

HOUSE BILL NO. 39

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES GARA AND GRUENBERG, Lynn

Introduced: 1/16/07

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 relating to the financing
3 of motor vehicle purchases."

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

5 * **Section 1.** AS 45.25.440 is amended to read:

6 **Sec. 45.25.440. Additional fees and costs [ADVERTISED PRICE].** (a)

7 When selling a motor vehicle, a motor vehicle dealer may not charge any dealer fees
8 or costs **in addition to the advertised or negotiated price**, except for

9 **(1)** fees actually paid to a state agency for licensing, registration, or
10 title transfers;

11 **(2)** **charges for optional equipment, for substantial additions to the**
12 **motor vehicle, for warranties, for services, and for style, design, or color features**

13 [, UNLESS THE FEES OR COSTS ARE INCLUDED IN THE ADVERTISED
14 PRICE].

1 (b) In this section, "dealer fees or costs" includes dealer preparation fees,
 2 document preparation fees, surcharges, **charges**, and other dealer-imposed fees and
 3 costs.

4 * **Sec. 2.** AS 45.25.610(c) is amended to read:

5 (c) If a motor vehicle dealer arranges financing for a buyer, the motor vehicle
 6 dealer may deliver the motor vehicle to the buyer before final approval by the
 7 financing entity if

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

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

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

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

26 * **Sec. 3.** AS 45.25.610 is amended by adding a new subsection to read:

27 (f) In addition to the other requirements of this section, if a motor vehicle
 28 dealer arranges financing for a proposed buyer or offers financing to a proposed buyer,
 29 the dealer shall disclose in writing and before the sale is finalized

30 (1) whether the interest rate quoted to the proposed buyer is different
 31 than the interest rate charged to the dealer; and

1 (2) that the interest rate quoted to the buyer may not be the lowest
2 interest rate available.