

SB0298/388275/1

BY: Judicial Proceedings Committee

AMENDMENTS TO SENATE BILL 298
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute “Vehicle Laws – Dealers – Financing or Leasing Agreements”; strike beginning with “requiring” in line 3 down through “plates” in line 7 and substitute “requiring that a certain notice be provided to a buyer purchasing a vehicle through dealer-arranged financing or leasing before approval of a third-party financial institution has been received; requiring a dealer to notify a buyer in writing if the terms of a certain financing or lease agreement are not approved by a third party finance source within a certain period of time; requiring a buyer to return a vehicle to a dealer within a certain period of time under certain circumstances; authorizing a dealer to repossess a vehicle in accordance with certain provisions of law under certain circumstances; authorizing a dealer and a buyer to agree on new financing or leasing terms under certain circumstances; authorizing a dealer or a buyer to cancel a sale under certain circumstances; requiring a dealer to return any trade-in vehicle, down payment, and titling fee or tax to a buyer if a certain sale is canceled; prohibiting a dealer from charging a fee to a buyer for the use of a vehicle if a certain sale is canceled; requiring a dealer to maintain certain required security for a vehicle until a certain financing or lease agreement is approved by a third-party finance source; prohibiting a buyer from waiving the rights established by this Act; stating that certain provisions of law apply to a financing or lease agreement between a dealer and a buyer; making a violation of this Act an unfair and deceptive trade practice; establishing that a dealer that is found guilty of an unfair and deceptive trade practice is subject to certain enforcement and penalty provisions; and generally relating to sales contracts and financing or leasing agreements for vehicles”; and strike in their entirety lines 8 through 12, inclusive, and substitute:

“BY repealing and reenacting, with amendments,
Article – Commercial Law

(Over)

Section 13-301(14)(xxviii)
Annotated Code of Maryland
(2013 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, without amendments,

Article – Commercial Law
Section 13-301(14)(xxix) and (15)
Annotated Code of Maryland
(2013 Replacement Volume and 2014 Supplement)

BY adding to

Article – Commercial Law
Section 13-301(14)(xxx)
Annotated Code of Maryland
(2013 Replacement Volume and 2014 Supplement)

BY adding to

Article – Transportation
Section 15-311.3
Annotated Code of Maryland
(2012 Replacement Volume and 2014 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 14, insert:

“Article – Commercial Law

13-301.

Unfair or deceptive trade practices include any:

(14) Violation of a provision of:

(xxviii) Title 12, Subtitle 10 of the Financial Institutions Article; [or]

(xxix) Title 19, Subtitle 7 of the Business Regulation Article; or

(XXX) SECTION 15-311.3 OF THE TRANSPORTATION ARTICLE;

OR

(15) Act or omission that relates to a residential building and that is chargeable as a misdemeanor under or otherwise violates a provision of the Energy Conservation Building Standards Act, Title 7, Subtitle 4 of the Public Utilities Article.”;

and after line 15, insert:

“15-311.3.

(A) (1) FOR A BUYER PURCHASING A VEHICLE THROUGH DEALER-ARRANGED FINANCING OR LEASING BEFORE APPROVAL OF A THIRD-PARTY INSTITUTION HAS BEEN RECEIVED, THE FOLLOWING NOTICE SHALL BE PROVIDED TO THE BUYER IN A SEPARATE DOCUMENT AND SIGNED BY THE DEALER AND THE BUYER:

“FOR FINANCE OR LEASE SALES: THE FINANCING OR LEASE AGREEMENT YOU ENTERED INTO WITH THE DEALER IS NOT FINAL AND MUST BE APPROVED BY A THIRD-PARTY FINANCIAL INSTITUTION. IF THE TERMS ARE APPROVED, THE SALE CANNOT BE CANCELED. IF THE TERMS ARE NOT APPROVED, THE DEALER MUST NOTIFY YOU IN WRITING WITHIN 4 DAYS OF DELIVERY OF THE VEHICLE TO YOU, AND YOU OR THE DEALER MAY CANCEL THIS SALE. IF THE SALE IS CANCELED, THE VEHICLE DELIVERED TO YOU MUST BE RETURNED TO THE

(Over)

DEALER IN THE SAME CONDITION IT WAS GIVEN TO YOU, EXCEPT FOR NORMAL WEAR AND TEAR, WITHIN 2 DAYS OF YOUR RECEIPT OF A WRITTEN NOTICE OF THE THIRD-PARTY REJECTION. UNLESS YOU AND THE DEALER BOTH VOLUNTARILY AGREE ON NEW TERMS FOR THE SALE, ANY DOWN PAYMENT, TITLING FEE, TAX, OR TRADE-IN VEHICLE WILL BE RETURNED TO YOU IMMEDIATELY AND YOU MAY NOT BE CHARGED A FEE FOR USE OF THE VEHICLE THAT WAS THE SUBJECT OF THE SALE. YOU MAY NOT WAIVE ANY OF THESE RIGHTS. IF YOU FEEL THE DEALER HAS FAILED TO COMPLY WITH THE TERMS OF THIS NOTICE, YOU MAY CONTACT THE MOTOR VEHICLE ADMINISTRATION OR THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL.”.

(2) A COPY OF THE SIGNED NOTICE SHALL BE PROVIDED TO THE BUYER BEFORE DELIVERY OF THE VEHICLE TO THE BUYER.

(B) A DEALER SHALL NOTIFY A BUYER IN WRITING IF THE TERMS OF A FINANCING OR LEASE AGREEMENT BETWEEN A DEALER AND A BUYER ARE NOT APPROVED BY A THIRD-PARTY FINANCE SOURCE WITHIN 4 DAYS OF DELIVERY OF A VEHICLE TO THE BUYER.

(C) (1) IF THE TERMS OF A FINANCING OR LEASE AGREEMENT BETWEEN A DEALER AND A BUYER ARE NOT APPROVED BY A THIRD-PARTY FINANCE SOURCE, THE BUYER SHALL RETURN THE VEHICLE TO THE DEALER IN THE SAME CONDITION IN WHICH THE BUYER RECEIVED THE VEHICLE, EXCEPT FOR NORMAL WEAR AND TEAR, WITHIN 2 DAYS OF RECEIPT OF THE NOTICE REQUIRED UNDER SUBSECTION (A) OF THIS SECTION.

(2) IF A BUYER DOES NOT RETURN THE VEHICLE TO THE DEALER AS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DEALER MAY REPOSSESS THE VEHICLE IN ACCORDANCE WITH § 12-624 OF THE COMMERCIAL LAW ARTICLE.

(D) (1) A DEALER AND A BUYER MAY AGREE ON NEW FINANCING OR LEASING TERMS ON RETURN OF A VEHICLE UNDER SUBSECTION (C)(1) OF THIS SECTION.

(2) (I) IF A DEALER AND A BUYER DO NOT AGREE ON NEW FINANCING OR LEASING TERMS, THE DEALER OR THE BUYER MAY CANCEL THE SALE.

(II) IF A SALE IS CANCELED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEALER:

1. SHALL RETURN TO THE BUYER ANY TRADE-IN VEHICLE, DOWN PAYMENT, AND TITLING FEE OR TAX PAID UNDER TITLE 13, SUBTITLE 8 OF THIS ARTICLE; AND

2. MAY NOT CHARGE THE BUYER A FEE FOR THE USE OF THE VEHICLE.

(E) A DEALER SHALL MAINTAIN THE REQUIRED SECURITY FOR THE VEHICLE UNDER § 17-104 OF THIS ARTICLE UNTIL THE TERMS OF THE FINANCING OR LEASE AGREEMENT BETWEEN A BUYER AND A DEALER ARE APPROVED BY A THIRD-PARTY FINANCE SOURCE.

(F) A BUYER MAY NOT WAIVE THE RIGHTS ESTABLISHED UNDER THIS SECTION.

(G) THE PROVISIONS OF TITLE 12, SUBTITLES 1 AND 6 OF THE COMMERCIAL LAW ARTICLE APPLY TO A FINANCING OR LEASE AGREEMENT BETWEEN A DEALER AND A BUYER.

(H) A VIOLATION OF THIS SECTION BY A DEALER:

(1) IS AN UNFAIR AND DECEPTIVE TRADE PRACTICE UNDER TITLE 13 OF THE COMMERCIAL LAW ARTICLE; AND

(2) IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THE COMMERCIAL LAW ARTICLE.”.

On pages 1 and 2, strike in their entirety the lines beginning with line 16 on page 1 through line 14 on page 2, inclusive.