

SENATE BILL 298

R4

5lr2080
CF HB 313

By: **Senator Norman**

Introduced and read first time: February 5, 2015

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 2015

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
16 agree on new financing or leasing terms under certain circumstances; authorizing a
17 dealer or a buyer to cancel a sale under certain circumstances; requiring a dealer to
18 return any trade-in vehicle, down payment, and titling fee or tax to a buyer if a
19 certain sale is canceled; prohibiting a dealer from charging a fee to a buyer for the
20 use of a vehicle if a certain sale is canceled; requiring a dealer to maintain certain
21 required security for a vehicle until a certain financing or lease agreement is
22 approved by a third-party finance source; prohibiting a buyer from waiving the
23 rights established by this Act; stating that certain provisions of law apply to a
24 financing or lease agreement between a dealer and a buyer; making a violation of
25 this Act an unfair and deceptive trade practice; establishing that a dealer that is

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.



1 found guilty of an unfair and deceptive trade practice is subject to certain
 2 enforcement and penalty provisions; and generally relating to sales contracts and
 3 financing or leasing agreements for vehicles.

4 ~~BY repealing and reenacting, with amendments,~~
 5 ~~Article – Transportation~~
 6 ~~Section 13–602~~
 7 ~~Annotated Code of Maryland~~
 8 ~~(2012 Replacement Volume and 2014 Supplement)~~

9 BY repealing and reenacting, with amendments,
 10 Article – Commercial Law
 11 Section 13–301(14)(xxviii)
 12 Annotated Code of Maryland
 13 (2013 Replacement Volume and 2014 Supplement)

14 BY repealing and reenacting, without amendments,
 15 Article – Commercial Law
 16 Section 13–301(14)(xxix) and (15)
 17 Annotated Code of Maryland
 18 (2013 Replacement Volume and 2014 Supplement)

19 BY adding to
 20 Article – Commercial Law
 21 Section 13–301(14)(xxx)
 22 Annotated Code of Maryland
 23 (2013 Replacement Volume and 2014 Supplement)

24 BY adding to
 25 Article – Transportation
 26 Section 15–311.3
 27 Annotated Code of Maryland
 28 (2012 Replacement Volume and 2014 Supplement)

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

31 **Article – Commercial Law**

32 13–301.

33 Unfair or deceptive trade practices include any:

34 (14) Violation of a provision of:

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

36 **[or]**

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

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

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

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

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

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

21 **2. MAY NOT CHARGE THE BUYER A FEE FOR THE USE OF**
22 **THE VEHICLE.**

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

27 **(F) A BUYER MAY NOT WAIVE THE RIGHTS ESTABLISHED UNDER THIS**
28 **SECTION.**

29 **(G) THE PROVISIONS OF TITLE 12, SUBTITLES 1 AND 6 OF THE**
30 **COMMERCIAL LAW ARTICLE APPLY TO A FINANCING OR LEASE AGREEMENT**
31 **BETWEEN A DEALER AND A BUYER.**

32 **(H) A VIOLATION OF THIS SECTION BY A DEALER:**

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

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

5 ~~13-602.~~

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

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

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

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

17 ~~(c) On the same day that a dealer issues a temporary registration plate for a~~
18 ~~vehicle, the dealer shall:~~

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

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

24 ~~**(D) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO GOVERN THE**~~
25 ~~**ISSUANCE OF A TEMPORARY REGISTRATION PLATE TO A VEHICLE BUYER THAT**~~
26 ~~**ACCEPTS DELIVERY OF THE VEHICLE BEFORE ALL THE AGREEMENTS OF THE**~~
27 ~~**PARTIES BECOME FINAL.**~~

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