

House Bill 2941

Sponsored by COMMITTEE ON BUSINESS AND LABOR

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Removes requirement that motor vehicles subject to enforcement of express manufacturer's warranties be sold in this state.

Allows motor vehicle seller to return items of value received for purchase or lease of motor vehicle within 14 days of transaction instead of 20 days if lender does not give final approval of funding. Allows seller to send buyer notice that lender has not approved financing for motor vehicle transaction within 14 days after transaction instead of 20 days. Permits seller to charge buyer reasonable rate for buyer's use of vehicle during 14-day period before lender denied financing, if buyer returns motor vehicle within five days of notice.

A BILL FOR AN ACT

1
2 Relating to motor vehicle transactions; creating new provisions; and amending ORS 646.315 and
3 646.877.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 646.315 is amended to read:

6 646.315. As used in ORS 646.315 to 646.375:

7 (1) "Consumer" means:

8 (a) The purchaser or lessee, other than for purposes of resale, of a new motor vehicle normally
9 used for personal, family or household purposes;

10 (b) Any person to whom a new motor vehicle used for personal, family or household purposes
11 is transferred for the same purposes during the duration of an express warranty applicable to such
12 motor vehicle; and

13 (c) Any other person entitled by the terms of such warranty to enforce the obligations of the
14 warranty.

15 (2) "Motor vehicle" means a passenger motor vehicle as defined in ORS 801.360 [*that is sold in*
16 *this state*].

17 **SECTION 2.** ORS 646.877 is amended to read:

18 646.877. (1) As used in this section:

19 (a) "Buyer" means the purchaser or lessee of a motor vehicle.

20 (b) "**Final approval of funding**" means a lender's irrevocable agreement to finance a sale
21 or lease of a motor vehicle according to the exact terms that the seller and buyer have ne-
22 gotiated.

23 (c) "**Lender**" means any person that finances a sale or lease of a motor vehicle.

24 [(b)] (d) "Motor vehicle" means a motor vehicle, as defined in ORS 801.360, that is sold or leased
25 in this state for personal, family or household purposes.

26 [(c)] (e) "Seller" means a holder of a current, valid vehicle dealer certificate issued under ORS
27 822.020 or renewed under ORS 822.040.

28 (2) A seller may make an offer to sell or lease a motor vehicle to a buyer or prospective buyer

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 that is subject to future acceptance by a lender that may finance the transaction at the request of
2 the seller.

3 (3) In any transaction described in subsection (2) of this section:

4 (a) If a lender does not agree to finance the transaction on the exact terms negotiated between
5 the seller and the buyer **within 14 days after the date on which the buyer takes possession of**
6 **the motor vehicle and the seller has not received final approval of funding from the lender,**
7 the seller shall return to the buyer all items of value received from the buyer as part of the trans-
8 action; *[or]* **and**

9 (b) If the seller has accepted a trade-in motor vehicle from the buyer or prospective buyer, the
10 seller shall not sell or lease the buyer's or prospective buyer's trade-in motor vehicle before the
11 seller has received final approval of funding from the lender.

12 (4) In any transaction described in subsection (2) of this section, if the buyer has accepted a
13 motor vehicle from the seller, and a lender does not agree to finance the transaction on the exact
14 terms negotiated between the seller and the buyer, the buyer shall return to the seller all items of
15 value received from the seller as part of the transaction. The offer or contract to sell or lease the
16 motor vehicle may provide in writing that the buyer is liable to the seller for:

17 (a) The fair market value of damage to, excessive wear and tear on or loss of the motor vehicle
18 occurring between the date the buyer takes possession of the motor vehicle and the date the buyer
19 returns the motor vehicle to the seller's custody; and

20 (b) If, within *[20]* 14 days of the date the buyer takes possession of the motor vehicle, the seller
21 sends notice to the buyer by first class mail that financing is unavailable, a reasonable charge per
22 mile for the use of the motor vehicle. If the buyer returns the motor vehicle within five days of the
23 mailing of the notice, the seller may charge the buyer for miles driven during the first *[20]* 14 days
24 that the buyer had possession of the motor vehicle. If the buyer does not return the vehicle within
25 five days of the mailing of the notice, the seller may charge the buyer for all miles driven while the
26 buyer has possession of the motor vehicle. The charge may not exceed the rate per mile allowed
27 under federal law as a deduction for federal income tax purposes for an ordinary and necessary
28 business expense.

29 (5) It is an affirmative defense to a claim or charge of violating subsection (3)(a) of this section
30 that the buyer failed to return the motor vehicle after the seller sent notice to the buyer by first
31 class mail that financing was unavailable.

32 **SECTION 3. The amendments to ORS 646.315 and 646.877 by sections 1 and 2 of this 2007**
33 **Act apply to all motor vehicle transactions that occur on or after the effective date of this**
34 **2007 Act.**

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