

09-16-03

Date: September 15, 2016
Bulletin: All Dealers
From: Business Licensing and Consumer Services
RE: Dealers – Financing or Leasing Agreements

As a reminder, the following guidelines must be followed regarding dealer financing and lease agreements. Verification of these requirements will be incorporated into the regular audit process.

- A motor vehicle dealer that sells or leases a vehicle before final approval of dealer arranged financing must provide the purchaser with notice of the rights and duties of both the dealer and the purchaser. A copy of the notice must be provided to the purchaser before they take delivery of the vehicle.
- The notice must contain 1) signatures of the purchaser and the dealer 2) the Maryland statutory language as written in Transportation Article §15-311.3(A). Please discard any old notices that do not include the required language.
- A dealer is required to provide **written** notice to the purchaser if the dealer arranged financing is not approved within four days of vehicle delivery. This notice may be by fax, email, text, or mail. In addition, you may also want to contact the customer by phone.
- If a dealer does not provide **written notice** to the purchaser that the dealer arranged financing is not approved within four days of vehicle delivery, the deal is final according to its terms.
- If financing does not go through, the purchaser must return the vehicle within two days of receiving the written notice that the financing was not approved. A dealer may proceed with legal repossession methods if the vehicle is not returned.
- If a customer receives proper timely notice of the original financing terms not being met, the customer and dealer may renegotiate the vehicle sale terms. If the customer decides not to accept renegotiated terms, the dealer must return any trade-in and/or down payment provided by the customer. Therefore, the dealer **may not** dispose of the trade-in until the deal is final.
- The dealer is prohibited from charging any mileage costs or other fees for the use of the vehicle for which financing was not approved.

- The dealer is required to maintain the minimum liability insurance required for Maryland for the vehicle until the terms of a financing or lease agreement are approved.
- A buyer may not waive these rights.

A violation of the bill is an unfair and deceptive trade practice under the Maryland Consumer Protection Act, subject to that Act's civil and criminal penalty provisions.

Should you have any questions or concerns, please contact us at mvablcsd@mva.maryland.gov