

Article - Commercial Law

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§14–2009.

(a) This section applies if the lease provides that the motor vehicle is to be sold after repossession and the lessee is to be responsible for any deficiency arising from the sale of the motor vehicle.

(b) (1) The lessor shall sell the motor vehicle that was repossessed at:

(i) Subject to subsection (c) of this section, a private sale; or

(ii) A public auction.

(2) At least 10 days before the sale, the lessor shall notify the lessee in writing of the time and place of the sale, by certified mail, return receipt requested, sent to the lessee's last known address.

(3) Any sale of a repossessed motor vehicle must be accomplished in a commercially reasonable manner.

(c) In all cases of a private sale of a repossessed motor vehicle under this section, a full accounting shall be made to the lessee in writing. This accounting shall contain the following information:

(1) The unpaid balance at the time the motor vehicle was repossessed;

(2) The refund credit of unearned insurance premiums, if any;

(3) The remaining net balance;

(4) The proceeds of the sale of the motor vehicle;

(5) The remaining deficiency balance, if any, or the amount due to the lessee; and

(6) All expenses incurred as a result of the sale.

(d) The Commissioner of Financial Regulation may make a determination concerning any private sale that the sale was not accomplished in a commercially reasonable manner. Upon that determination, the Commissioner may enter an order disallowing any claim for a deficiency balance.

(e) (1) The proceeds of a sale to which this section applies shall be applied, in the following order, to:

(i) The actual and reasonable costs of the sale;

(ii) The actual and reasonable costs of retaking and storing the property; and

(iii) The unpaid balance owing under the lease agreement at the time the property was repossessed.

(2) The lessor shall furnish to the lessee a written statement which shows the distribution of the proceeds.

(3) If the provisions of this subtitle, including the requirement of furnishing a notice following repossession, are not followed, the lessor shall not be entitled to any deficiency judgment to which it would be entitled under the lease agreement.

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