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By: **Delegates Snodgrass, Faulkner, and Donoghue**  
Introduced and read first time: February 13, 1998  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - New Vehicles - Disclosure of Damage or Repair and Risk of**  
3 **Loss**

4 FOR the purpose of providing for the determination of risk of loss in the  
5 transportation of new vehicles; requiring a manufacturer, distributor, or factory  
6 branch to make certain disclosures to dealers regarding certain damage or  
7 repairs to a new vehicle; requiring a dealer to make certain disclosures to  
8 prospective purchasers concerning damage or repair to a new vehicle; requiring  
9 dealers to give certain notice to manufacturers, distributors, or factory branches  
10 in the event of vehicle damage; providing for the effect of the failure of a  
11 manufacturer, distributor, or factory branch to authorize certain repairs;  
12 providing for the application of the Act; and generally relating to the disclosure  
13 of damage or repair to new vehicles and the risk of loss with respect to new  
14 vehicles.

15 BY adding to  
16 Article - Transportation  
17 Section 15-316  
18 Annotated Code of Maryland  
19 (1992 Replacement Volume and 1997 Supplement)

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

22 **Article - Transportation**

23 15-316.

24 (A) NOTWITHSTANDING THE TERMS, PROVISIONS, OR CONDITIONS OF ANY  
25 CONTRACT OR FRANCHISE AGREEMENT, THE MANUFACTURER, DISTRIBUTOR, OR  
26 FACTORY BRANCH SHALL BE LIABLE FOR ALL DAMAGES TO A NEW VEHICLE BEFORE  
27 DELIVERY OF THE VEHICLE TO A CARRIER OR TRANSPORTER.

28 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE RISK OF  
29 LOSS WITH RESPECT TO A NEW VEHICLE SHALL REMAIN WITH THE MANUFACTURER,

1 DISTRIBUTOR, OR FACTORY BRANCH UNTIL A DEALER OR THE DEALER'S DESIGNEE  
2 ACCEPTS THE NEW VEHICLE FROM A CARRIER OR TRANSPORTER.

3 (2) IF A DEALER DETERMINES THE METHOD OF TRANSPORTATION OF A  
4 NEW VEHICLE, THE RISK OF LOSS SHALL PASS TO THE DEALER UPON DELIVERY OF  
5 THE NEW VEHICLE TO THE CARRIER OR TRANSPORTER.

6 (C) NOTWITHSTANDING THE TERMS, PROVISIONS, OR CONDITIONS OF ANY  
7 CONTRACT OR FRANCHISE AGREEMENT, A DEALER SHALL BE LIABLE FOR ALL  
8 DAMAGES TO A NEW VEHICLE AFTER DELIVERY OF THE VEHICLE TO THE DEALER  
9 FROM A CARRIER OR TRANSPORTER.

10 (D) IF A NEW VEHICLE IS DAMAGED WHILE THE RISK OF LOSS IS WITH THE  
11 MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH, THE DEALER SHALL:

12 (1) NOTIFY THE MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH  
13 OF THE DAMAGE WITHIN 3 WORKING DAYS AFTER DISCOVERING THE DAMAGE OR  
14 WITHIN THE TIME AUTHORIZED BY THE FRANCHISE AGREEMENT; AND

15 (2) REQUEST FROM THE MANUFACTURER, DISTRIBUTOR, OR FACTORY  
16 BRANCH AUTHORIZATION TO REPAIR THE DAMAGES TO THE NEW VEHICLE OR TO  
17 REPLACE ANY DAMAGED PARTS OR ACCESSORIES.

18 (E) IF THE MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH REFUSES  
19 OR FAILS TO AUTHORIZE THE REPAIR OF DAMAGE OR REPLACEMENT OF PARTS  
20 WITHIN 10 WORKING DAYS AFTER RECEIPT OF NOTIFICATION UNDER SUBSECTION  
21 (D)(1) OF THIS SECTION, OWNERSHIP OF THE VEHICLE SHALL REVERT TO THE  
22 MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH AND THE DEALER MAY NOT  
23 INCUR ANY FINANCIAL OBLIGATION FOR THE DAMAGE TO THE NEW VEHICLE.

24 (F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A  
25 MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH SHALL DISCLOSE IN WRITING  
26 TO A DEALER AT THE TIME OF DELIVERY, THE NATURE AND EXTENT OF ALL DAMAGE  
27 AND POST-MANUFACTURING REPAIRS MADE TO A NEW VEHICLE WHILE UNDER THE  
28 CONTROL OF THE MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH IF THE  
29 COST OF REPAIRS EXCEEDS 4% OF THE MANUFACTURER'S SUGGESTED RETAIL  
30 PRICE.

31 (2) A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH IS NOT  
32 REQUIRED TO DISCLOSE TO A DEALER ANY GLASS, TIRES, IN-DASH AUDIO  
33 EQUIPMENT, OR BUMPER DAMAGE TO A NEW VEHICLE IF THE DAMAGED ITEM HAS  
34 BEEN REPLACED WITH ORIGINAL OR COMPARABLE EQUIPMENT.

35 (G) NOTHING IN THIS SECTION RELIEVES A DEALER FROM ITS OBLIGATION, IF  
36 NECESSARY, TO FILE A TRANSPORTATION DAMAGE CLAIM AGAINST A CARRIER OR  
37 TRANSPORTER.

38 (H) (1) A DEALER SHALL DISCLOSE IN WRITING TO A PURCHASER, BEFORE  
39 ENTERING INTO A SALES CONTRACT, ANY DAMAGE AND REPAIR TO A NEW VEHICLE

1 THAT EXCEEDS 4% OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE AS  
2 MEASURED BY THE DEALER'S COST OF REPAIR.

3           (2)       A DEALER IS NOT REQUIRED TO DISCLOSE TO A PURCHASER OF A  
4 NEW VEHICLE ANY GLASS, TIRES, IN-DASH AUDIO EQUIPMENT, OR BUMPER DAMAGE  
5 TO A VEHICLE IF THE DAMAGED ITEM HAS BEEN REPLACED WITH ORIGINAL OR  
6 COMPARABLE EQUIPMENT.

7       (I)       IF DISCLOSURE IS NOT REQUIRED UNDER SUBSECTION (H) OF THIS  
8 SECTION, A PURCHASER MAY NOT REVOKE OR RESCIND A SALES CONTRACT  
9 BECAUSE THE NEW VEHICLE WAS DAMAGED AND REPAIRED PRIOR TO THE  
10 COMPLETION OF THE SALE.

11       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
12 construed only prospectively and may not be applied or interpreted to have any effect  
13 on or application to any contract or franchise agreement entered into before the  
14 effective date of this Act.

15       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 1998.