15 NOTICE EXERCISING THE RIGHT TO CANCEL THE PURCHASE UNDER
16 SUBDIVISION (F). THE SELLER SHALL PROVIDE THE BUYER WITH THE
17 STATEMENT REQUIRED BY THIS SUBDIVISION IN DUPLICATE TO ENABLE THE
18 BUYER TO RETURN THE SIGNED CANCELLATION NOTICE AND RETAIN A COPY
19 OF THE CANCELLATION AGREEMENT.

20 (4) A CONTRACT CANCELLATION OPTION AGREEMENT OFFERED UNDER
21 THIS SECTION MAY PROVIDE THAT THE INSTALLMENT BUYER WILL EXECUTE
22 DOCUMENTS REASONABLY NECESSARY TO EFFECTUATE THE CANCELLATION AND
23 REFUND AND AS REASONABLY REQUIRED TO COMPLY WITH APPLICABLE LAW.

24 (5) ALL OF THE FOLLOWING APPLY IF AN INSTALLMENT BUYER WHO
25 IS A PARTY TO A CONTRACT CANCELLATION OPTION AGREEMENT WITH AN
26 INSTALLMENT SELLER UNDER THIS SECTION EXERCISES HIS OR HER RIGHT
27 TO CANCEL A MOTOR VEHICLE PURCHASE IN COMPLIANCE WITH THAT

1 AGREEMENT:

2 (A) BEFORE THE CLOSE OF BUSINESS ON THE SECOND DAY FOLLOWING
3 THE DAY ON WHICH THE BUYER EXERCISES HIS OR HER RIGHT TO CANCEL
4 THE MOTOR VEHICLE PURCHASE, THE SELLER SHALL CANCEL THE CONTRACT
5 AND PROVIDE THE BUYER WITH A FULL REFUND, INCLUDING ANY SALES TAX
6 ATTRIBUTABLE TO THE PURCHASE PRICE OF THE CONTRACT CANCELLATION
7 OPTION AGREEMENT, IF ANY.

8 (B) IF THE BUYER LEFT ANOTHER MOTOR VEHICLE WITH THE SELLER
9 AS A DOWN PAYMENT OR TRADE-IN FOR THE MOTOR VEHICLE PURCHASED,
10 THE DEALER SHALL ALSO DO 1 OF THE FOLLOWING:

11 (i) IF THE BUYER WAS NOT CHARGED FOR THE CONTRACT
12 CANCELLATION OPTION AGREEMENT, BEFORE THE CLOSE OF BUSINESS ON
13 THE DAY FOLLOWING THE DAY ON WHICH THE BUYER EXERCISES THE RIGHT
14 TO CANCEL THE PURCHASE, THE SELLER SHALL RETURN THE VEHICLE THE
15 BUYER LEFT WITH THE SELLER AS A DOWN PAYMENT OR TRADE-IN. IF THE
16 SELLER HAS SOLD OR OTHERWISE TRANSFERRED TITLE TO THAT MOTOR
17 VEHICLE, THE REFUND DESCRIBED IN THIS SUBSECTION SHALL INCLUDE
18 THE FAIR MARKET VALUE OF THE MOTOR VEHICLE LEFT AS A DOWN PAYMENT
19 OR TRADE-IN, OR ITS VALUE AS STATED IN THE CONTRACT OR PURCHASE
20 ORDER, WHICHEVER IS GREATER.

21 (ii) IF THE BUYER WAS CHARGED FOR THE CONTRACT CANCELLATION
22 OPTION AGREEMENT, THE SELLER SHALL RETAIN THE MOTOR VEHICLE THE
23 BUYER LEFT WITH THE SELLER AS A DOWN PAYMENT OR TRADE-IN UNTIL
24 THE BUYER EXERCISES THE RIGHT TO CANCEL OR THE RIGHT TO CANCEL
25 EXPIRES. IF THE BUYER EXERCISES THE RIGHT TO CANCEL THE PURCHASE,
26 THE SELLER SHALL RETURN THAT MOTOR VEHICLE TO THE BUYER BEFORE
27 THE CLOSE OF BUSINESS ON THE DAY FOLLOWING THE DAY ON WHICH THE

1 BUYER EXERCISES THE RIGHT TO CANCEL THE PURCHASE. IF THE SELLER
2 HAS INADVERTENTLY SOLD OR OTHERWISE TRANSFERRED TITLE TO THAT
3 MOTOR VEHICLE AS THE RESULT OF A BONA FIDE ERROR, DESPITE
4 REASONABLE PROCEDURES DESIGNED TO AVOID THAT ERROR, THE
5 INADVERTENT SALE OR TRANSFER OF TITLE IS NOT A VIOLATION OF THIS
6 SUBDIVISION, AND THE FULL REFUND DESCRIBED IN THIS SUBSECTION
7 SHALL INCLUDE THE RETAIL MARKET VALUE OF THE MOTOR VEHICLE LEFT
8 AS A DOWN PAYMENT OR TRADE-IN, OR ITS VALUE AS STATED IN THE
9 INSTALLMENT SALE CONTRACT, WHICHEVER IS GREATER.

10 (C) IF THE SELLER RECEIVED A PORTION OF THE PURCHASE PRICE
11 BY CREDIT CARD, OR OTHER THIRD-PARTY PAYER ON THE BUYER'S
12 ACCOUNT, THE SELLER MAY REFUND THAT PORTION OF THE PURCHASE PRICE
13 TO THE CREDIT CARD ISSUER OR THIRD-PARTY PAYER FOR CREDIT TO THE
14 BUYER'S ACCOUNT.

15 (6) AN INSTALLMENT SELLER IS NOT REQUIRED TO OFFER A
16 CONTRACT CANCELLATION OPTION AGREEMENT UNDER THIS SECTION TO AN
17 INDIVIDUAL WHO EXERCISED HIS OR HER RIGHT TO CANCEL THE PURCHASE
18 OF A MOTOR VEHICLE FROM THE SELLER PURSUANT TO A CONTRACT
19 CANCELLATION OPTION AGREEMENT DURING THE IMMEDIATELY PRECEDING 30
20 DAYS. AN INSTALLMENT SELLER IS NOT REQUIRED TO GIVE NOTICE TO A
21 SUBSEQUENT BUYER OF THE RETURN OF A MOTOR VEHICLE PURSUANT TO
22 THIS SECTION. THIS SUBSECTION DOES NOT ABROGATE OR LIMIT ANY
23 DISCLOSURE OBLIGATION IMPOSED BY ANY OTHER STATE OR FEDERAL LAW.

24 (7) THIS SECTION DOES NOT AFFECT OR ALTER THE LEGAL RIGHTS,
25 DUTIES, OBLIGATIONS, OR LIABILITIES OF THE BUYER, THE SELLER, OR
26 THE SELLER'S AGENTS OR ASSIGNS, THAT WOULD EXIST IN THE ABSENCE
27 OF A CONTRACT CANCELLATION OPTION AGREEMENT, OR THE AUTHORITY OR

1 ABILITY OF A BUYER TO RESCIND A CONTRACT OR REVOKE ACCEPTANCE
2 UNDER ANY OTHER LAW.

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

8 (2) ~~—(b) An—~~ **THE SELLER SHALL ENSURE THAT ALL OF THE**
9 **PROVISIONS OF AN** installment sale contract ~~—shall be—~~ **ARE**
10 completed as to all essential provisions prior to the signing of
11 **BEFORE THE BUYER SIGNS** the contract. ~~—by the buyer and~~

12 (3) **IN ADDITION TO THE INFORMATION REQUIRED BY THIS ACT, AN**
13 **INSTALLMENT SALES CONTRACT SHALL** contain ~~—such—~~ **ANY** other
14 information ~~—as—~~ **REQUIRED BY** the administrator. ~~—may require—~~

15 (4) ~~—(c) An—~~ **THE SELLER SHALL FURNISH AN** exact copy of ~~—the~~
16 **AN** installment sale contract ~~—shall be furnished by the seller~~
17 to the buyer without charge at the time the buyer signs the
18 contract. The buyer's copy of the contract shall contain ~~—the—~~ **AN**
19 **ORIGINAL** signature of the seller ~~—identical with—~~ **THAT IS THE**
20 **SAME AS** the signature on the original contract.

21 ~~———(d) An installment sale contract shall contain the following~~
22 ~~notice printed prominently and in the form indicated in 12 point~~
23 ~~type or larger directly above the space provided in the contract~~
24 ~~form for the signature of the buyer:~~

25 ~~———"Notice to buyer. Do not sign this contract in blank. You~~
26 ~~are entitled to 1 true copy of the contract you sign without~~
27 ~~charge. Keep it to protect your legal rights."~~

1 (5) AN INSTALLMENT SALE CONTRACT SHALL CONTAIN THE FOLLOWING
2 NOTICE, PRINTED PROMINENTLY IN AT LEAST 12-POINT BOLDFACED TYPE
3 DIRECTLY ABOVE THE SPACE PROVIDED IN THE CONTRACT FORM FOR THE
4 SIGNATURE OF THE BUYER:

5 "NOTICE TO BUYER: (1) DO NOT SIGN THIS AGREEMENT BEFORE YOU
6 READ IT OR IF IT CONTAINS ANY BLANK SPACES TO BE FILLED IN. (2)
7 YOU ARE ENTITLED TO A COMPLETELY FILLED-IN COPY OF THIS
8 AGREEMENT. (3) YOU CAN PREPAY THE FULL AMOUNT DUE UNDER THIS
9 AGREEMENT AT ANY TIME. (4) IF YOU DEFAULT IN THE PERFORMANCE OF
10 YOUR OBLIGATIONS UNDER THIS AGREEMENT, THE VEHICLE MAY BE
11 REPOSSESSED AND YOU MAY BE SUBJECT TO SUIT AND LIABILITY FOR THE
12 UNPAID INDEBTEDNESS EVIDENCED BY THIS CONTRACT."

13 (6) AN INSTALLMENT SALE CONTRACT SHALL CONTAIN THE FOLLOWING
14 NOTICE, PRINTED PROMINENTLY IN AT LEAST 8-POINT BOLDFACED TYPE,
15 AND ACKNOWLEDGED BY THE BUYER:

16 "IF YOU HAVE A COMPLAINT CONCERNING THIS SALE, YOU SHOULD
17 TRY TO RESOLVE IT WITH THE SELLER.

18 COMPLAINTS CONCERNING UNFAIR OR DECEPTIVE PRACTICES OR
19 METHODS BY THE SELLER MAY BE REFERRED TO THE DEPARTMENT OF THE
20 MICHIGAN ATTORNEY GENERAL.

21 AFTER THIS CONTRACT IS SIGNED, THE SELLER MAY NOT CHANGE THE
22 FINANCING OR PAYMENT TERMS UNLESS YOU AGREE IN WRITING TO THE
23 CHANGE. YOU DO NOT HAVE TO AGREE TO ANY CHANGE.

24 _____
25 [BUYER'S SIGNATURE] "

26 (7) AN INSTALLMENT SALE CONTRACT SHALL CONTAIN A DISCLOSURE
27 THAT THE DOCUMENT PREPARATION FEE IMPOSED UNDER SECTION 13(2)(A)
28 IS NOT A GOVERNMENTAL FEE.

1 (8) AN INSTALLMENT SALE CONTRACT SHALL DISCLOSE ON ITS FACE,
2 BY PRINTING THE WORD "NEW" OR "USED" WITHIN A BOX OUTLINED IN RED
3 THAT IS NOT SMALLER THAN 1/2-INCH HIGH AND 1/2-INCH WIDE, WHETHER
4 THE VEHICLE IS SOLD AS A NEW MOTOR VEHICLE, AS DEFINED IN SECTION
5 33A OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.33A, OR AS
6 A USED OR SECOND-HAND VEHICLE, AS DEFINED IN SECTION 78 OF THE
7 MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.78.

8 (9) AN INSTALLMENT SALE CONTRACT SHALL CONTAIN A NOTICE WITH
9 A HEADING IN AT LEAST 12-POINT BOLDFACED TYPE AND THE TEXT IN AT
10 LEAST 10-POINT BOLDFACED TYPE, CIRCUMSCRIBED BY A LINE,
11 IMMEDIATELY ABOVE THE CONTRACT SIGNATURE LINE, THAT READS AS
12 FOLLOWS:

13 "THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT
14 CANCELLATION OPTION.

15 MICHIGAN LAW DOES NOT PROVIDE FOR A "COOLING-OFF" OR OTHER
16 CANCELLATION PERIOD FOR VEHICLE SALES. THEREFORE, YOU CANNOT
17 LATER CANCEL THIS CONTRACT SIMPLY BECAUSE YOU CHANGE YOUR MIND,
18 DECIDE THE VEHICLE COSTS TOO MUCH, OR WISH YOU HAD ACQUIRED A
19 DIFFERENT VEHICLE. AFTER YOU SIGN BELOW, YOU MAY ONLY CANCEL THIS
20 CONTRACT WITH THE AGREEMENT OF THE SELLER OR FOR LEGAL CAUSE,
21 SUCH AS FRAUD.

22 HOWEVER, MICHIGAN LAW DOES REQUIRE A VEHICLE DEALER TO OFFER
23 A 2-DAY CONTRACT CANCELLATION OPTION ON USED VEHICLES WITH A
24 PURCHASE PRICE OF LESS THAN \$40,000, SUBJECT TO CERTAIN STATUTORY
25 CONDITIONS. SEE THE VEHICLE CONTRACT CANCELLATION OPTION
26 AGREEMENT FOR DETAILS."

27 (10) ~~-(e) The~~ A seller shall obtain from ~~the~~ A buyer a

1 written acknowledgment of the delivery of the copy of ~~the~~ **AN**
 2 **INSTALLMENT SALE** contract. The acknowledgment shall be printed in
 3 12-point type or larger. ~~and, if~~ **IF THE ACKNOWLEDGEMENT IS**
 4 attached to the contract, it shall be printed below the buyer's
 5 signature to the contract and independently signed.

6 (11) ~~(f)~~ An installment sale contract shall provide for
 7 weekly, semi-monthly, or monthly payments of the time balance in
 8 substantially equal periods and amounts. This ~~subdivision~~
 9 **SUBSECTION** does not apply to **AN** installment sale ~~contracts~~
 10 **CONTRACT** made between an installment seller and an installment
 11 buyer who is an employee of the installment seller. This
 12 ~~subdivision shall not be construed to~~ **SUBSECTION DOES NOT**
 13 prohibit installment sales contracts that extend the time for
 14 making installment payments for a period of not to exceed 3
 15 months. This ~~subdivision~~ **SUBSECTION** does not preclude ~~the~~ **AN**
 16 exceptional installment sale contract provided for in section 22.
 17 ~~of this act.~~

18 Sec. 13. (1) An installment sale contract shall state the
 19 full names and addresses of all the parties to the contract and
 20 the date when signed by the buyer and shall contain a description
 21 of the motor vehicle sold that is sufficient for accurate
 22 identification.

23 (2) An installment sale contract shall set forth all of the
 24 following separate items in the following order:

25 (a) The cash price of the motor vehicle. This amount shall
 26 include any taxes, the cash price of **EACH** agreed upon
 27 ~~accessories~~ **ACCESSORY** and installation of ~~the accessories~~ **THAT**

1 **ACCESSORY**, the cash price of any extended warranty or service
2 contract, **THE PURCHASE PRICE OF ANY CONTRACT CANCELLATION OPTION**
3 **AGREEMENT UNDER SECTION 11B**, and a documentary preparation fee.
4 The documentary preparation fee shall not exceed 5% of the cash
5 price of the motor vehicle or \$160.00, whichever is less.
6 Beginning on January 1, 2005, the administrator shall adjust the
7 \$160.00 maximum for the documentary preparation fee described in
8 this subdivision every 2 years to reflect the cumulative
9 percentage change in the consumer price index for the 2
10 immediately preceding calendar years, as determined by the
11 administrator. The administrator shall round the adjustment to
12 the nearest \$10.00 increment to set the fee every 2 years under
13 this subdivision, but shall carry over and use the absolute value
14 to calculate the next 2-year adjustment. ~~As used in this~~
15 ~~subdivision, "consumer price index" means the United States~~
16 ~~consumer price index for all urban consumers, U.S. city average,~~
17 ~~as defined and reported by the United States department of labor,~~
18 ~~bureau of labor statistics.~~

19 (b) The down payment made by the buyer at the time of or
20 before execution of the contract, indicating whether made in
21 cash, or represented by the agreed value of a trade-in motor
22 vehicle or other goods, or both. The amount of cash and the value
23 of any trade-in shall be shown separately. A description that is
24 sufficient for identification of any trade-in shall be shown.

25 (c) The unpaid cash price balance, which is the difference
26 between the cash price under subdivision (a) and the down payment
27 under subdivision (b).

1 (d) The cost of any insurance premium or travel emergency
2 benefits pertaining to the operation of the automobile that the
3 seller agrees to extend credit to the buyer to obtain. The
4 installment sale contract shall set forth the term of the
5 insurance and a concise description of the terms of the insurance
6 policy and the travel emergency benefits. If the precise cost of
7 the insurance is not available at the time the contract is
8 signed, an estimated amount, ascertained from the current
9 published applicable manual of a recognized standard insurance
10 rating bureau, may be set forth in the contract. The seller
11 shall, within 25 days after making the installment contract, mail
12 or cause to be mailed to the buyer at his or her address as shown
13 on the installment contract a certificate or policy of insurance
14 and a statement showing the exact cost of the insurance. Each
15 installment sale contract shall contain the following warning,
16 printed prominently in red ink and in 12-point type or larger,
17 directly preceding the notice provided for in section ~~12(d)~~
18 12(5), enclosed by a continuous heavy line:

19

20 Warning: The insurance afforded hereunder does not cover
21 liability for injury to persons or damage to property of
22 others unless so indicated hereon.

23

24 (e) Other necessary or incidental costs that the seller
25 contracts to pay on behalf of the buyer and for the amount of
26 which the seller agrees to extend credit to the buyer as

1 authorized by this act. The contract shall contain an itemization
2 of the nature and amount of the costs.

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

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

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

12 (i) The payment schedule, which shall state the number of
13 payments, the amount of the payments, and the time of the
14 payments required to liquidate the time balance.

15 (3) An installment sale contract shall state clearly any
16 collateral security taken for the buyer's obligation under the
17 contract.

18 (4) An installment sale contract shall contain a summary
19 notice of the buyer's principal legal rights respecting
20 prepayment of the contract and rebate of the finance charge and
21 reinstatement of the contract in the event of repossession.

22 (5) An installment sale contract shall contain specific
23 provisions as to the buyer's liability respecting default
24 charges, repossession, and sale of the motor vehicle in case of
25 default or other breach of contract, and respecting the
26 collateral security, if any.

27 (6) **AS USED IN THIS SECTION:**

1 (A) "ACCESSORY" INCLUDES A SURFACE PROTECTION PRODUCT OR A
2 THEFT DETERRENT DEVICE.

3 (B) "CONSUMER PRICE INDEX" MEANS THE UNITED STATES CONSUMER
4 PRICE INDEX FOR ALL URBAN CONSUMERS, U.S. CITY AVERAGE, AS
5 DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,
6 BUREAU OF LABOR STATISTICS.

7 (C) "SURFACE PROTECTION PRODUCT" MEANS ANY OF THE FOLLOWING
8 PRODUCTS INSTALLED BY THE SELLER AFTER THE MOTOR VEHICLE IS SOLD:

9 (i) UNDERCOATING.

10 (ii) RUSTPROOFING.

11 (iii) CHEMICAL OR FILM PAINT SEALANT OR PROTECTANT.

12 (iv) CHEMICAL SEALANT OR STAIN INHIBITOR FOR CARPET AND
13 FABRIC.

14 (D) "THEFT DETERRENT DEVICE" MEANS THE FOLLOWING DEVICES
15 INSTALLED BY THE SELLER AFTER THE MOTOR VEHICLE IS SOLD:

16 (i) A VEHICLE ALARM SYSTEM.

17 (ii) A WINDOW ETCH PRODUCT.

18 (iii) A BODY PART MARKING PRODUCT.

19 (iv) A STEERING LOCK.

20 (v) A PEDAL OR IGNITION LOCK.

21 (vi) A FUEL OR IGNITION KILL SWITCH.