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

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Assigned to: Judicial Proceedings

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Read second time: March 16, 2006

CHAPTER _____

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;
12 allowing a consumer buyer to cancel a sales contract under certain
13 circumstances; providing that, if the consumer buyer cancels the sales contract,
14 the dealer shall and, on oral or written request of the consumer buyer, shall
15 accept back the motor vehicle sold and return the consumer buyer's trade-in
16 vehicle and certain payments made by the consumer buyer, provided that any
17 motor vehicle delivered to the consumer buyer by the dealer is returned to the
18 dealer in a certain condition and within a certain number of days; specifying
19 when financing for a motor vehicle is finalized for purposes of certain provisions
20 of this Act; providing for the application of this Act; defining certain terms; and
21 generally relating to the rights of purchasers of motor vehicles.

22 BY adding to
23 Article - Commercial Law
24 Section 13-319
25 Annotated Code of Maryland

1 (2005 Replacement Volume)

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

4 **Article - Commercial Law**

5 13-319.

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
7 INDICATED.

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

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

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

15 (I) CLASS A (PASSENGER) VEHICLE;

16 (II) CLASS D (MOTORCYCLE) VEHICLE;

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

19 (IV) CLASS M (MULTIPURPOSE) VEHICLE.

20 (B) THIS SECTION APPLIES TO A DEALER THAT ARRANGES A LOAN, ARRANGES
21 FINANCING, MAKES A CREDIT SALE, SELLS OR OTHERWISE TRANSFERS A
22 CONDITIONAL SALES CONTRACT, OR MAKES A SIMILAR TRANSACTION FOR A
23 CONSUMER BUYER IN CONNECTION WITH THE SALE OF A MOTOR VEHICLE TO THE
24 CONSUMER BUYER.

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

29 (I) IS SEPARATE FROM THE SALES CONTRACT, FINANCING
30 AGREEMENT, AND ANY OTHER DOCUMENTS RELATED TO THE SALE OF THE MOTOR
31 VEHICLE;

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

1 (III) IS WRITTEN IN THE SAME LANGUAGE AS THE SALES
2 CONTRACT;

3 (IV) CONTAINS THE VEHICLE IDENTIFICATION NUMBER OF THE
4 MOTOR VEHICLE BEING SOLD; AND

5 (V) CONTAINS THE FOLLOWING NOTICE IN AT LEAST 12 POINT
6 TYPE:

7 "NOTICE

8 ~~THIS SALE IS CONDITIONED ON THE DEALER OBTAINING APPROVAL OF~~
9 ~~FINANCING. YOU HAVE THE RIGHT, UNTIL YOU AND THE DEALER SIGN A FINANCING~~
10 ~~AGREEMENT AND THE LENDER PAYS THE DEALER FOR THE MOTOR VEHICLE, TO~~
11 ~~RETURN THE MOTOR VEHICLE AND HAVE YOUR TRADE-IN VEHICLE, IF ANY, AND~~
12 ~~ANY DEPOSIT OR OTHER PAYMENTS MADE IN CONNECTION WITH PURCHASING THE~~
13 ~~MOTOR VEHICLE RETURNED TO YOU THIS SALE IS CONDITIONED ON THE DEALER~~
14 ~~OBTAINING APPROVAL OF FINANCING ON THE TERMS AGREED TO BY YOU AND THE~~
15 ~~DEALER. IF FINANCING IS NOT APPROVED ON THESE TERMS, YOU MAY CANCEL THE~~
16 ~~SALES CONTRACT, AND ANY TRADE-IN VEHICLE TAKEN AND ANY DOWN PAYMENTS~~
17 ~~PAYMENT OR OTHER PAYMENT PAYMENTS YOU MADE IN CONNECTION WITH THE~~
18 ~~SALES CONTRACT WILL BE RETURNED TO YOU, PROVIDED THAT ANY MOTOR~~
19 ~~VEHICLE DELIVERED TO YOU BY THE DEALER IN CONNECTION WITH THE SALES~~
20 ~~CONTRACT IS RETURNED TO THE DEALER IN THE SAME CONDITION AS DELIVERED~~
21 ~~TO YOU, NORMAL WEAR AND TEAR EXCEPTED, WITHIN 2 BUSINESS DAYS AFTER~~
22 ~~WRITTEN OR ORAL NOTICE TO YOU THAT FINANCING HAS NOT BEEN APPROVED ON~~
23 ~~THE TERMS AGREED TO BY YOU AND THE DEALER."~~

24 (2) THE DISCLOSURE FORM SHALL BE SIGNED BY THE CONSUMER
25 BUYER AND THE DEALER.

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

28 (D) (1) IF THE SALE OF A MOTOR VEHICLE TO A CONSUMER BUYER IS
29 CONDITIONED ON A DEALER SUBJECT TO THIS SECTION OBTAINING APPROVAL OF
30 FINANCING FOR THE CONSUMER BUYER, UNTIL THE FINANCING IS ~~FINALIZED~~
31 APPROVED ON THE TERMS AGREED TO BY THE CONSUMER BUYER AND THE DEALER,
32 THE DEALER:

33 (H) ~~MAY NOT SELL, TRANSFER, ASSIGN, REPAIR, OR OTHERWISE~~
34 ~~DISPOSE OF OR MODIFY ANY TRADE-IN VEHICLE TAKEN IN CONNECTION WITH THE~~
35 ~~SALE; AND SALES CONTRACT.~~

36 (H) ~~ON ORAL OR WRITTEN REQUEST OF THE CONSUMER BUYER,~~
37 ~~SHALL ACCEPT BACK THE MOTOR VEHICLE SOLD AND RETURN TO THE CONSUMER~~
38 ~~BUYER ANY TRADE-IN VEHICLE TAKEN AND ANY DEPOSIT OR OTHER PAYMENTS~~
39 ~~MADE IN CONNECTION WITH THE SALE.~~

1 (2) (I) IF FINANCING ON THE TERMS AGREED TO BY THE CONSUMER
2 BUYER AND THE DEALER IS NOT APPROVED, THE CONSUMER BUYER MAY CANCEL
3 THE SALES CONTRACT.

4 (II) IF THE CONSUMER BUYER CANCELS THE SALES CONTRACT
5 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEALER SHALL RETURN TO
6 THE CONSUMER BUYER ANY TRADE-IN VEHICLE TAKEN AND ANY DOWN PAYMENT
7 OR OTHER PAYMENTS MADE IN CONNECTION WITH THE SALES CONTRACT,
8 PROVIDED THAT ANY MOTOR VEHICLE DELIVERED TO THE CONSUMER BUYER BY
9 THE DEALER IN CONNECTION WITH THE SALES CONTRACT IS RETURNED TO THE
10 DEALER:

11 1. IN THE SAME CONDITION AS DELIVERED TO THE
12 CONSUMER BUYER, NORMAL WEAR AND TEAR EXCEPTED; AND

13 2. WITHIN 2 BUSINESS DAYS AFTER WRITTEN OR ORAL
14 NOTICE TO THE CONSUMER BUYER THAT FINANCING ON THE TERMS AGREED TO BY
15 THE CONSUMER BUYER AND THE DEALER HAS NOT BEEN APPROVED.

16 (2) ~~FOR PURPOSES OF THIS SUBSECTION, FINANCING FOR A MOTOR~~
17 ~~VEHICLE IS FINALIZED WHEN THE FINANCING AGREEMENT IS SIGNED BY THE~~
18 ~~CONSUMER BUYER AND THE DEALER, AND THE DEALER RECEIVES PAYMENT FOR~~
19 ~~THE MOTOR VEHICLE FROM THE LENDER.~~

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