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By: **Delegates Bobo, Cane, Frush, Gutierrez, Howard, Hubbard, Kaiser,  
Moe, Montgomery, Ramirez, and Vaughn**

Introduced and read first time: February 11, 2005

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Maryland Motor Vehicle Financing Disclosure Act**

3 FOR the purpose of requiring certain dealers of certain motor vehicles to make a  
4 reasonable good faith effort to obtain a certain loan interest rate for a consumer  
5 buyer purchasing a motor vehicle from the dealer and to offer that interest rate  
6 to the consumer buyer; requiring a dealer to provide a financing disclosure form  
7 to a consumer buyer before the sale of a motor vehicle to the consumer buyer;  
8 specifying the contents of the form; requiring the form to be signed by the  
9 consumer buyer and the dealer; requiring a dealer to maintain a copy of the  
10 signed form in certain records; prohibiting a dealer from receiving a commission,  
11 rebate, loan application fee, prepaid financing fee, or any other form of  
12 compensation for assisting a consumer buyer to obtain certain financing except  
13 for a certain loan processing fee not exceeding a certain amount or a dealer  
14 markup not exceeding a certain percentage; requiring a dealer markup to be  
15 added to a certain interest rate; providing that a waiver by a consumer buyer of  
16 any provision of this Act is void and unenforceable; providing that a violation of  
17 this Act is an unfair or deceptive trade practice within the meaning of the  
18 Maryland Consumer Protection Act and is subject to the enforcement and  
19 penalty provisions of that Act; providing that this Act does not affect certain  
20 loans made to finance the purchase of a motor vehicle; providing for the  
21 application of this Act; defining certain terms; and generally relating to the  
22 Maryland Motor Vehicle Financing Disclosure Act.

23 BY repealing and reenacting, with amendments,  
24 Article - Commercial Law  
25 Section 13-301(14)  
26 Annotated Code of Maryland  
27 (2000 Replacement Volume and 2004 Supplement)

28 BY adding to  
29 Article - Commercial Law  
30 Section 14-3301 through 14-3308, inclusive, to be under the new subtitle  
31 "Subtitle 33. Maryland Motor Vehicle Financing Disclosure Act"

1 Annotated Code of Maryland  
2 (2000 Replacement Volume and 2004 Supplement)

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

5 **Article - Commercial Law**

6 13-301.

7 Unfair or deceptive trade practices include any:

8 (14) Violation of a provision of:

9 (i) This title;

10 (ii) An order of the Attorney General or agreement of a party  
11 relating to unit pricing under Title 14, Subtitle 1 of this article;

12 (iii) Title 14, Subtitle 2 of this article, the Maryland Consumer Debt  
13 Collection Act;

14 (iv) Title 14, Subtitle 3 of this article, the Maryland Door-to-Door  
15 Sales Act;

16 (v) Title 14, Subtitle 9 of this article, Kosher Products;

17 (vi) Title 14, Subtitle 10 of this article, Automotive Repair Facilities;

18 (vii) Section 14-1302 of this article;

19 (viii) Title 14, Subtitle 11 of this article, Maryland Layaway Sales  
20 Act;

21 (ix) Section 22-415 of the Transportation Article;

22 (x) Title 14, Subtitle 20 of this article;

23 (xi) Title 14, Subtitle 15 of this article, the Automotive Warranty  
24 Enforcement Act;

25 (xii) Title 14, Subtitle 21 of this article;

26 (xiii) Section 18-107 of the Transportation Article;

27 (xiv) Title 14, Subtitle 22 of this article, the Maryland Telephone  
28 Solicitations Act;

29 (xv) Title 14, Subtitle 23 of this article, the Automotive Crash Parts  
30 Act;

- 1 (xvi) Title 10, Subtitle 6 of the Real Property Article;
- 2 (xvii) Title 10, Subtitle 8 of the Real Property Article;
- 3 (xviii) Title 14, Subtitle 25 of this article, the Hearing Aid Sales Act;
- 4 (xix) Title 14, Subtitle 26 of this article, the Maryland Door-to-Door  
5 Solicitations Act;
- 6 (xx) Title 14, Subtitle 31 of this article, the Maryland Household  
7 Goods Movers Act; [or]
- 8 (xxi) Title 14, Subtitle 32 of this article, the Maryland Telephone  
9 Consumer Protection Act; or

10 (XXII) TITLE 14, SUBTITLE 33 OF THIS ARTICLE, THE MARYLAND  
11 MOTOR VEHICLE FINANCING DISCLOSURE ACT; OR

12 SUBTITLE 33. MARYLAND MOTOR VEHICLE FINANCING DISCLOSURE ACT.

13 14-3301.

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (B) "BUY RATE" MEANS THE INTEREST RATE AT WHICH A CONSUMER BUYER  
17 OF A MOTOR VEHICLE IS APPROVED:

18 (1) BY A LENDER THAT HAS BEEN CONTACTED BY A DEALER ON BEHALF  
19 OF THE CONSUMER BUYER; AND

20 (2) BASED ON THE CREDIT SCORE OF THE CONSUMER BUYER, THE  
21 AMOUNT OF THE LOAN, AND THE TERM OF THE LOAN.

22 (C) "CONSUMER BUYER" MEANS AN ACTUAL OR PROSPECTIVE PURCHASER OF  
23 A MOTOR VEHICLE PRIMARILY FOR PERSONAL, HOUSEHOLD, OR FAMILY USE.

24 (D) "CREDIT SCORE" MEANS THE THREE-DIGIT NUMBER OBTAINED FROM A  
25 CREDIT REPORTING AGENCY AND USED BY A LENDER TO DETERMINE THE INTEREST  
26 RATE OF A LOAN.

27 (E) "DEALER" HAS THE MEANING STATED IN § 15-101 OF THE  
28 TRANSPORTATION ARTICLE.

29 (F) "MOTOR VEHICLE" MEANS A VEHICLE THAT IS REGISTERED IN THE STATE  
30 AS A:

31 (1) CLASS A (PASSENGER) VEHICLE;

32 (2) CLASS E (TRUCK) VEHICLE WITH A 3/4 TON OR LESS  
33 MANUFACTURER'S RATED CAPACITY; OR

1 (3) CLASS M (MULTIPURPOSE) VEHICLE.

2 14-3302.

3 THIS SUBTITLE DOES NOT AFFECT ANY LOAN MADE TO FINANCE THE  
4 PURCHASE OF A MOTOR VEHICLE THAT IS NOT ARRANGED BY A DEALER.

5 14-3303.

6 THIS SUBTITLE APPLIES TO A DEALER THAT ARRANGES A LOAN, ARRANGES  
7 FINANCING, MAKES A CREDIT SALE, SELLS OR OTHERWISE TRANSFERS A  
8 CONDITIONAL SALES CONTRACT, OR MAKES A SIMILAR TRANSACTION FOR A  
9 CONSUMER BUYER IN CONNECTION WITH THE SALE OF A MOTOR VEHICLE TO THE  
10 CONSUMER BUYER.

11 14-3304.

12 A DEALER SUBJECT TO THIS SUBTITLE:

13 (1) SHALL MAKE A REASONABLE GOOD FAITH EFFORT TO OBTAIN FOR A  
14 CONSUMER BUYER THE LOWEST BUY RATE THAT IS AVAILABLE TO THE CONSUMER  
15 BUYER; AND

16 (2) SHALL OFFER THAT RATE TO THE CONSUMER BUYER.

17 14-3305.

18 (A) BEFORE THE SALE OF A MOTOR VEHICLE TO A CONSUMER BUYER, A  
19 DEALER SUBJECT TO THIS SUBTITLE SHALL PROVIDE TO THE CONSUMER BUYER A  
20 FINANCING DISCLOSURE FORM THAT:

21 (1) IS SEPARATE FROM THE SALES CONTRACT AND ANY OTHER  
22 DOCUMENTS RELATED TO THE SALE OF THE MOTOR VEHICLE;

23 (2) CONTAINS AT THE TOP OF THE FORM THE NAME, ADDRESS, AND  
24 TELEPHONE NUMBER OF THE DEALER;

25 (3) IS WRITTEN IN THE SAME LANGUAGE AS THE SALES CONTRACT;

26 (4) CONTAINS THE VEHICLE IDENTIFICATION NUMBER OF THE MOTOR  
27 VEHICLE BEING SOLD;

28 (5) CONTAINS THE FOLLOWING NOTICE IN AT LEAST 12-POINT TYPE:

29 "NOTICE

30 YOUR CREDIT SCORE, BASED ON YOUR CREDIT HISTORY, AS REPORTED BY THE  
31 \_\_\_\_\_ CREDIT REPORTING AGENCY IS \_\_\_\_\_.

32 BASED ON YOUR CREDIT SCORE, THE AMOUNT OF THE LOAN, AND THE TERM OF  
33 THE LOAN, THE LOWEST INTEREST RATE THE DEALER IS ABLE TO ARRANGE FOR YOU

1 IS \_\_\_\_%. FOR PROCESSING YOUR LOAN, THE DEALER MAY ADD A DEALER MARKUP  
2 OF UP TO 1.5% TO THIS INTEREST RATE, OR MAY CHARGE YOU A LOAN PROCESSING  
3 FEE OF UP TO \$150.

4 YOU MAY BE ABLE TO OBTAIN A LOWER INTEREST RATE FROM YOUR CREDIT  
5 UNION, BANK, OR ANOTHER LENDING SOURCE.";

6 (6) DISCLOSES THE AMOUNT OF THE DEALER'S LOAN PROCESSING FEE  
7 OR DEALER MARKUP, AS APPLICABLE; AND

8 (7) IF A DEALER MARKUP IS CHARGED, DISCLOSES THE TOTAL OF THE  
9 BUY RATE OFFERED TO THE CONSUMER BUYER AND THE DEALER MARKUP.

10 (B) THE FINANCING DISCLOSURE FORM SHALL BE SIGNED BY THE  
11 CONSUMER BUYER AND THE DEALER.

12 (C) THE DEALER SHALL MAINTAIN A COPY OF THE SIGNED FINANCING  
13 DISCLOSURE FORM IN ITS RECORDS RELATING TO THE SALE OF THE MOTOR  
14 VEHICLE.

15 14-3306.

16 (A) A DEALER SUBJECT TO THIS SUBTITLE MAY NOT RECEIVE A COMMISSION,  
17 REBATE, LOAN APPLICATION FEE, PREPAID FINANCING FEE, OR ANY OTHER FORM  
18 OF COMPENSATION FOR ASSISTING A CONSUMER BUYER TO OBTAIN FINANCING FOR  
19 THE PURCHASE OF A MOTOR VEHICLE EXCEPT:

20 (1) A LOAN PROCESSING FEE NOT EXCEEDING \$150; OR

21 (2) A DEALER MARKUP NOT EXCEEDING 1.5%.

22 (B) A LOAN PROCESSING FEE UNDER SUBSECTION (A)(1) OF THIS SECTION:

23 (1) MAY BE CHARGED BY A DEALER TO A CONSUMER BUYER ONLY ONCE  
24 IN CONNECTION WITH FINANCING THE SALE OF A MOTOR VEHICLE TO THE  
25 CONSUMER BUYER; AND

26 (2) SHALL BE A FLAT FEE THAT DOES NOT FLUCTUATE BASED ON THE  
27 AMOUNT OF THE LOAN, THE INTEREST RATE OF THE LOAN, OR THE TERM OF THE  
28 LOAN.

29 (C) A DEALER MARKUP UNDER SUBSECTION (A)(2) OF THIS SECTION SHALL BE  
30 ADDED TO THE BUY RATE OFFERED BY THE DEALER TO THE CONSUMER BUYER.

31 14-3307.

32 A WAIVER BY A CONSUMER BUYER OF ANY PROVISION OF THIS SUBTITLE IS  
33 VOID AND UNENFORCEABLE.

1 14-3308.

2 A VIOLATION OF ANY PROVISION OF THIS SUBTITLE:

3 (1) IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE  
4 MEANING OF TITLE 13 OF THIS ARTICLE; AND

5 (2) IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS  
6 CONTAINED IN TITLE 13 OF THIS ARTICLE.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
8 effect October 1, 2005.