HOUSE DOCKET, NO. 323 FILED ON: 1/14/2011

HOUSE . . . . . No. 92

The Commonwealth of Massachusetts

PRESENTED BY:

Geraldo Alicea

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act to Prohibit Predatory Lending Practices by Auto Dealers.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Geraldo Alicea	*6th Worcester*
Elizabeth A. Malia	*11th Suffolk*
Paul McMurtry	*11th Norfolk*

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HOUSE . . . . . No. 92

By Mr. Alicea of Charlton, a petition (accompanied by bill, House, No. 92) of Geraldo Alicea, Elizabeth A. Malia and Paul McMurtry for legislation to prohibit predatory lending practices by motor vehicle dealers. Consumer Protection and Professional Licensure.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *213* OF 2009-2010.]

The Commonwealth of Massachusetts

An Act to Prohibit Predatory Lending Practices by Auto Dealers.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 255 B of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by adding the following section:-

Section 26. A retail installment sales contract shall include the following:

(a) All financial and dealership documents (including handwritten, computer generated and printed) be contained in a single file and available to the consumer at the lender and dealership on request;

(b) The lender's "buy rate" be posted for consumers to view at the dealership;

(c) Purchase payroll records, including original pay stubs or other authenticable documents that show proof of income, be attached to bank loan papers when submitted to the lender, to avoid overestimates of income or falsification of income at dealer request by consumers;

(d)With any option to purchase additional products like extended warranties and service contracts, consumers must be shown both the pre-option sale price and amount of monthly payments, with interest, and the total price in sum including options and monthly payments including additional charges for extras, with interest, to allow consumers a true and clear comparison of figures;

17 (e) Any “balloon” payments as the final payment on a loan be specifically disclosed to
18 the consumer and a written notice of such disclosure be signed by both the consumer and
19 dealer’s agent;

20 (f) Dealers procure a state license to sell warranties and insurance products, and that a
21 condition of licensure be the purchase of insurance coverage to cover a dealership’s total
22 liabilities if a warranty company defaults.