
By: **Senators Mooney, Della, Gladden, Greenip, Grosfeld, Hafer, Hooper,
Hughes, Jones, McFadden, Munson, Pinsky, and Teitelbaum**

Introduced and read first time: January 24, 2006

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Motor Vehicles Financed Through Dealer - Rights of**
3 **Purchasers**

4 FOR the purpose of requiring a dealer of certain motor vehicles to provide a disclosure
5 form to a consumer buyer at the time of sale of a motor vehicle under certain
6 circumstances; specifying the contents of the form; requiring the form to be
7 signed by the consumer buyer and the dealer; requiring a dealer to maintain a
8 copy of the signed form in certain records; providing that, under certain
9 circumstances and until a certain event has occurred, a dealer may not sell,
10 transfer, assign, repair, or otherwise dispose of or modify any trade-in vehicle
11 taken in connection with the sale of a motor vehicle to a consumer buyer and, on
12 oral or written request of the consumer buyer, shall accept back the motor
13 vehicle sold and return the consumer buyer's trade-in vehicle and certain
14 payments made by the consumer buyer; specifying when financing for a motor
15 vehicle is finalized for purposes of certain provisions of this Act; providing for
16 the application of this Act; defining certain terms; and generally relating to the
17 rights of purchasers of motor vehicles.

18 BY adding to
19 Article - Commercial Law
20 Section 13-319
21 Annotated Code of Maryland
22 (2005 Replacement Volume)

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

25 **Article - Commercial Law**

26 13-319.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

1 (2) "CONSUMER BUYER" MEANS AN ACTUAL OR PROSPECTIVE
2 PURCHASER OF A MOTOR VEHICLE PRIMARILY FOR PERSONAL, HOUSEHOLD, OR
3 FAMILY USE.

4 (3) "DEALER" HAS THE MEANING STATED IN § 15-101 OF THE
5 TRANSPORTATION ARTICLE.

6 (4) "MOTOR VEHICLE" MEANS A VEHICLE THAT, IF REGISTERED WITH
7 THE MOTOR VEHICLE ADMINISTRATION, WOULD BE CLASSIFIED AS A:

8 (I) CLASS A (PASSENGER) VEHICLE;

9 (II) CLASS D (MOTORCYCLE) VEHICLE;

10 (III) CLASS E (TRUCK) VEHICLE WITH A 3/4 TON OR LESS
11 MANUFACTURER'S RATED CAPACITY; OR

12 (IV) CLASS M (MULTIPURPOSE) VEHICLE.

13 (B) THIS SECTION APPLIES TO A DEALER THAT ARRANGES A LOAN, ARRANGES
14 FINANCING, MAKES A CREDIT SALE, SELLS OR OTHERWISE TRANSFERS A
15 CONDITIONAL SALES CONTRACT, OR MAKES A SIMILAR TRANSACTION FOR A
16 CONSUMER BUYER IN CONNECTION WITH THE SALE OF A MOTOR VEHICLE TO THE
17 CONSUMER BUYER.

18 (C) (1) IF THE SALE OF A MOTOR VEHICLE TO A CONSUMER BUYER IS
19 CONDITIONED ON A DEALER SUBJECT TO THIS SECTION OBTAINING APPROVAL OF
20 FINANCING FOR THE CONSUMER BUYER, THE DEALER SHALL PROVIDE TO THE
21 CONSUMER BUYER AT THE TIME OF SALE A DISCLOSURE FORM THAT:

22 (I) IS SEPARATE FROM THE SALES CONTRACT, FINANCING
23 AGREEMENT, AND ANY OTHER DOCUMENTS RELATED TO THE SALE OF THE MOTOR
24 VEHICLE;

25 (II) CONTAINS AT THE TOP OF THE FORM THE NAME, ADDRESS,
26 AND TELEPHONE NUMBER OF THE DEALER;

27 (III) IS WRITTEN IN THE SAME LANGUAGE AS THE SALES
28 CONTRACT;

29 (IV) CONTAINS THE VEHICLE IDENTIFICATION NUMBER OF THE
30 MOTOR VEHICLE BEING SOLD; AND

31 (V) CONTAINS THE FOLLOWING NOTICE IN AT LEAST 12 POINT
32 TYPE:

33 "NOTICE

34 THIS SALE IS CONDITIONED ON THE DEALER OBTAINING APPROVAL OF
35 FINANCING. YOU HAVE THE RIGHT, UNTIL YOU AND THE DEALER SIGN A FINANCING

1 AGREEMENT AND THE LENDER PAYS THE DEALER FOR THE MOTOR VEHICLE, TO
2 RETURN THE MOTOR VEHICLE AND HAVE YOUR TRADE-IN VEHICLE, IF ANY, AND
3 ANY DEPOSIT OR OTHER PAYMENTS MADE IN CONNECTION WITH PURCHASING THE
4 MOTOR VEHICLE RETURNED TO YOU.".

5 (2) THE DISCLOSURE FORM SHALL BE SIGNED BY THE CONSUMER
6 BUYER AND THE DEALER.

7 (3) THE DEALER SHALL MAINTAIN A COPY OF THE SIGNED DISCLOSURE
8 FORM IN ITS RECORDS RELATING TO THE SALE OF THE MOTOR VEHICLE.

9 (D) (1) IF THE SALE OF A MOTOR VEHICLE TO A CONSUMER BUYER IS
10 CONDITIONED ON A DEALER SUBJECT TO THIS SECTION OBTAINING APPROVAL OF
11 FINANCING FOR THE CONSUMER BUYER, UNTIL THE FINANCING IS FINALIZED, THE
12 DEALER:

13 (I) MAY NOT SELL, TRANSFER, ASSIGN, REPAIR, OR OTHERWISE
14 DISPOSE OF OR MODIFY ANY TRADE-IN VEHICLE TAKEN IN CONNECTION WITH THE
15 SALE; AND

16 (II) ON ORAL OR WRITTEN REQUEST OF THE CONSUMER BUYER,
17 SHALL ACCEPT BACK THE MOTOR VEHICLE SOLD AND RETURN TO THE CONSUMER
18 BUYER ANY TRADE-IN VEHICLE TAKEN AND ANY DEPOSIT OR OTHER PAYMENTS
19 MADE IN CONNECTION WITH THE SALE.

20 (2) FOR PURPOSES OF THIS SUBSECTION, FINANCING FOR A MOTOR
21 VEHICLE IS FINALIZED WHEN THE FINANCING AGREEMENT IS SIGNED BY THE
22 CONSUMER BUYER AND THE DEALER, AND THE DEALER RECEIVES PAYMENT FOR
23 THE MOTOR VEHICLE FROM THE LENDER.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2006.