

Article - Commercial Law

§12-609.

(a) The finance charge imposed on the sale of a motor vehicle may not exceed an amount computed using the following annual simple interest rates of finance charge:

(1) Class 1: A new motor vehicle -- 16.5 percent on the outstanding balance;

(2) Class 2: A used motor vehicle designated by the manufacturer by a model year not more than two years before the year in which the sale is made -- 22 percent on the outstanding balance; and

(3) Class 3: A used motor vehicle designated by the manufacturer by a model year more than two years before the year in which the sale is made -- 27 percent on the outstanding balance.

(b) (1) A service or other charge not specifically provided for in this section may not be included in a retail installment sale of a motor vehicle.

(2) (i) This section does not prohibit a seller from financing the cost to the buyer of a mechanical repair contract sold in connection with a motor vehicle, provided that the cost of the mechanical repair contract is separately itemized in the financing agreement.

(ii) A seller may finance the cost of a mechanical repair contract sold in connection with a motor vehicle whether or not the motor vehicle is covered by an original manufacturer's warranty.

(3) A seller may not require a buyer of a motor vehicle, as a condition of receiving a loan, to enter a mechanical repair contract.

(4) A seller may contract for, charge for, receive, and finance the cost to the buyer of an optional debt cancellation agreement sold in connection with a motor vehicle, provided that the cost of the debt cancellation agreement is separately itemized in the financing agreement.

(c) Except for an overcharge which results from a bona fide error in computation and which is corrected within 60 days from the date of the agreement, if a holder collects a charge greater in amount than the maximum permitted by this section, he shall forfeit to the buyer all finance charges paid or payable under the agreement.

(d) (1) A holder may not collect from the buyer a greater amount for insurance than that allowed by the State Insurance Department for the insurer carrying the risk.

(2) The insurance for which the holder may collect from the buyer is limited to automobile bodily injury and property damage liability, automobile physical damage, life and accident, medical reimbursement, and nonfiling insurance.

(3) Except for an overcharge which results from a bona fide error in computation and which is corrected within 60 days from the date of the agreement, if a holder collects from the buyer a charge for insurance greater than that permitted under this subsection, he shall pay to the buyer a sum equal to ten times the amount of the overcharge.

(e) A finance charge in excess of the rates provided in this section may be imposed on the sale of new and used trucks, new and used truck tractors, new and used trailers, or new and used semitrailers purchased for industrial, commercial, or agricultural purposes.

(f) Notwithstanding subsection (a) of this section, the finance charge imposed on a motor vehicle sold under a contract may not exceed the following annual simple interest rates of finance charge:

(1) Class 1: A new motor vehicle -- 24 percent on the outstanding balance;
and

(2) Class 2: A used motor vehicle designated by the manufacturer by a model year not more than 2 years before the year in which the sale is made -- 24 percent on the outstanding balance.

(g) A seller may assign a retail installment agreement and receive a portion of the finance charge only if the fact is disclosed in the agreement. The specific amount to be received need not be disclosed.