

# SENATE BILL 640

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71r0555  
CF HB 747

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By: **Senator Raskin**

Introduced and read first time: February 2, 2007

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 28, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Consumer Protection – Motor Vehicle Manufacturers – Warranty Adjustment**  
3 **Programs**

4 FOR the purpose of requiring a certain invoice and certain authorization of repairs  
5 form to include a certain notice about certain motor vehicle manufacturer  
6 warranty adjustment programs; requiring a manufacturer of motor vehicles sold  
7 in the State to establish procedures under which certain consumers receive  
8 notice of certain warranty adjustment programs and, on request, are provided  
9 with a copy of a certain notification or other documents; requiring a motor  
10 vehicle manufacturer to ensure that a purchaser of a new motor vehicle receives  
11 certain notice at a certain time; requiring a motor vehicle ~~dealer to disclose the~~  
12 ~~terms and conditions of certain adjustment programs to certain consumers~~  
13 ~~under certain circumstances~~ manufacturer to provide to its dealers information  
14 about each adjustment program of the manufacturer in a certain format;  
15 requiring a motor vehicle manufacturer to implement procedures to ensure  
16 reimbursement of certain consumers for certain repairs under certain  
17 circumstances; ~~requiring a motor vehicle manufacturer to send a copy of a~~  
18 ~~warranty adjustment program to the Motor Vehicle Administration within a~~  
19 ~~certain time period; requiring the Motor Vehicle Administration to post a copy~~  
20 ~~of a warranty adjustment program on its website within a certain time period~~;  
21 providing that a violation of certain provisions of this Act is an unfair or

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



deceptive trade practice within the meaning of the Maryland Consumer Protection Act and is subject to certain enforcement and penalty provisions; defining certain terms; and generally relating to motor vehicle manufacturer warranty adjustment programs.

BY repealing and reenacting, with amendments,

Article – Commercial Law

Section 14–1003

Annotated Code of Maryland

(2005 Replacement Volume and 2006 Supplement)

BY adding to

Article – Commercial Law

Section 14–1008(d); and 14–1401 through 14–1403 to be under the new subtitle

“Subtitle 14. Motor Vehicle Manufacturers’ Warranty Adjustment Programs”

Annotated Code of Maryland

(2005 Replacement Volume and 2006 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### **Article – Commercial Law**

14–1003.

(a) An automotive repair facility shall prepare an invoice which describes:

(1) All work done by it, including all warranty work; and

(2) All parts supplied by it.

(b) The invoice shall state clearly if any used, rebuilt, or reconditioned parts have been supplied or if a part of a component system supplied is composed of used, rebuilt, or reconditioned parts.

(c) THE INVOICE SHALL INCLUDE THE FOLLOWING NOTICE:

“MANUFACTURER SPECIAL POLICY ADJUSTMENT PROGRAMS

FEDERAL LAW REQUIRES MANUFACTURERS TO FURNISH THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (N.H.T.S.A.) WITH BULLETINS

1 DESCRIBING ANY DEFECTS IN THEIR VEHICLES. YOU MAY OBTAIN COPIES OF  
2 THESE BULLETINS FROM EITHER THE MANUFACTURER OR N.H.T.S.A. IN  
3 ADDITION, CERTAIN CONSUMER PUBLICATIONS OR ORGANIZATIONS PUBLISH  
4 THIS INFORMATION, WHICH MAY BE AVAILABLE FOR A FEE OR FOR FREE.”

5 [(c)] (D) After the customer signs the invoice, the automotive repair facility  
6 shall give him a copy of it and retain a copy.

7 14-1008.

8 (D) THE AUTHORIZATION FORM SHALL INCLUDE THE FOLLOWING  
9 NOTICE:

10 “MANUFACTURER SPECIAL POLICY ADJUSTMENT PROGRAMS

11 FEDERAL LAW REQUIRES MANUFACTURERS TO FURNISH THE NATIONAL  
12 HIGHWAY TRAFFIC SAFETY ADMINISTRATION (N.H.T.S.A.) WITH BULLETINS  
13 DESCRIBING ANY DEFECTS IN THEIR VEHICLES. YOU MAY OBTAIN COPIES OF  
14 THESE BULLETINS FROM EITHER THE MANUFACTURER OR N.H.T.S.A. IN  
15 ADDITION, CERTAIN CONSUMER PUBLICATIONS OR ORGANIZATIONS PUBLISH  
16 THIS INFORMATION, WHICH MAY BE AVAILABLE FOR A FEE OR FOR FREE.”

17 **SUBTITLE 14. MOTOR VEHICLE MANUFACTURERS’ WARRANTY ADJUSTMENT**  
18 **PROGRAMS.**

19 **14-1401.**

20 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**  
21 **INDICATED.**

22 **(B) (1) “ADJUSTMENT PROGRAM” MEANS A PROGRAM OR POLICY:**

23 **(I) THAT EXPANDS OR EXTENDS A WARRANTY BEYOND ITS**  
24 **STATED LIMIT; OR**

25 **(II) UNDER WHICH A MANUFACTURER UNDERTAKES OR**  
26 **OFFERS TO PAY OR REIMBURSE A CONSUMER, WHETHER DIRECTLY OR**  
27 **INDIRECTLY, FOR ALL OR A PART OF THE COST OF REPAIRING A CONDITION**  
28 **THAT MAY SUBSTANTIALLY AFFECT THE DURABILITY, RELIABILITY, OR**  
29 **PERFORMANCE OF A MOTOR VEHICLE.**

1                   **(2) “ADJUSTMENT PROGRAM” DOES NOT INCLUDE:**

2                               **(I) SERVICE PROVIDED UNDER A SAFETY OR EMISSIONS**  
3 **RELATED RECALL CAMPAIGN; OR**

4                               **(II) ADJUSTMENTS MADE BY A MANUFACTURER ON A**  
5 **CASE-BY-CASE BASIS.**

6           **(C) “CONSUMER” MEANS:**

7                               **(1) THE PURCHASER, OTHER THAN FOR PURPOSES OF RESALE,**  
8 **OF A NEW MOTOR VEHICLE;**

9                               **(2) A LESSEE OF A MOTOR VEHICLE;**

10                              **(3) A PERSON TO WHOM A NEW MOTOR VEHICLE IS TRANSFERRED**  
11 **DURING THE DURATION OF THE WARRANTY APPLICABLE TO THE MOTOR**  
12 **VEHICLE; OR**

13                              **(4) A PERSON WHO IS ENTITLED UNDER THE TERMS OF THE**  
14 **WARRANTY TO ENFORCE ITS OBLIGATIONS.**

15           **(D) “DEALER” MEANS A PERSON WHO SELLS OR LEASES MOTOR**  
16 **VEHICLES UNDER A RETAIL AGREEMENT WITH A MANUFACTURER OR**  
17 **DISTRIBUTOR, OR AN AGENT OF A MANUFACTURER OR DISTRIBUTOR.**

18           **(E) “LESSEE” MEANS A CONSUMER WHO LEASES A MOTOR VEHICLE**  
19 **UNDER A WRITTEN LEASE THAT PROVIDES THAT THE LESSEE IS RESPONSIBLE**  
20 **FOR REPAIRS TO THE MOTOR VEHICLE.**

21           **(F) “MANUFACTURER” MEANS A PERSON WHO:**

22                              **(1) MANUFACTURES OR ASSEMBLES NEW MOTOR VEHICLES FOR**  
23 **SALE OR DISTRIBUTION; OR**

24                              **(2) IS ENGAGED IN THE BUSINESS OF IMPORTING NEW MOTOR**  
25 **VEHICLES FOR SALE OR DISTRIBUTION TO DEALERS OR THROUGH**  
26 **DISTRIBUTORS OR FACTORY BRANCHES.**

1           **(G) “MOTOR VEHICLE” MEANS A VEHICLE THAT:**

2                   **(1) IS USED FOR THE PRIVATE TRANSPORTATION OF**  
3 **INDIVIDUALS AND THEIR PERSONAL BELONGINGS; AND**

4                   **(2) HAS A MAXIMUM CAPACITY OF 10 INDIVIDUALS, INCLUDING**  
5 **THE DRIVER.**

6 **14-1402.**

7           **(A) A MANUFACTURER OF MOTOR VEHICLES SOLD IN THE STATE SHALL**  
8 **ESTABLISH PROCEDURES UNDER WHICH EACH CONSUMER IN THE STATE WHO**  
9 **OWNS OR LEASES A MOTOR VEHICLE TO WHICH AN ADJUSTMENT PROGRAM OF**  
10 **THE MANUFACTURER APPLIES:**

11                   **(1) IS NOTIFIED OF THE ADJUSTMENT PROGRAM;**

12                   **(2) ON REQUEST, IS PROVIDED WITH A COPY OF ANY SERVICE**  
13 **BULLETIN OR ANY OTHER DOCUMENT ISSUED BY THE MANUFACTURER**  
14 **PERTAINING TO AN ADJUSTMENT PROGRAM OR TO A CONDITION THAT MAY**  
15 **SUBSTANTIALLY AFFECT MOTOR VEHICLE DURABILITY, RELIABILITY, OR**  
16 **PERFORMANCE; AND**

17                   **(3) WITHIN 90 DAYS AFTER THE ESTABLISHMENT OF A NEW**  
18 **ADJUSTMENT PROGRAM, IS SENT WRITTEN NOTICE BY FIRST-CLASS MAIL OF**  
19 **THE TERMS AND CONDITIONS OF THE ADJUSTMENT PROGRAM.**

20           **(B) (1) A MANUFACTURER OF MOTOR VEHICLES SOLD IN THE STATE**  
21 **SHALL ENSURE THAT THE PURCHASER OF A NEW MOTOR VEHICLE RECEIVES, AT**  
22 **THE TIME OF PURCHASE, A WRITTEN NOTICE DESCRIBING THE RIGHTS AND**  
23 **REMEDIES PROVIDED UNDER THIS SECTION.**

24                   **(2) THE WRITTEN NOTICE SHALL BE CONSIDERED SUFFICIENT IF**  
25 **STATED IN SUBSTANTIALLY THE FOLLOWING FORM:**

26 **“SOMETIMES (INSERT MANUFACTURER’S NAME) OFFERS A SPECIAL**  
27 **ADJUSTMENT PROGRAM TO PAY ALL OR PART OF THE COST OF CERTAIN**  
28 **REPAIRS BEYOND THE TERMS OF THE WARRANTY. CHECK WITH YOUR DEALER**  
29 **TO DETERMINE WHETHER ANY ADJUSTMENT PROGRAM IS APPLICABLE TO YOUR**  
30 **MOTOR VEHICLE.”**

~~(C) IF A DEALER HAS RECEIVED NOTIFICATION OF A MANUFACTURER'S  
ADJUSTMENT PROGRAM COVERING A PARTICULAR CONDITION, OR OTHERWISE  
HAS KNOWLEDGE OF THE ADJUSTMENT PROGRAM, THE DEALER SHALL  
DISCLOSE THE TERMS AND CONDITIONS OF THE ADJUSTMENT PROGRAM TO A  
CONSUMER SEEKING REPAIRS FOR THE CONDITION AT THE DEALER'S REPAIR  
FACILITY.~~

(C) A MANUFACTURER SHALL PROVIDE TO ITS DEALERS INFORMATION  
ABOUT EACH ADJUSTMENT PROGRAM OF THE MANUFACTURER IN A FORMAT  
THAT FACILITATES THE DISCLOSURE OF THE TERMS AND CONDITIONS OF THE  
ADJUSTMENT PROGRAM TO A CONSUMER SEEKING REPAIRS AT THE DEALER'S  
REPAIR FACILITY.

(D) (1) A MANUFACTURER THAT ESTABLISHES AN ADJUSTMENT  
PROGRAM SHALL IMPLEMENT PROCEDURES TO ENSURE REIMBURSEMENT OF  
EACH CONSUMER WHO:

(I) IS ELIGIBLE UNDER THE ADJUSTMENT PROGRAM; AND

(II) INCURS EXPENSES FOR THE REPAIR OF A CONDITION  
SUBJECT TO THE ADJUSTMENT PROGRAM BEFORE THE CONSUMER KNOWS  
ABOUT THE ADJUSTMENT PROGRAM.

(2) REIMBURSEMENT UNDER THIS SUBSECTION SHALL BE  
CONSISTENT WITH THE TERMS AND CONDITIONS OF THE PARTICULAR  
ADJUSTMENT PROGRAM.

(3) (I) A CONSUMER SHALL MAKE A CLAIM FOR  
REIMBURSEMENT UNDER THIS SUBSECTION IN WRITING TO THE  
MANUFACTURER WITHIN THE LATER OF:

1. 2 YEARS AFTER THE DATE OF THE CONSUMER'S  
PAYMENT FOR THE REPAIR OF THE CONDITION; OR

2. 1 YEAR AFTER THE DATE THE MANUFACTURER  
SENDS THE NOTICE REQUIRED UNDER SUBSECTION (A)(3) OF THIS SECTION.

(II) THE MANUFACTURER SHALL NOTIFY THE CONSUMER WITHIN 21 BUSINESS DAYS AFTER RECEIVING A CLAIM FOR REIMBURSEMENT WHETHER THE CLAIM WILL BE APPROVED OR DENIED.

(III) IF THE CLAIM IS DENIED, THE MANUFACTURER SHALL STATE IN WRITING THE SPECIFIC REASONS FOR THE DENIAL.

~~(E) (1) WITHIN 30 DAYS AFTER ESTABLISHING AN ADJUSTMENT PROGRAM, THE MANUFACTURER SHALL SEND A COPY OF THE ADJUSTMENT PROGRAM TO THE MOTOR VEHICLE ADMINISTRATION.~~

~~(2) WITHIN 10 DAYS AFTER RECEIVING A COPY OF AN ADJUSTMENT PROGRAM FROM A MANUFACTURER, THE MOTOR VEHICLE ADMINISTRATION SHALL POST THE COPY ON ITS WEBSITE.~~

14-1403.

A VIOLATION OF THIS SUBTITLE IS:

(1) AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THIS ARTICLE; AND

(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THIS ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2007.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.