

PUBLIC CHAPTER NO. 328

SENATE BILL NO. 883

By Ketron, Haynes, Marrero

Substituted for: House Bill No. 361

By Rowland, Moore, Sherry Jones, Sontany, West, Hardaway

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 18 and Title 55, Chapter 17, relative to motor vehicle transactions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-17-114(b), is amended by adding the following language as a new subdivision (3):

(3)(A) Notwithstanding any provision of law to the contrary, the commission may revoke or suspend the license of or levy a civil penalty against any motor vehicle dealer who, in a motor vehicle transaction which is conditioned upon final funding to the dealer by a third party financial institution, fails:

(i) To provide in writing to the customer the conditional delivery agreement set forth in subdivision (D);

(ii) To retain possession of any vehicle used by the consumer as consideration, commonly known as a "trade-in" vehicle, until the dealer has received funding from the financial institution;

(iii) To allow the consumer to void the motor vehicle transaction if any of the terms of the transaction change after the consumer has approved and accepted the terms; or

(iv) To pay off the agreed upon indebtedness on the trade-in vehicle within thirty (30) days after the dealer has received funding from the financial institution on the financing contract for the new purchase.

(B) As used in this section, "funding" shall mean actual payment to the dealer by the financial institution purchasing the financing contract or lease.

(C) Compliance with the provisions of subdivisions (3)(A) and (3)(B) may not be waived by any consumer.

(D) The form of the conditional delivery agreement shall be as follows:

CONDITIONAL DELIVERY AGREEMENT

THIS TRANSACTION IS NOT FINAL

YEAR: _____ MAKE: _____ MODEL: _____
VIN# _____

I understand that I am taking possession of this vehicle prior to approval from a financial institution and that this transaction is conditioned upon final approval by a lender and funding to the Dealer. I further understand that by taking possession of this vehicle I have agreed to its purchase at the price agreed upon with the Dealer as shown on the financing contract.

I give the Dealer authorization to investigate my credit and place the financing contract with the lender of their choosing. I understand that if the Dealer is unable to obtain final funding of the financing contract within _____(____) business days, or if I am unable to obtain financing of my own within 24 hours after notification from the Dealer that the financing contract has been denied, I will be required to return the vehicle to the Dealer. I agree that if I do not promptly return the vehicle that the Dealer may repossess the vehicle from me wherever it may be found. If a lender requires additional conditions from me before accepting the contract, I will use my best efforts to immediately comply with such conditions. If I do not meet or agree to accept any additional conditions or terms, this purchase and the financing contract will be void.

I agree that the Dealer has the right to rely on any representation made by me in connection with the purchase contract and the financing contract, including information I provided on the credit application. In the event any representations are incorrect or false, the Dealer has the right to cancel the purchase and the financing contract immediately.

I understand that I am liable for any personal injuries and physical damage that might occur to the vehicle or to other persons or property due to my operation of the vehicle, including any fines charged against the vehicle, even in the event that I am required to return the vehicle. I agree to indemnify the Dealer against such losses. In addition, I have provided evidence of collision/comprehensive and liability insurance which will cover any damage which might occur to the vehicle or other property or persons during my operation of the vehicle. **Until this is final, I am responsible for any payments due or to come due on my trade-in vehicle.**

Dealer: (Type in or stamp dealer name)

Customer(s)

Print Name

Date: _____

SECTION 2. This act shall take effect March 1, 2008, the public welfare requiring it.

PASSED: May 21, 2007



RON RAMSEY
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 4th day of June 2007



PHIL BREDESEN, GOVERNOR