



H.B. 229

124th General Assembly
(As Passed by the General Assembly)

Reps. Salerno, Willamowski, Latta, Manning, Fessler, Flowers, Collier, Schmidt, Reidelbach, Barrett, Coates, Rhine, Blasdel, Sulzer

Sens. Shoemaker, Oelslager

Effective date: February 19, 2002

ACT SUMMARY

- Repeals the prohibition against any person entering into an agreement with a retail seller regarding the purchase, assignment, or transfer of a retail installment contract in which the retail seller will receive or retain any benefit from or part of any amount collected from a retail buyer as a finance charge or as benefits to the retail buyer, in excess of 2% of the principal balance of the retail installment contract.
- Repeals the prohibition against any person paying to the retail seller, and any retail seller receiving or retaining, any part of the amount collected as a finance charge or retail buyer's benefits on any retail installment contract purchased, assigned, or transferred from the retail seller, in excess of 2% of the principal balance of the contract.
- Eliminates the provisions related to those prohibitions.

CONTENT AND OPERATION

Retail Installment Sales Law

The act repeals the following prohibitions with respect to the purchase, assignment, or transfer of a retail installment contract:

(1) Any person entering into an agreement with any retail seller regarding the purchase, assignment, or transfer of any "retail installment contract" in which the retail seller will receive or retain, directly or indirectly, any benefit from or part of any amount collected or received, or to be collected or received, from any

retail buyer as a finance charge or as the cost of insurance or other benefits to the retail buyer, *in excess of 2% of the principal balance* of the retail installment contract;

(2) Any person directly or indirectly paying to the retail seller, and any retail seller directly or indirectly receiving or retaining, any part of the amount collected, or to be collected, as a finance charge or retail buyer's cost of insurance or other benefits on any retail installment contract purchased, assigned, or transferred from the retail seller, *in excess of 2% of the principal balance* of the retail installment contract.

The act repeals language that states that the above prohibitions did not apply in the case of a bona fide sale of a retail installment contract, if, as part of the consideration for that sale and purchase, the retail seller agreed to act, and acted, as agent for the purchaser in making collection of all amounts due on and otherwise completely servicing the retail installment contract, including billing, posting, and maintaining complete records applicable to the contract.

The act also repeals language that states that compensation received by the retail seller as commission received by the retail seller from an insurance company as its licensed agent, was *not* a benefit received by the retail seller out of the insurance charge to the retail buyer under the installment contract.

The effect of this repeal is to eliminate the maximum limit of 2% of the principal balance of a retail installment contract that a retail seller who sells, assigns, or transfers the contract may receive from any amount collected as a finance charge or retail buyer's cost of insurance or other benefits on the retail installment contract.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-24-01	p. 319
Reported, H. Civil & Commercial Law	06-13-01	p. 658
Passed House (99-0)	06-20-01	pp. 690-691
Reported, S. Judiciary on Civil Justice	10-17-01	p. 987
Passed Senate (32-0)	10-17-01	p. 994

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