

April 8, 2009

**H 1223. PROTECT CONSUMER/AUTO FINANCING TRANSACTION.** Filed 4/8/09. *TO PROVIDE ADDITIONAL CONSUMER PROTECTIONS IN CONDITIONAL SALES CONTRACTS, TO PROVIDE ITEM-BASED PRICING FOR ADD-ON SERVICES AND PRODUCTS IN MOTOR VEHICLE SALES, AND TO PROHIBIT DEALER COMPENSATION FOR INCREASING INTEREST RATES ON MOTOR VEHICLE LOANS.*

Amends GS 20-75.1 to provide that a motor vehicle purchaser may cancel a sale at any time before a financing agreement is final. The motor vehicle dealer must return to the purchaser any down payment or trade-in vehicle in the same condition as delivered to the dealer. Requires the purchaser to return the purchased vehicle back to the dealer in the same condition as delivered to the purchaser, except for normal wear and tear, within 24 hours of cancellation. Makes organizational changes.

Enacts new GS 20-75.2 to require that a motor vehicle dealer present to a purchaser a listing of all ancillary items sold with a motor vehicle, with the cash price for each item clearly and conspicuously disclosed. Defines *ancillary item* as including extended or additional warranties, security systems, vehicle service contracts, automobile club memberships, roadside assistance and road hazard protection programs, undercoating, and rustproofing. Requires that a purchaser be provided with installment contracts showing payment schedules with and without ancillary items included prior to executing the contract. Prohibits a dealer from representing that the sale of any ancillary item is required to purchase or finance a vehicle.

Amends GS 20-101.2 to delete requirements for the disclosure of dealer finance yield charges. Instead, prohibits a dealer, in connection with a consumer credit installment sale contract for a motor vehicle, from accepting or soliciting any compensation based on the interest rate, annual percentage rate, or the amount financed that is either (1) for the provision, procurement, or arrangement of financing or (2) for the sale, assignment, or transfer of the consumer credit installment contract.

Effective October 1, 2009.

**Intro. by Blue.**

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