

MOTOR VEHICLE SALES FINANCE ACT (EXCERPT)
Act 27 of 1950 (Ex. Sess.)

492.131 Installment sale contract; limitation on charges; charges prohibited; equity transfer.

Sec. 31.

(1) A licensee under this act shall not charge, contract for, collect, or receive from the buyer, directly or indirectly, any further or other amount for costs, charges, examination, appraisal, service, brokerage, commission, expense, interest, discount, fees, fines, penalties, or other thing of value in connection with the retail sale of a motor vehicle under an installment sale contract in excess of the cost of insurance premiums, other costs, the finance charges, refinance charges, default charges, recording and satisfaction fees, court costs, attorney fees, and expenses of retaking, repairing, and storing a repossessed motor vehicle that are authorized under this act.

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

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

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

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

(4) An insurance company, agent, or broker shall not pay or cause to be paid, directly or indirectly, to any installment seller, and an installment seller shall not receive from any insurance company, agent, or broker, any portion of an insurance premium involved in the retail installment sale of a motor vehicle other than for the benefit of the installment buyer, and all payments must be held by the installment seller in trust for the benefit of the installment buyer and must be paid to the installment buyer within 30 days, unless used in procuring comparable insurance or credited to matured unpaid installments under the contract as provided in section 16(f).

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

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

History: 1950, Ex. Sess., Act 27, Eff. Mar. 31, 1951 ;-- Am. 1951, Act 171, Imd. Eff. June 8, 1951 ;-- Am. 1955, Act 102, Imd. Eff. June 2, 1955 ;-- Am. 1995, Act 166, Eff. Mar. 28, 1996 ;-- Am. 2024, Act 94, Imd. Eff. July 23, 2024