

Article - Commercial Law

[Previous][Next]

§14–2001.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) “Adjusted capitalized cost” means the amount which serves as the basis for determining the base lease payment, computed by subtracting from the capitalized cost any capitalized cost reduction.

(2) “Adjusted capitalized cost” is amortized during the lease term to the estimated residual value by the application of a portion of each scheduled lease payment.

(c) (1) “Capitalized cost” means the amount which, when reduced by the amount of the capitalized cost reduction, equals the adjusted capitalized cost.

(2) “Capitalized cost” shall include all items that are capitalized in the lease and, after the application of the capitalized cost reduction, amortized by the scheduled lease payments over the term of the lease.

(3) “Capitalized cost” shall include to the extent capitalized and amortized as set forth in paragraph (2) of this subsection:

(i) Taxes, registration, license, acquisition, administration, assignment, and other similar fees;

(ii) Charges for insurance, an extended warranty, mechanical repair contract, service contract, vehicle maintenance agreement, and any other similar charge;

(iii) Charges for a waiver of the contractual obligation to pay the gap amount;

(iv) Charges for accessories and installation of accessories;

(v) Charges for delivering, servicing, repairing, or improving the vehicle; and

(vi) Charges for other goods, services, and benefits incidental to the consumer lease transaction.

(4) “Capitalized cost” also shall include, to the extent capitalized and amortized as set forth in paragraph (2) of this subsection, with respect to a vehicle or other property traded-in in connection with a lease, the unpaid balance of any amount financed under an outstanding vehicle loan agreement or vehicle retail installment contract or the unpaid portion of the early termination obligation under any lease or

other obligation of the lessee.

(d) (1) “Capitalized cost reduction” means any payments made by cash, check, rebates, or similar means that are in the nature of down payments made by the lessee and any net trade-in allowance granted by the lessor at the inception of the consumer lease for the purpose of reducing the capitalized cost.

(2) “Capitalized cost reduction” does not include any base lease payments due at the inception of the lease or all of the lease payments if they are all paid at the inception of the lease.

(e) “Consumer Leasing Act” means that act of Congress codified at 15 U.S.C. §§ 1667 through 1667e, and regulations promulgated pursuant thereto, as amended.

(f) “Dealer” means a dealer as defined in § 15–101(c) of the Transportation Article.

(g) (1) “Lease” or “leasing” means a contract in the form of a bailment or lease for the use of a motor vehicle by an individual primarily for personal, family, or household purposes, for a period of time exceeding 4 months, including renewal periods, whether or not the lessee has the option to purchase or otherwise become the owner of the motor vehicle at the expiration of the lease.

(2) “Lease” does not include:

(i) A lease intended as security as defined in § 11–127.1(a) of the Transportation Article;

(ii) A lease which meets the definition of a credit sale in Federal Regulation Z, 12 C.F.R. § 226.2(A);

(iii) A lease for agricultural, business, or commercial purposes; or

(iv) A lease made to an organization.

(h) “Lessee” means an individual who leases under, or who is offered, a motor vehicle lease.

(i) (1) “Lessor” means a person who during any 12-month period leases or offers to lease five or more motor vehicles or who is assigned five or more leases.

(2) “Lessor” does not include the holder of a security interest in leases to secure an obligation or a holder of an interest in a trust that owns leases.

(j) “Manufacturer, factory branch, or distributor” means a person, partnership, association, corporation, or entity engaged in the business of manufacturing or assembling motor vehicles or of distributing motor vehicles to motor vehicle dealers as defined in § 15–201(b), (c), and (e) of the Transportation Article.

(k) (1) “Motor vehicle” means a motor vehicle that is registered in this State as a:

- (i) Class A (passenger) motor vehicle;
- (ii) Class E (truck) motor vehicle with a 3/4 ton or less manufacturer’s rated capacity; or
- (iii) Class M (multipurpose) motor vehicle.

(2) “Motor vehicle” does not include a motor home as defined by the Motor Vehicle Administration.

(l) (1) “Original lessor” means the person identified in the lease as the lessor of the motor vehicle.

(2) “Original lessor” does not include any assignee of the lease.

(m) (1) “Warranty” means the written warranty, so labeled, of the manufacturer of a new motor vehicle including any terms or conditions precedent to the enforcement of obligations under that warranty and shall include any motor vehicle subject to a lease.

(2) “Warranty” includes any implied warranties provided for by federal or State law, including the federal Magnusson Moss Warranty Act and the Maryland Uniform Commercial Code.

(n) “Warranty period” means the earlier of:

- (1) The period of the motor vehicle’s first 15,000 miles of operation; or
- (2) 15 months following the date of original delivery of the motor vehicle to the lessee.

[Previous][Next]