

SB 134 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 4/24

WHAT THE MEASURE DOES:

Subjects motor vehicle sellers and buyers to certain conditions contingent on the lenders agreement or failure to agree to purchase a retail installment contract or lease agreement for a motor vehicle. Clarifies amount that seller can charge buyer who returns vehicle due to failure of lender to purchase retail installment contract for miles traveled prior to returning vehicle.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Retail installment contracts are similar to traditional loans in that both allow a buyer to obtain a motor vehicle by agreeing to make payments over time. A traditional loan is a transaction between the buyer and a bank or other lender for money used to pay a vehicle dealer the total cost of purchasing the vehicle in return for the buyer's agreement to make regular payments to the bank. By comparison, a retail installment contract involves a transaction between the buyer and vehicle dealer wherein the buyer agrees to make regular payments to the dealer. In the case of retail installment contracts, the vehicle dealer can subsequently sell the contract to a lender or other third party.

Senate Bill 134 updates terminology in the statute governing the offer to sell or lease a motor vehicle subject to the future acceptance by a lender to reflect that lenders are not "financing" a sale when they purchase a retail installment contract or lease agreement. The measure clarifies when the vehicle dealer may charge for mileage put on the vehicle by the buyer before the sale is cancelled because a lender could not be found to purchase the retail installment contract or lease agreement. The measure allows the vehicle dealer to send an email to the buyer notifying them that a lender could not be found. The measure requires the vehicle dealer to retain proof of the date that notice was sent.