

**190.100 Installment contract.**

- (1)
  - (a) Every retail installment contract shall be in writing in at least eight (8) point type, shall contain all the agreements of the parties, shall be signed by the retail buyer, and a copy thereof shall be furnished to such retail buyer at the time of the execution of the contract;
  - (b) No provision of a retail installment contract which purports to provide for the inclusion of title to or a lien upon any goods other than the motor vehicle, accessories and special or auxiliary equipment used in connection therewith which either are the subject of the retail installment sale or are substitution in whole or in part therefor, as security for payment of such time sale price shall be valid or enforceable; but the other provisions of the retail installment contract shall not be affected thereby;
  - (c) No provisions for confession of judgment, power of attorney therefor, or wage assignment contained in any retail installment contract shall be valid or enforceable;
  - (d) If the finance charge applicable to a retail installment contract has been determined by a pre-computed method, the holder of a retail installment contract may collect a delinquency and collection charge on each installment in arrears for a period not less than ten (10) days in an amount not in excess of five percent (5%) of each installment or five dollars (\$5), whichever is the less. In addition to such delinquency and collection charge, the retail installment contract may provide for the payment of attorneys' fees not exceeding fifteen percent (15%) of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection, plus the court costs;
  - (e) Unless notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees; and
  - (f) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.
- (2) The retail installment contract shall contain the following:
  - (a) The cash sale price of the motor vehicle which is the subject matter of the retail installment sale;
  - (b) The amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;
  - (c) The difference between paragraphs (a) and (b) of this subsection;
  - (d)
    1. Amount, if any, included for insurance and other benefits; and
    2. Types of coverage and benefits;
  - (e) Official fees as defined in KRS 190.090; and

- (f) Principal balance, which is the sum of paragraphs (c), (d), and (e) of this subsection.
- (3) The retail installment contract shall contain a definite statement in twelve (12) point bold type or larger, that the insurance, if any included in the retail installment sale provides or does not provide coverage for personal liability and property damage caused to others, as the case may be.
- (4) The amount, if any, included for insurance, shall not exceed the premiums chargeable in accordance with applicable rate filings made with the commissioner of insurance. Every retail seller or sales finance company, if insurance on the motor vehicle is included in a retail installment contract shall within thirty (30) days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and of selecting an insurance company acceptable to the seller; provided, however, that the inclusion of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller. If any such policy is canceled, the unearned insurance premium refund received by the holder of the contract shall be credited to the final maturing installments of the retail installment contract. For purposes of this subsection, single interest insurance insuring the retail seller or sales finance company shall not be considered insurance on the motor vehicle. Neither a copy of the policy nor a certificate of insurance of this type of insurance shall be sent to the retail buyer.
- (5) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be agreed upon between them. No filing of the assignment, no notice to the retail buyer of the assignment, and no requirement that the retail seller shall be deprived of dominion over the payments thereunder or the goods covered thereby if repossessed by the retail seller shall be necessary to the validity of a written assignment of a retail installment contract as against creditors, subsequent purchasers, pledgees, mortgagees, and lien claimants of the retail seller.
- (6) An acknowledgment in the body of the retail installment contract by the retail buyer of the delivery of a copy thereof shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.
- (7) (a) A "debt cancellation agreement" is a written provision in a retail installment contract, or separate addendum thereto, which provides for cancellation of all or part of an obligation of the buyer or obligor upon the occurrence of a specified event.
- (b) In accordance with subsection (2)(d) of this section, a debt cancellation agreement shall be itemized by type on the retail installment contract and

considered an "other benefit" for which the seller, sales finance company, or other holder may charge the buyer or obligor.

- (c) A debt cancellation agreement shall not be considered a contract of, or for, insurance.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 240, effective July 15, 2010. -- Amended 2008 Ky. Acts ch. 68, sec. 1, effective July 15, 2008. -- Amended 1992 Ky. Acts ch. 384, sec. 1, effective July 14, 1992. -- Amended 1984 Ky. Acts ch. 391, sec. 2, effective July 13, 1984. -- Created 1956 Ky. Acts ch. 105, sec. 2, effective July 1, 1956.