

1 HB10
2 202720-1
3 By Representative Nordgren
4 RFD: Financial Services
5 First Read: 04-FEB-20
6 PFD: 09/24/2019

SYNOPSIS: Under existing law, consumer credit transactions are regulated by the Alabama Consumer Credit Act, commonly referred to as the Mini-Code, and pursuant to other state and federal laws.

This bill would require a new or used motor vehicle dealer to disclose to a consumer purchaser of a new or used motor vehicle any portion of the finance charge received by the dealer from a financial institution in connection with providing financing for the purchase by the consumer.

A BILL
TO BE ENTITLED
AN ACT

Relating to consumer purchases from a dealer of new and used motor vehicles financed by a financial institution; to require a new or used motor vehicle dealer to disclose to a consumer any portion of the finance charge received by the

1 dealer for arranging financing with a financial institution
2 for the purchase of a motor vehicle by the consumer.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. For the purposes of this act, the
5 following words have the following meanings:

6 (1) FINANCE CHARGE. In a consumer motor vehicle
7 purchase, the finance charge required to be disclosed by law
8 to the purchaser.

9 (2) FINANCIAL INSTITUTION. Any institution or entity
10 that provides financing for the purchase of a new or used
11 motor vehicle purchased through a motor vehicle dealer.

12 (3) INTEREST RATE ADD-ON. When a motor vehicle
13 dealer acts as the agent of a financial institution, the
14 amount of the finance charge or other compensation received by
15 the motor vehicle dealer from the financial institution, which
16 may be a percent of the total finance charge or other form of
17 compensation.

18 (4) MOTOR VEHICLE DEALER. A new or used motor
19 vehicle dealer required to be licensed under Section 40-12-391
20 of the Code of Alabama 1975.

21 Section 2. Any motor vehicle dealer that offers or
22 arranges financing as a part of the sale of a new or used
23 motor vehicle to a consumer shall disclose to the consumer any
24 interest rate add-on received by the dealer from a financial
25 institution for arranging the financing by the financial
26 institution as a part of the sale of the motor vehicle.

1 Section 3. This act is supplemental to any other
2 laws relating to consumer finance.

3 Section 4. This act shall become effective on the
4 first day of the third month following its passage and
5 approval by the Governor, or its otherwise becoming law.