



**Ford Motor Company Testimony on HB 5460
Michigan House Committee on Regulatory Reform**

Tuesday, April 23, 2024

Thank you Chair Carter and Members of the Committee for the opportunity to provide testimony today regarding House Bill 5460. I am Rob Mossel, Counsel for Ford Motor Credit Company, the financing entity of Ford Motor Company, and we support this bill. I am responsible for the legal team that supports Ford Credit in North America, so I see how differences in state law affect consumers every day. House Bill 5460 will help address one of those areas for Michigan.

Ford Credit provides a flexible financing product, called FlexBuy, for customers purchasing new vehicles in 42 states. Unfortunately, Michigan is one of the 8 outlier states. FlexBuy allows customers to make a lower payment for the first 36 months of their contract term and then a higher payment for the remaining months. Because the Michigan Motor Vehicle Sales Finance Act presently prohibits payments in unequal amounts, Ford Credit cannot offer FlexBuy to Michigan consumers.

In other states, we have seen that consumers appreciate reduced payments during the initial period of a contract to meet their financial goals. As vehicle prices have increased, payment affordability is increasingly a concern for consumers. For example, a recent college graduate may want a new vehicle with current technology and safety features. The lower initial payment of a FlexBuy contract during the first 36-months may allow them to purchase that vehicle based on their current income and as their income increases over time, they can afford a higher payment. We also often see customers choose to trade-in their vehicle when the payment increases, allowing them to purchase another new vehicle.

Today the law prohibits dealers and customers from using different payment amounts to finance a vehicle. HB 5460 simply removes that prohibition while putting guardrails in place to ensure consumers are aware of their payment obligations for the entire term of their contract and are not required to pay additional fees.

Our data analytics team tracks the performance of Ford Credit's FlexBuy customers and compares that to customers with standard amortizing contracts with similar terms. We see very similar performance between customers in standard amortizing contracts and Ford Credit's FlexBuy contracts across the 42 states that allow for this type of flexible financing.

This bill levels the playing field for Michigan consumers, and grants Michigan consumers the freedom to determine the payment amounts that meet their financial needs.

Thank you Mr. Chair, for the opportunity to submit this testimony. I am happy to answer any questions.