

SENATE BILL 116

I3, I4

3lr0994

By: **Senator Benson**

Introduced and read first time: January 14, 2013

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law – Cancellation of Sales of Motor Vehicles and Internet Sales**

3 FOR the purpose of requiring certain sellers to provide buyers of certain motor
4 vehicles with a statement regarding the right of the buyer to cancel the sale and
5 a description of how the buyer may return the motor vehicle under certain
6 circumstances; requiring certain sellers to provide buyers of certain consumer
7 goods or consumer services with a fully completed receipt or copy of a contract
8 pertaining to an Internet sale of the consumer goods or consumer services;
9 requiring certain sellers to provide certain buyers with a statement regarding
10 the right of the buyer to cancel a certain Internet sale and a description of how
11 the buyer may return certain consumer goods under certain circumstances;
12 prohibiting certain sellers from including in certain contracts or receipts certain
13 confessions of judgment or waivers; prohibiting certain sellers from
14 misrepresenting certain buyers' right to cancel certain sales; prohibiting certain
15 sellers from failing to honor certain notices of cancellation or to refund certain
16 payments, return certain goods or property, or cancel and return certain
17 negotiable instruments within a certain period of time; prohibiting certain
18 sellers from negotiating, transferring, selling, or assigning any note or other
19 evidence of indebtedness under certain circumstances; authorizing a buyer to
20 cancel a sale of a motor vehicle or an Internet sale in a certain manner if a
21 seller violates certain provisions of this Act; providing that violations of certain
22 provisions of this Act are unfair or deceptive trade practices within the meaning
23 of the Maryland Consumer Protection Act and are subject to certain
24 enforcement and penalty provisions; defining certain terms; and generally
25 relating to cancellation of sales of motor vehicles and sales made over the
26 Internet.

27 BY adding to

28 Article – Commercial Law

29 Section 14-1324; and 14-4001 through 14-4004 to be under the new subtitle

30 “Subtitle 40. Cancellation of Internet Sales Contracts”

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2005 Replacement Volume and 2012 Supplement)

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

5 **Article – Commercial Law**

6 **14-1324.**

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
8 MEANINGS INDICATED.

9 (2) “BUSINESS DAY” MEANS ANY CALENDAR DAY EXCEPT SUNDAY
10 OR THE FOLLOWING BUSINESS HOLIDAYS: NEW YEAR’S DAY, WASHINGTON’S
11 BIRTHDAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, COLUMBUS
12 DAY, VETERANS’ DAY, THANKSGIVING DAY, AND CHRISTMAS DAY.

13 (3) “MOTOR VEHICLE” MEANS A VEHICLE THAT:

14 (I) IS USED FOR THE PRIVATE TRANSPORTATION OF
15 INDIVIDUALS AND THEIR PERSONAL BELONGINGS; AND

16 (II) HAS A MAXIMUM CAPACITY OF 10 INDIVIDUALS,
17 INCLUDING THE DRIVER.

18 (4) “SELLER” MEANS A PERSON ENGAGED IN THE SALE OF
19 MOTOR VEHICLES.

20 (B) AT THE TIME OF A SALE OF A MOTOR VEHICLE, A SELLER SHALL
21 PROVIDE A BUYER WITH:

22 (1) A STATEMENT THAT THE BUYER MAY CANCEL THE SALE
23 UNTIL MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THE SALE
24 AND A DESCRIPTION OF HOW THE BUYER MAY CANCEL THE SALE; AND

25 (2) A DESCRIPTION OF HOW THE BUYER MAY RETURN THE
26 MOTOR VEHICLE TO THE SELLER AT THE EXPENSE OF THE SELLER IF THE
27 BUYER EXERCISES THE RIGHT TO CANCEL UNDER THIS SECTION AND THE
28 BUYER HAS ALREADY TAKEN POSSESSION OF THE MOTOR VEHICLE.

29 (C) A SELLER MAY NOT:

1 **(1) INCLUDE IN ANY SALES CONTRACT OR RECEIPT FOR THE SALE**
2 **OF A MOTOR VEHICLE ANY CONFESSION OF JUDGMENT OR WAIVER OF ANY OF**
3 **THE RIGHTS TO WHICH THE BUYER IS ENTITLED UNDER THIS SECTION,**
4 **INCLUDING SPECIFICALLY THE BUYER'S RIGHT TO CANCEL THE SALE IN**
5 **ACCORDANCE WITH THE PROVISIONS OF THIS SECTION;**

6 **(2) MISREPRESENT IN ANY MANNER THE BUYER'S RIGHT TO**
7 **CANCEL UNDER THIS SECTION;**

8 **(3) FAIL TO HONOR ANY VALID NOTICE OF CANCELLATION BY A**
9 **BUYER;**

10 **(4) WITHIN 10 BUSINESS DAYS AFTER RECEIPT OF NOTICE OF**
11 **CANCELLATION FROM A BUYER, FAIL TO:**

12 **(i) REFUND ALL PAYMENTS MADE FOR THE SALE OF THE**
13 **MOTOR VEHICLE;**

14 **(ii) RETURN, IN SUBSTANTIALLY AS GOOD CONDITION AS**
15 **WHEN RECEIVED BY THE SELLER, ANY GOODS OR PROPERTY TRADED IN; OR**

16 **(iii) CANCEL AND RETURN ANY NEGOTIABLE INSTRUMENT**
17 **EXECUTED BY THE BUYER IN CONNECTION WITH THE SALE OF THE MOTOR**
18 **VEHICLE AND TAKE ANY ACTION NECESSARY OR APPROPRIATE TO TERMINATE**
19 **PROMPTLY ANY SECURITY INTEREST CREATED IN THE TRANSACTION; OR**

20 **(5) NEGOTIATE, TRANSFER, SELL, OR ASSIGN ANY NOTE OR**
21 **OTHER EVIDENCE OF INDEBTEDNESS TO A FINANCE COMPANY OR OTHER THIRD**
22 **PARTY BEFORE MIDNIGHT OF THE FIFTH BUSINESS DAY FOLLOWING THE DAY**
23 **THE CONTRACT WAS SIGNED OR THE MOTOR VEHICLE WAS PURCHASED.**

24 **(D) IF THE SELLER VIOLATES ANY PROVISION OF THIS SECTION, THE**
25 **BUYER MAY CANCEL THE SALE OF THE MOTOR VEHICLE BY NOTIFYING THE**
26 **SELLER IN ANY MANNER AND BY ANY MEANS OF THE BUYER'S INTENTION TO**
27 **CANCEL.**

28 **(E) A VIOLATION OF THIS SECTION IS:**

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

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

1 **SUBTITLE 40. CANCELLATION OF INTERNET SALES CONTRACTS.**

2 **14-4001.**

3 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
4 **INDICATED.**

5 **(B) “BUSINESS DAY” MEANS ANY CALENDAR DAY EXCEPT SUNDAY OR**
6 **THE FOLLOWING BUSINESS HOLIDAYS: NEW YEAR’S DAY, WASHINGTON’S**
7 **BIRTHDAY, MEMORIAL DAY, INDEPENDENCE DAY, LABOR DAY, COLUMBUS**
8 **DAY, VETERANS’ DAY, THANKSGIVING DAY, AND CHRISTMAS DAY.**

9 **(C) “CONSUMER GOODS” AND “CONSUMER SERVICES” MEAN:**

10 **(1) GOODS OR SERVICES PURCHASED, LEASED, OR RENTED**
11 **PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES; AND**

12 **(2) COURSES OF INSTRUCTION OR TRAINING REGARDLESS OF**
13 **THE PURPOSE FOR WHICH THEY ARE TAKEN.**

14 **(D) “INTERNET” MEANS THE INTERNATIONAL COMPUTER NETWORK OF**
15 **BOTH FEDERAL AND NONFEDERAL INTEROPERABLE PACKET-SWITCHED DATA**
16 **NETWORKS.**

17 **(E) (1) “INTERNET SALE” MEANS A SALE, LEASE, OR RENTAL OF**
18 **CONSUMER GOODS OR CONSUMER SERVICES UNDER SINGLE OR MULTIPLE**
19 **CONTRACTS WITH A PURCHASE PRICE OF \$500 OR MORE MADE OVER THE**
20 **INTERNET.**

21 **(2) “INTERNET SALE” DOES NOT INCLUDE A TRANSACTION:**

22 **(I) IN WHICH THE CONSUMER MAY RESCIND UNDER THE**
23 **PROVISIONS OF THE FEDERAL CONSUMER CREDIT PROTECTION ACT OR ANY**
24 **REGULATION ADOPTED UNDER THE ACT; OR**

25 **(II) THAT PERTAINS TO THE SALE OR RENTAL OF REAL**
26 **PROPERTY, TO THE SALE OF INSURANCE, OR TO THE SALE OF SECURITIES OR**
27 **COMMODITIES BY A BROKER-DEALER REGISTERED WITH THE SECURITIES AND**
28 **EXCHANGE COMMISSION OR WITH THE DIVISION OF SECURITIES OF THE**
29 **STATE.**

30 **(F) “SELLER” MEANS A PERSON ENGAGED IN THE SALE OF CONSUMER**
31 **GOODS OR CONSUMER SERVICES.**

1 14-4002.

2 (A) AT THE TIME OF AN INTERNET SALE, A SELLER SHALL PROVIDE A
3 BUYER WITH:

4 (1) A FULLY COMPLETED RECEIPT OR COPY OF ANY CONTRACT
5 THAT PERTAINS TO THE INTERNET SALE AND CONTAINS THE DATE OF THE
6 TRANSACTION AND THE NAME AND ADDRESS OF THE SELLER;

7 (2) A STATEMENT THAT THE BUYER MAY CANCEL THE INTERNET
8 SALE UNTIL MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THE
9 INTERNET SALE AND A DESCRIPTION OF HOW THE BUYER MAY CANCEL THE
10 INTERNET SALE; AND

11 (3) A DESCRIPTION OF HOW THE BUYER MAY RETURN THE
12 CONSUMER GOODS TO THE SELLER AT THE EXPENSE OF THE SELLER IF THE
13 BUYER EXERCISES THE RIGHT TO CANCEL UNDER THIS SUBTITLE AND THE
14 BUYER HAS ALREADY RECEIVED THE CONSUMER GOODS.

15 (B) A SELLER MAY NOT:

16 (1) INCLUDE IN ANY CONTRACT OR RECEIPT FOR AN INTERNET
17 SALE ANY CONFESSION OF JUDGMENT OR WAIVER OF ANY OF THE RIGHTS TO
18 WHICH THE BUYER IS ENTITLED UNDER THIS SUBTITLE, INCLUDING
19 SPECIFICALLY THE BUYER'S RIGHT TO CANCEL THE INTERNET SALE IN
20 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE;

21 (2) MISREPRESENT IN ANY MANNER THE BUYER'S RIGHT TO
22 CANCEL UNDER THIS SUBTITLE;

23 (3) FAIL TO HONOR ANY VALID NOTICE OF CANCELLATION BY A
24 BUYER;

25 (4) WITHIN 10 BUSINESS DAYS AFTER RECEIPT OF NOTICE OF
26 CANCELLATION FROM A BUYER, FAIL TO:

27 (I) REFUND ALL PAYMENTS MADE UNDER THE INTERNET
28 SALE;

29 (II) RETURN, IN SUBSTANTIALLY AS GOOD CONDITION AS
30 WHEN RECEIVED BY THE SELLER, ANY GOODS OR PROPERTY TRADED IN; OR

1 **(III) CANCEL AND RETURN ANY NEGOTIABLE INSTRUMENT**
2 **EXECUTED BY THE BUYER IN CONNECTION WITH THE INTERNET SALE AND TAKE**
3 **ANY ACTION NECESSARY OR APPROPRIATE TO TERMINATE PROMPTLY ANY**
4 **SECURITY INTEREST CREATED IN THE TRANSACTION; OR**

5 **(5) NEGOTIATE, TRANSFER, SELL, OR ASSIGN ANY NOTE OR**
6 **OTHER EVIDENCE OF INDEBTEDNESS TO A FINANCE COMPANY OR OTHER THIRD**
7 **PARTY BEFORE MIDNIGHT OF THE FIFTH BUSINESS DAY FOLLOWING THE DAY**
8 **THE INTERNET SALE TOOK PLACE.**

9 **14-4003.**

10 **IF THE SELLER VIOLATES ANY PROVISION OF § 14-4002 OF THIS**
11 **SUBTITLE, THE BUYER MAY CANCEL THE INTERNET SALE BY NOTIFYING THE**
12 **SELLER IN ANY MANNER AND BY ANY MEANS OF THE BUYER'S INTENTION TO**
13 **CANCEL.**

14 **14-4004.**

15 **A VIOLATION OF § 14-4002 OF THIS SUBTITLE IS:**

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

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

20 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
21 **October 1, 2013.**