

HOUSE BILL NO. 383

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE GARA

Introduced: 1/20/06

Referred: Transportation, State Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act limiting motor vehicle dealer charges for fees and costs; relating to the**
2 **disclosures required for certain motor vehicle transactions; and requiring consumers to**
3 **be informed of finance charges paid to a motor vehicle dealer by a financing institution**
4 **on the sale of a used motor vehicle."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE INTENT. The intent of this Act is to clarify existing law relating to
9 motor vehicle dealer charges for fees and costs, the disclosures required for certain motor
10 vehicle transactions, and the disclosure of finance charges paid to a motor vehicle dealer by a
11 financing institution on the sale of a used motor vehicle.

12 * **Sec. 2.** AS 45.25.440 is amended to read:

13 **Sec. 45.25.440. Additional fees and costs [ADVERTISED PRICE]. (a)**
14 When selling a motor vehicle, a motor vehicle dealer may not charge **any** [DEALER]

1 fees or costs **in addition to the advertised or negotiated price**, except for fees
 2 actually paid to a state agency for licensing, registration, or title transfers [, UNLESS
 3 THE FEES OR COSTS ARE INCLUDED IN THE ADVERTISED PRICE].

4 (b) In this section, "[DEALER] fees or costs" includes dealer preparation fees,
 5 document preparation fees, surcharges, and other [DEALER-IMPOSED] fees and
 6 costs.

7 * **Sec. 3.** AS 45.25.610(c) is amended to read:

8 (c) If a motor vehicle dealer arranges financing for a buyer, the motor vehicle
 9 dealer may deliver the motor vehicle to the buyer before final approval by the
 10 financing entity if

11 (1) the buyer and seller sign an agreement separate from the motor
 12 vehicle installment contract on an 8 1/2 x 11 inch sheet of paper that clearly and
 13 conspicuously informs the buyer that final financing arrangements have not yet been
 14 approved and that clearly sets out the amount that will be financed, the annual
 15 percentage rate of the finance charge, the amount of the finance charge, the number
 16 and frequency of payments, and the amount of each payment;

17 (2) the separate agreement **in (1) of this subsection** clearly and
 18 conspicuously informs the buyer that accepting delivery of the vehicle before final
 19 financing approval obligates the buyer to terms of the motor vehicle sales contract if
 20 the terms on the separate agreement are identical to the terms finally approved by the
 21 financing entity; [AND]

22 (3) **the motor vehicle dealer complies with the disclosure**
 23 **requirements of (f) of this section; and**

24 (4) the separate agreement **in (1) of this subsection** provides that the
 25 separate agreement, the motor vehicle sales contract, and any and all other conditions
 26 of the purchase will be void if any of the terms contained in the separate agreement are
 27 changed by either the motor vehicle dealer or the financing institution as a condition
 28 of sale or final financing approval.

29 * **Sec. 4.** AS 45.25.610 is amended by adding a new subsection to read:

30 (f) In addition to the other requirements of this section, if a motor vehicle
 31 dealer sells a used motor vehicle and a lender other than the motor vehicle dealer will

1 provide the buyer's financing for the purchase, the motor vehicle dealer shall disclose,
2 if applicable, in a written statement, that the motor vehicle dealer will receive a
3 portion of the finance charge the buyer will pay to the lender and the total amount the
4 motor vehicle dealer will receive. In addition to any other signature required, the buyer
5 shall separately sign the statement or portion of the statement that contains this
6 disclosure.