

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

H

1

HOUSE BILL 1410

Short Title: Motor Vehicle Sales Financed by Dealer.

(Public)

Sponsors: Representatives Luebke; and Harrison.

Referred to: Transportation.

April 21, 2005

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH CERTAIN REQUIREMENTS THAT APPLY TO ANY  
3 RETAIL MOTOR VEHICLE DEALER THAT ARRANGES THE FINANCING  
4 FOR A CONSUMER BUYER OF A MOTOR VEHICLE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 12 of Chapter 20 of the General Statutes is amended by  
7 adding a new section to read:

8 **"§ 20-302.1. Sales to consumer buyers when dealer arranges financing;**  
9 **requirements.**

10 (a) Before a consumer buyer signs an agreement for financing the purchase of a  
11 motor vehicle, a retail motor vehicle dealer shall provide to the consumer buyer a  
12 financing disclosure form that satisfies all of the following:

13 (1) Is separate from the sales contract, financing agreement, and any other  
14 documents related to the sale of the motor vehicle.

15 (2) Contains at the top of the form the name, address, and telephone  
16 number of the retail motor vehicle dealer.

17 (3) Is written in the same language as the sales contract.

18 (4) Contains the vehicle identification number of the motor vehicle being  
19 sold.

20 (5) Contains the following notice printed in at least 12-point type:

21 "NOTICE:

22 Based on your credit score, the amount of the loan, and the term of the  
23 loan, the lowest interest rate the dealer is able to arrange for you is

24 \_\_\_\_%. For processing your loan, the dealer is adding a dealer markup  
25 of \_\_\_\_% to this interest rate.

26 You may be able to obtain a lower interest rate from your credit union,  
27 bank, or another lending source.

28 If you take delivery of a motor vehicle before the interest rate and  
29 other terms for financing the motor vehicle are finalized, you have the

1                   right, until you and the lender sign a financing agreement and the  
2                   lender pays the dealer for the motor vehicle, to return the motor  
3                   vehicle to the dealer and have your trade-in vehicle, if any, returned to  
4                   you."

5           (b)   The financing disclosure form under subsection (a) of this section must be  
6           signed by the consumer buyer and the dealer. The dealer shall maintain a copy of the  
7           signed financing disclosure form in its records relating to the sale of the motor vehicle.

8           (c)   Until the financing for a motor vehicle sold to a consumer buyer is finalized,  
9           a retail motor vehicle dealer is required to do all of the following:

10           (1)   The retail motor vehicle dealer shall not sell, transfer, assign, or  
11           otherwise dispose of any trade-in vehicle taken in connection with the  
12           sale.

13           (2)   On the request of the consumer buyer, the retail motor vehicle dealer  
14           shall accept back the motor vehicle sold and return to the consumer  
15           buyer any trade-in vehicle taken in connection with the sale. For  
16           purposes of this subdivision, financing for a motor vehicle is finalized  
17           when the financing agreement is signed by the consumer buyer and  
18           lender and the dealer receives payment for the motor vehicle from the  
19           lender.

20           (d)   This section applies to any motor vehicle retail dealer that arranges a loan,  
21           arranges financing, makes a credit sale, sells or otherwise transfers a conditional sales  
22           contract, or makes a similar transaction for a consumer buyer in connection with the  
23           sale of a motor vehicle to the consumer buyer.

24           (e)   As used in this section, the following definitions apply:

25           (1)   'Consumer buyer' means an actual or prospective purchaser of a motor  
26           vehicle primarily for personal, household, or family use.

27           (2)   'Motor vehicle' means a vehicle that is registered in North Carolina and  
28           is a passenger vehicle as defined in G.S. 20-4.01, motorcycle as  
29           defined in G.S. 20-4.01, or truck that weighs three-fourths ton or less."

30           **SECTION 2.** G.S. 20-303 is amended by adding a new subsection to read:

31           "(c) This section applies to all retail installment sales, including sales that are  
32           subject to the provisions of G.S. 20-302.1 but only to the extent that the provisions of  
33           this section do not conflict with G.S. 20-302.1."

34           **SECTION 3.** This act becomes effective October 1, 2005, and applies to  
35           sales that occur on or after that date.