

2005 ASSEMBLY BILL 496

June 14, 2005 – Introduced by Representatives FREESE, LAMB, HINES, HAHN, ZIEGELBAUER, LOTHIAN, ALBERS, BALLWEG, TOWNSEND, SUDER, VRAKAS, OTT, VOS, KRAWCZYK, KREIBICH and MOULTON, cosponsored by Senators OLSEN, LASSA, A. LASEE, ROESSLER, CARPENTER, BRESKE, BROWN and LEIBHAM. Referred to Committee on Financial Institutions.

1 **AN ACT** *to amend* 425.103 (2) (b) and 425.105 (2); and *to create* 425.103 (2) (bm)
2 and 425.105 (3m) of the statutes; **relating to:** defaults in consumer credit
3 transactions involving motor vehicle consumer leases or credit sales of motor
4 vehicles.

Analysis by the Legislative Reference Bureau

Under current law, a creditor's cause of action against a customer with respect to a consumer credit transaction accrues only upon default of the customer. "Default" is defined as failure to make payment under specified circumstances and breach of any other covenant of the transaction that materially impairs the condition, value, or protection of, or the creditor's rights in, any collateral securing the transaction or goods subject to a consumer lease or that materially impairs the customer's ability to pay amounts due under the transaction. If a creditor believes that a customer is in default, the creditor may give the customer written notice of the alleged default and the customer may, within a 15-day period after the notice, cure the default. If the customer cures the default, the customer's rights are restored as if no default occurred. The creditor may not accelerate the maturity of a consumer credit transaction, commence an action, or demand or take possession of collateral or goods subject to a consumer lease unless the creditor has given notice, the 15-day period after the notice has expired without the customer's curing of the default, and the creditor believes the customer is in default. However, the customer does not have a right to cure a default under certain circumstances where the customer has previously defaulted and then cured the default.

