

# SENATE BILL 298

R4

(5lr2080)

## ENROLLED BILL

— Judicial Proceedings/Environment and Transportation —

Introduced by **Senator Norman**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Motor Vehicle Administration – Temporary Registration Plates – Regulations~~  
3 Vehicle Laws – Dealers – Financing or Leasing Agreements

4 FOR the purpose of ~~requiring the Motor Vehicle Administration to adopt regulations to~~  
5 ~~govern the issuance of a temporary registration plate to a vehicle buyer that accepts~~  
6 ~~delivery of the vehicle before all the agreements of the parties become final; and~~  
7 ~~generally relating to regulations governing the issuance of temporary registration~~  
8 ~~plates~~ requiring that a certain notice be provided to a buyer purchasing a vehicle  
9 through dealer–arranged financing or leasing before approval of a third–party  
10 financial institution has been received; requiring a dealer to notify a buyer in writing  
11 if the terms of a certain financing or lease agreement are not approved by a  
12 third–party finance source within a certain period of time; requiring a buyer to  
13 return a vehicle to a dealer within a certain period of time under certain  
14 circumstances; authorizing a dealer to repossess a vehicle in accordance with certain  
15 provisions of law under certain circumstances; authorizing a dealer and a buyer to

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 agree on new financing or leasing terms under certain circumstances; authorizing a  
 2 dealer or a buyer to cancel a sale under certain circumstances; requiring a dealer to  
 3 return any trade-in vehicle, down payment, ~~and~~ titling fee ~~or~~ and excise tax, dealer  
 4 processing charge, and any other fee, tax, or charge to a buyer if a certain sale is  
 5 canceled; prohibiting a dealer from charging a fee to a buyer for the use of a vehicle  
 6 if a certain sale is canceled; requiring a dealer to maintain certain required security  
 7 for a vehicle until a certain financing or lease agreement is approved by a  
 8 third-party finance source; prohibiting a buyer from waiving the rights established  
 9 by this Act; ~~stating that certain provisions of law apply to a financing or lease~~  
 10 ~~agreement between a dealer and a buyer;~~ making a violation of this Act an unfair  
 11 and deceptive trade practice; establishing that a dealer that is found guilty of an  
 12 unfair and deceptive trade practice is subject to certain enforcement and penalty  
 13 provisions; and generally relating to sales contracts and financing or leasing  
 14 agreements for vehicles.

15 ~~BY repealing and reenacting, with amendments,~~  
 16 ~~Article – Transportation~~  
 17 ~~Section 13–602~~  
 18 ~~Annotated Code of Maryland~~  
 19 ~~(2012 Replacement Volume and 2014 Supplement)~~

20 BY repealing and reenacting, with amendments,  
 21 Article – Commercial Law  
 22 Section 13–301(14)(xxviii)  
 23 Annotated Code of Maryland  
 24 (2013 Replacement Volume and 2014 Supplement)

25 BY repealing and reenacting, without amendments,  
 26 Article – Commercial Law  
 27 Section 13–301(14)(xxix) and (15)  
 28 Annotated Code of Maryland  
 29 (2013 Replacement Volume and 2014 Supplement)

30 BY adding to  
 31 Article – Commercial Law  
 32 Section 13–301(14)(xxx)  
 33 Annotated Code of Maryland  
 34 (2013 Replacement Volume and 2014 Supplement)

35 BY adding to  
 36 Article – Transportation  
 37 Section 15–311.3  
 38 Annotated Code of Maryland  
 39 (2012 Replacement Volume and 2014 Supplement)

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

1 Article – Commercial Law

2 13–301.

3 Unfair or deceptive trade practices include any:

4 (14) Violation of a provision of:

5 (xxviii) Title 12, Subtitle 10 of the Financial Institutions Article;

6 [or]

7 (xxix) Title 19, Subtitle 7 of the Business Regulation Article; or

8 **(xxx) SECTION 15–311.3 OF THE TRANSPORTATION ARTICLE; OR**

9 (15) Act or omission that relates to a residential building and that is  
 10 chargeable as a misdemeanor under or otherwise violates a provision of the Energy  
 11 Conservation Building Standards Act, Title 7, Subtitle 4 of the Public Utilities Article.

12 Article – Transportation

13 15–311.3.

14 **(A) (1) FOR A BUYER PURCHASING A VEHICLE THROUGH**  
 15 **DEALER-ARRANGED FINANCING OR LEASING BEFORE APPROVAL OF A**  
 16 **THIRD-PARTY INSTITUTION HAS BEEN RECEIVED, THE FOLLOWING NOTICE SHALL**  
 17 **BE PROVIDED TO THE BUYER IN A SEPARATE DOCUMENT AND SIGNED BY THE**  
 18 **DEALER AND THE BUYER:**

19 **“FOR FINANCE OR LEASE SALES: THE FINANCING OR LEASE AGREEMENT YOU**  
 20 **ENTERED INTO WITH THE DEALER IS NOT FINAL AND MUST BE APPROVED BY A**  
 21 **THIRD-PARTY FINANCIAL INSTITUTION. IF THE TERMS ARE APPROVED, THE SALE**  
 22 **CANNOT BE CANCELED. IF THE TERMS ARE NOT APPROVED, THE DEALER MUST**  
 23 **NOTIFY YOU IN WRITING WITHIN 4 DAYS OF DELIVERY OF THE VEHICLE TO YOU, AND**  
 24 **YOU OR THE DEALER MAY CANCEL THIS SALE. IF THE SALE IS CANCELED, THE**  
 25 **VEHICLE DELIVERED TO YOU MUST BE RETURNED TO THE DEALER IN THE SAME**  
 26 **CONDITION IT WAS GIVEN TO YOU, EXCEPT FOR NORMAL WEAR AND TEAR, WITHIN 2**  
 27 **DAYS OF YOUR RECEIPT OF A WRITTEN NOTICE OF THE THIRD-PARTY REJECTION.**  
 28 **UNLESS YOU AND THE DEALER ~~BOTH VOLUNTARILY~~ AGREE ON ~~NEW~~ DIFFERENT**  
 29 **TERMS ~~FOR THE SALE~~, ANY DOWN PAYMENT, TITLING FEE, EXCISE TAX, ~~OR~~ DEALER**  
 30 **PROCESSING CHARGE, OR ANY OTHER FEE, TAX, OR CHARGE ASSOCIATED WITH THE**  
 31 **TRANSACTION, AND ANY TRADE-IN VEHICLE, IN THE SAME CONDITION IN WHICH**  
 32 **THE DEALER RECEIVED THE VEHICLE, WILL BE RETURNED TO YOU IMMEDIATELY**  
 33 **AND YOU MAY NOT BE CHARGED A FEE FOR USE OF THE VEHICLE THAT WAS THE**

SUBJECT OF THE SALE. YOU MAY NOT WAIVE ANY OF THESE RIGHTS. IF YOU FEEL THE DEALER HAS FAILED TO COMPLY WITH THE TERMS OF THIS NOTICE, YOU MAY CONTACT THE MOTOR VEHICLE ADMINISTRATION OR THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL.”.

(2) A COPY OF THE SIGNED NOTICE SHALL BE PROVIDED TO THE BUYER BEFORE DELIVERY OF THE VEHICLE TO THE BUYER.

(B) A DEALER SHALL NOTIFY A BUYER IN WRITING IF THE TERMS OF A FINANCING OR LEASE AGREEMENT BETWEEN A DEALER AND A BUYER ARE NOT APPROVED BY A THIRD-PARTY FINANCE SOURCE WITHIN 4 DAYS OF DELIVERY OF A VEHICLE TO THE BUYER.

(C) (1) IF THE TERMS OF A FINANCING OR LEASE AGREEMENT BETWEEN A DEALER AND A BUYER ARE NOT APPROVED BY A THIRD-PARTY FINANCE SOURCE, THE BUYER SHALL RETURN THE VEHICLE TO THE DEALER IN THE SAME CONDITION IN WHICH THE BUYER RECEIVED THE VEHICLE, EXCEPT FOR NORMAL WEAR AND TEAR, WITHIN 2 DAYS OF RECEIPT OF THE NOTICE REQUIRED UNDER SUBSECTION ~~(A)~~ (B) OF THIS SECTION.

(2) IF A BUYER DOES NOT RETURN THE VEHICLE TO THE DEALER AS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DEALER MAY REPOSSESS THE VEHICLE IN ACCORDANCE WITH ~~§ 12-624 OF THE COMMERCIAL LAW ARTICLE~~ STATE LAW.

(D) (1) A DEALER AND A BUYER MAY AGREE ON NEW FINANCING OR LEASING TERMS ON RETURN OF A VEHICLE UNDER SUBSECTION (C)(1) OF THIS SECTION.

(2) (I) IF A DEALER AND A BUYER DO NOT AGREE ON NEW FINANCING OR LEASING TERMS, THE DEALER OR THE BUYER MAY CANCEL THE SALE.

(II) IF A SALE IS CANCELED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE DEALER:

~~1. SHALL RETURN TO THE BUYER ANY TRADE-IN VEHICLE, DOWN PAYMENT, AND TITLING FEE OR TAX PAID UNDER TITLE 13, SUBTITLE 8 OF THIS ARTICLE; AND~~

~~2. MAY NOT CHARGE THE BUYER A FEE FOR THE USE OF THE VEHICLE.~~

1. SHALL RETURN TO THE BUYER:

1 A. ANY TRADE-IN VEHICLE IN THE SAME CONDITION IN  
 2 WHICH THE DEALER RECEIVED THE VEHICLE;

3 B. ANY DOWN PAYMENT;

4 C. THE TITLING FEE AND EXCISE TAX PAID UNDER TITLE  
 5 13, SUBTITLE 8 OF THIS ARTICLE;

6 D. ANY DEALER PROCESSING CHARGE; AND

7 E. ANY OTHER FEE, TAX, OR CHARGE ASSOCIATED WITH  
 8 THE TRANSACTION; AND

9 2. MAY NOT CHARGE THE BUYER A FEE FOR THE USE OF  
 10 THE VEHICLE.

11 (E) A DEALER SHALL MAINTAIN THE REQUIRED SECURITY FOR THE  
 12 VEHICLE UNDER § 17-104 OF THIS ARTICLE UNTIL THE TERMS OF THE FINANCING  
 13 OR LEASE AGREEMENT BETWEEN A BUYER AND A DEALER ARE APPROVED BY A  
 14 THIRD-PARTY FINANCE SOURCE.

15 (F) A BUYER MAY NOT WAIVE THE RIGHTS ESTABLISHED UNDER THIS  
 16 SECTION.

17 ~~(G) THE PROVISIONS OF TITLE 12, SUBTITLES 1 AND 6 OF THE~~  
 18 ~~COMMERCIAL LAW ARTICLE APPLY TO A FINANCING OR LEASE AGREEMENT~~  
 19 ~~BETWEEN A DEALER AND A BUYER.~~

20 ~~(H) A VIOLATION OF THIS SECTION BY A DEALER:~~

21 (1) IS AN UNFAIR AND DECEPTIVE TRADE PRACTICE UNDER TITLE 13  
 22 OF THE COMMERCIAL LAW ARTICLE; AND

23 (2) IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS  
 24 CONTAINED IN TITLE 13 OF THE COMMERCIAL LAW ARTICLE.

25 ~~13-602.~~

26 ~~(a) (1) (i) Subject to the provisions of this part, a licensed dealer may issue~~  
 27 ~~one temporary registration plate for a vehicle to the person who buys the vehicle from the~~  
 28 ~~dealer, whether or not the vehicle is to be registered in this State.~~

29 ~~(ii) The dealer may not issue more than one temporary registration~~  
 30 ~~for any vehicle.~~

1           ~~(2) A licensed dealer may issue a temporary registration plate to a vehicle~~  
2 ~~buyer who is subject to a penalty for lapsed security for another vehicle under § 17-106 of~~  
3 ~~this article.~~

4           ~~(b) Before a temporary registration plate may be issued for a vehicle, the buyer of~~  
5 ~~the vehicle shall complete and deliver to the dealer a temporary registration plate~~  
6 ~~application, on the form that the Administration requires.~~

7           ~~(e) On the same day that a dealer issues a temporary registration plate for a~~  
8 ~~vehicle, the dealer shall:~~

9                   ~~(1) Send to the Administration a copy of the temporary registration plate~~  
10 ~~application completed by the buyer of the vehicle; and~~

11                   ~~(2) Electronically transmit to the Administration, in the format that the~~  
12 ~~Administration requires, the vehicle, owner, insurance, and temporary registration~~  
13 ~~information contained on the temporary registration plate application.~~

14           ~~(D) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO GOVERN THE~~  
15 ~~ISSUANCE OF A TEMPORARY REGISTRATION PLATE TO A VEHICLE BUYER THAT~~  
16 ~~ACCEPTS DELIVERY OF THE VEHICLE BEFORE ALL THE AGREEMENTS OF THE~~  
17 ~~PARTIES BECOME FINAL.~~

18           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19           October 1, 2015.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.