

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2024-24-CF

In the matter of:

**Implementation of 2024 PA 94
to Amend the Motor Vehicle Sales Finance Act**

**Issued and entered
this 11th day of September 2024
by Anita G. Fox
Director**

On July 23, 2024, Governor Whitmer signed into law 2024 PA 94 (the “Act”), which amends the Motor Vehicle Sales Finance Act, 1950 (Ex Sess) PA 27, as amended, MCL 492.101 *et seq.* (the “MVSFA”), to allow for unequal payment repayment plans in certain installment sale contracts and subject to certain requirements. The Act became effective on July 23, 2024. The Department of Insurance and Financial Services (the “Department”) has received inquiries and expressions of concern regarding the Act’s implementation.

This bulletin informs licensees and other interested parties of the Act’s basic requirements pertaining to installment sale contracts with unequal repayment plans and announces the Department’s temporary accommodation to prevent undue hardship from a provision in the Act that mandates a specific consumer notice in every installment sale contract for a new motor vehicle.

The Act amends sections 2, 12, 13, 22, and 31 of the MVSFA, MCL 492.102, MCL 492.112, MCL 492.113, and MCL 492.122, to permit installment sale contracts that provide for a series of monthly payments in unequal payment amounts over the course of the contract, if each of the following conditions are met:

1. The installment sale contract concerns a “new motor vehicle” and not a “used or secondhand motor vehicle”, as those terms are defined by the Public Act.
2. The installment sale contract contains the following notice printed prominently in 12-point type or larger directly below the federal Truth-In-Lending disclosure box:

“Notice: Customer should review the payment schedule to determine if the contract requires payments in equal amounts.”¹

3. The amount of any payment under the installment sale contract does not increase more than 40% from the amount of the first scheduled payment.

¹ To avoid confusion, the Department notes that this consumer notice must be included in every installment sale contract for a new motor vehicle. See MCL 492.113(2)(j).

4. The amount of each payment under the installment sale contract does not exceed the installment buyer's maximum payment threshold, as determined by the installment seller or sales finance company at the time the buyer completes the installment sale contract.
5. The licensee does not charge a fee that is either: (1) based solely on the fact that the installment buyer's installment sale contract requires payments in unequal amounts instead of equal amounts; or (2) related to the prepayment of all of the unpaid time balance under the installment sale contract due to the resale of the motor vehicle.

The Department expects all installment seller licensees to comply with each of the Act's requirements. However, the Department understands that installment seller licensees order installment sale contract forms in bulk, and that this industry practice will necessitate additional time to implement revisions to existing installment sale contract forms. The unavoidable transition period affects the ability of licensees to comply strictly with the consumer notice requirement referenced above in condition No. 2 and contained in section 13(2)(j) of the Act, MCL 492.113(2)(j) (the "Consumer Notice Requirement"). Accordingly, to enable the motor vehicle sales finance industry and installment seller licensees to adjust to the Act, until January 1, 2025, the Department will consider an installment seller licensee compliant with the Act's Consumer Notice Requirement if the installment seller licensee does any of the following with respect to every installment sale contract for a new motor vehicle:

1. The installment seller licensee affixes on the installment sale contract a sticker providing the required disclosure that is initialed and dated by the installment buyer.
2. The installment seller licensee legibly writes in the installment sale contract the required disclosure that is initialed and dated by the installment buyer.
3. The installment seller licensee provides the required disclosure on a separate page that is initialed and dated by the installment buyer.

Installment seller licensees are strongly encouraged to obtain statutorily compliant forms as soon as possible. Beginning January 1, 2025, the Department will enforce strict compliance with the Consumer Notice Requirement. Noncompliant licensees may become subject to administrative action.

Any questions regarding this bulletin should be directed to:

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/s/

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