

SENATE BILL 640

I3

71r0555
CF 71r0556

By: **Senator Raskin**

Introduced and read first time: February 2, 2007

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Motor Vehicle Manufacturers – Warranty Adjustment**
3 **Programs**

4 FOR the purpose of requiring a manufacturer of motor vehicles sold in the State to
5 establish procedures under which certain consumers receive notice of certain
6 warranty adjustment programs and, on request, are provided with a copy of a
7 certain notification or other documents; requiring a motor vehicle manufacturer
8 to ensure that a purchaser of a new motor vehicle receives certain notice at a
9 certain time; requiring a motor vehicle dealer to disclose the terms and
10 conditions of certain adjustment programs to certain consumers under certain
11 circumstances; requiring a motor vehicle manufacturer to implement
12 procedures to ensure reimbursement of certain consumers for certain repairs
13 under certain circumstances; requiring a motor vehicle manufacturer to send a
14 copy of a warranty adjustment program to the Motor Vehicle Administration
15 within a certain time period; requiring the Motor Vehicle Administration to post
16 a copy of a warranty adjustment program on its website within a certain time
17 period; providing that a violation of this Act is an unfair or deceptive trade
18 practice within the meaning of the Maryland Consumer Protection Act and is
19 subject to certain enforcement and penalty provisions; defining certain terms;
20 and generally relating to motor vehicle manufacturer adjustment programs.

21 BY adding to

22 Article – Commercial Law

23 Section 14–1401 through 14–1403 to be under the new subtitle “Subtitle 14.

24 Motor Vehicle Manufacturers’ Warranty Adjustment Programs”

25 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2005 Replacement Volume and 2006 Supplement)

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 **SUBTITLE 14. MOTOR VEHICLE MANUFACTURERS' WARRANTY ADJUSTMENT**
6 **PROGRAMS.**

7 **14-1401.**

8 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
9 INDICATED.

10 (B) (1) "ADJUSTMENT PROGRAM" MEANS A PROGRAM OR POLICY:

11 (I) THAT EXPANDS OR EXTENDS A WARRANTY BEYOND ITS
12 STATED LIMIT; OR

13 (II) UNDER WHICH A MANUFACTURER UNDERTAKES OR
14 OFFERS TO PAY OR REIMBURSE A CONSUMER, WHETHER DIRECTLY OR
15 INDIRECTLY, FOR ALL OR A PART OF THE COST OF REPAIRING A CONDITION
16 THAT MAY SUBSTANTIALLY AFFECT THE DURABILITY, RELIABILITY, OR
17 PERFORMANCE OF A MOTOR VEHICLE.

18 (2) "ADJUSTMENT PROGRAM" DOES NOT INCLUDE:

19 (I) SERVICE PROVIDED UNDER A SAFETY OR EMISSIONS
20 RELATED RECALL CAMPAIGN; OR

21 (II) ADJUSTMENTS MADE BY A MANUFACTURER ON A
22 CASE-BY-CASE BASIS.

23 (C) "CONSUMER" MEANS:

24 (1) THE PURCHASER, OTHER THAN FOR PURPOSES OF RESALE,
25 OF A NEW MOTOR VEHICLE;

26 (2) A LESSEE OF A MOTOR VEHICLE;

1 **(3) A PERSON TO WHOM A NEW MOTOR VEHICLE IS TRANSFERRED**
2 **DURING THE DURATION OF THE WARRANTY APPLICABLE TO THE MOTOR**
3 **VEHICLE; OR**

4 **(4) A PERSON WHO IS ENTITLED UNDER THE TERMS OF THE**
5 **WARRANTY TO ENFORCE ITS OBLIGATIONS.**

6 **(D) “DEALER” MEANS A PERSON WHO SELLS OR LEASES MOTOR**
7 **VEHICLES UNDER A RETAIL AGREEMENT WITH A MANUFACTURER OR**
8 **DISTRIBUTOR, OR AN AGENT OF A MANUFACTURER OR DISTRIBUTOR.**

9 **(E) “LESSEE” MEANS A CONSUMER WHO LEASES A MOTOR VEHICLE**
10 **UNDER A WRITTEN LEASE THAT PROVIDES THAT THE LESSEE IS RESPONSIBLE**
11 **FOR REPAIRS TO THE MOTOR VEHICLE.**

12 **(F) “MANUFACTURER” MEANS A PERSON WHO:**

13 **(1) MANUFACTURES OR ASSEMBLES NEW MOTOR VEHICLES FOR**
14 **SALE OR DISTRIBUTION; OR**

15 **(2) IS ENGAGED IN THE BUSINESS OF IMPORTING NEW MOTOR**
16 **VEHICLES FOR SALE OR DISTRIBUTION TO DEALERS OR THROUGH**
17 **DISTRIBUTORS OR FACTORY BRANCHES.**

18 **(G) “MOTOR VEHICLE” MEANS A VEHICLE THAT:**

19 **(1) IS USED FOR THE PRIVATE TRANSPORTATION OF**
20 **INDIVIDUALS AND THEIR PERSONAL BELONGINGS; AND**

21 **(2) HAS A MAXIMUM CAPACITY OF 10 INDIVIDUALS, INCLUDING**
22 **THE DRIVER.**

23 **14-1402.**

24 **(A) A MANUFACTURER OF MOTOR VEHICLES SOLD IN THE STATE SHALL**
25 **ESTABLISH PROCEDURES UNDER WHICH EACH CONSUMER IN THE STATE WHO**
26 **OWNS OR LEASES A MOTOR VEHICLE TO WHICH AN ADJUSTMENT PROGRAM OF**
27 **THE MANUFACTURER APPLIES:**

1 **(1) IS NOTIFIED OF THE ADJUSTMENT PROGRAM;**

2 **(2) ON REQUEST, IS PROVIDED WITH A COPY OF ANY SERVICE**
3 **BULLETIN OR ANY OTHER DOCUMENT ISSUED BY THE MANUFACTURER**
4 **PERTAINING TO AN ADJUSTMENT PROGRAM OR TO A CONDITION THAT MAY**
5 **SUBSTANTIALLY AFFECT MOTOR VEHICLE DURABILITY, RELIABILITY, OR**
6 **PERFORMANCE; AND**

7 **(3) WITHIN 90 DAYS AFTER THE ESTABLISHMENT OF A NEW**
8 **ADJUSTMENT PROGRAM, IS SENT WRITTEN NOTICE BY FIRST-CLASS MAIL OF**
9 **THE TERMS AND CONDITIONS OF THE ADJUSTMENT PROGRAM.**

10 **(B) (1) A MANUFACTURER OF MOTOR VEHICLES SOLD IN THE STATE**
11 **SHALL ENSURE THAT THE PURCHASER OF A NEW MOTOR VEHICLE RECEIVES, AT**
12 **THE TIME OF PURCHASE, A WRITTEN NOTICE DESCRIBING THE RIGHTS AND**
13 **REMEDIES PROVIDED UNDER THIS SECTION.**

14 **(2) THE WRITTEN NOTICE SHALL BE CONSIDERED SUFFICIENT IF**
15 **STATED IN SUBSTANTIALLY THE FOLLOWING FORM:**

16 **“SOMETIMES (INSERT MANUFACTURER’S NAME) OFFERS A SPECIAL**
17 **ADJUSTMENT PROGRAM TO PAY ALL OR PART OF THE COST OF CERTAIN**
18 **REPAIRS BEYOND THE TERMS OF THE WARRANTY. CHECK WITH YOUR DEALER**
19 **TO DETERMINE WHETHER ANY ADJUSTMENT PROGRAM IS APPLICABLE TO YOUR**
20 **MOTOR VEHICLE.”**

21 **(C) IF A DEALER HAS RECEIVED NOTIFICATION OF A MANUFACTURER’S**
22 **ADJUSTMENT PROGRAM COVERING A PARTICULAR CONDITION, OR OTHERWISE**
23 **HAS KNOWLEDGE OF THE ADJUSTMENT PROGRAM, THE DEALER SHALL**
24 **DISCLOSE THE TERMS AND CONDITIONS OF THE ADJUSTMENT PROGRAM TO A**
25 **CONSUMER SEEKING REPAIRS FOR THE CONDITION AT THE DEALER’S REPAIR**
26 **FACILITY.**

27 **(D) (1) A MANUFACTURER THAT ESTABLISHES AN ADJUSTMENT**
28 **PROGRAM SHALL IMPLEMENT PROCEDURES TO ENSURE REIMBURSEMENT OF**
29 **EACH CONSUMER WHO:**

30 **(I) IS ELIGIBLE UNDER THE ADJUSTMENT PROGRAM; AND**

1 **(II) INCURS EXPENSES FOR THE REPAIR OF A CONDITION**
2 **SUBJECT TO THE ADJUSTMENT PROGRAM BEFORE THE CONSUMER KNOWS**
3 **ABOUT THE ADJUSTMENT PROGRAM.**

4 **(2) REIMBURSEMENT UNDER THIS SUBSECTION SHALL BE**
5 **CONSISTENT WITH THE TERMS AND CONDITIONS OF THE PARTICULAR**
6 **ADJUSTMENT PROGRAM.**

7 **(3) (I) A CONSUMER SHALL MAKE A CLAIM FOR**
8 **REIMBURSEMENT UNDER THIS SUBSECTION IN WRITING TO THE**
9 **MANUFACTURER WITHIN THE LATER OF:**

10 **1. 2 YEARS AFTER THE DATE OF THE CONSUMER'S**
11 **PAYMENT FOR THE REPAIR OF THE CONDITION; OR**

12 **2. 1 YEAR AFTER THE DATE THE MANUFACTURER**
13 **SENDS THE NOTICE REQUIRED UNDER SUBSECTION (A)(3) OF THIS SECTION.**

14 **(II) THE MANUFACTURER SHALL NOTIFY THE CONSUMER**
15 **WITHIN 21 BUSINESS DAYS AFTER RECEIVING A CLAIM FOR REIMBURSEMENT**
16 **WHETHER THE CLAIM WILL BE APPROVED OR DENIED.**

17 **(III) IF THE CLAIM IS DENIED, THE MANUFACTURER SHALL**
18 **STATE IN WRITING THE SPECIFIC REASONS FOR THE DENIAL.**

19 **(E) (1) WITHIN 30 DAYS AFTER ESTABLISHING AN ADJUSTMENT**
20 **PROGRAM, THE MANUFACTURER SHALL SEND A COPY OF THE ADJUSTMENT**
21 **PROGRAM TO THE MOTOR VEHICLE ADMINISTRATION.**

22 **(2) WITHIN 10 DAYS AFTER RECEIVING A COPY OF AN**
23 **ADJUSTMENT PROGRAM FROM A MANUFACTURER, THE MOTOR VEHICLE**
24 **ADMINISTRATION SHALL POST THE COPY ON ITS WEBSITE.**

25 **14-1403.**

26 **A VIOLATION OF THIS SUBTITLE IS:**

27 **(1) AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE**
28 **MEANING OF TITLE 13 OF THIS ARTICLE; AND**

1 **(2) SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS**
2 **CONTAINED IN TITLE 13 OF THIS ARTICLE.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2007.