



General Assembly

January Session, 2001

Raised Bill No. 6617

LCO No. 3489

Referred to Committee on General Law

Introduced by:

(GL)

**AN ACT ESTABLISHING A THREE-DAY RIGHT TO CANCEL A
MOTOR VEHICLE PURCHASE OR LEASE AGREEMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (a) A buyer shall have the right to cancel a contract
2 entered into with any person required to be licensed as a motor vehicle
3 dealer for purchase or lease of a new or used motor vehicle, as defined
4 in subdivision (47) of subsection (a) of section 14-1 of the general
5 statutes, without penalty or obligation until midnight of the third
6 business day after the day on which the buyer signs the contract,
7 except that the right to cancel shall not apply where the buyer takes
8 possession of the motor vehicle not later than three business days after
9 the day on which the buyer signed the contract. No buyer may waive
10 the right to cancel such contract. A buyer may cancel such contract by
11 providing written notice of cancellation to the person required to be
12 licensed as a motor vehicle dealer for purchase or lease of a new or
13 used motor vehicle, as defined in subdivision (47) of subsection (a) of
14 section 14-1 of the general statutes either in person or by mail to the
15 address stated in the contract's notice of buyer's right to cancel.

16 (b) No motor vehicle dealer may fail or refuse to honor any notice of

17 cancellation provided by the consumer pursuant to subsection (a) of
18 this section. Not later than ten business days after receipt of such
19 notice, such dealer shall (1) refund all payments made under the
20 contract or sale; (2) return any goods or property traded in, in
21 substantially as good condition as when received by the seller; (3)
22 cancel and return any negotiable instrument executed by the buyer in
23 connection with the contract or sale and take any action necessary or
24 appropriate to terminate promptly any security interest created in the
25 transaction; and (4) cancel and return any contract executed by the
26 buyer in connection with the transaction. No motor vehicle dealer may
27 negotiate, transfer, sell or assign any note or other evidence of
28 indebtedness of the buyer to a finance company or other third party
29 prior to midnight of the fifth business day following the date the
30 contract was signed.

31 (c) A violation of this section shall be deemed an unfair and
32 deceptive trade practice in accordance with the provisions of
33 subsection (a) of section 42-110b of the general statutes.

34 Sec. 2. Subsection (a) of section 14-62 of the general statutes is
35 repealed and the following is substituted in lieu thereof:

36 (a) Each sale shall be evidenced by an order properly signed by both
37 the buyer and seller, a copy of which shall be furnished to the buyer
38 when executed, and an invoice upon delivery of the motor vehicle,
39 both of which shall contain the following information: (1) Make of
40 vehicle; (2) year of model, whether sold as new or used, and on invoice
41 the identification number; (3) deposit, and (A) if the deposit is not
42 refundable, the words "No Refund of Deposit" shall appear at this
43 point, and (B) if the deposit is conditionally refundable, the words
44 "Conditional Refund of Deposit" shall appear at this point, followed by
45 a statement giving the conditions for refund, and (C) if the deposit is
46 unconditionally refundable, the words "Unconditional Refund" shall
47 appear at this point; (4) cash selling price; (5) finance charges, and (A)
48 if these charges do not include insurance, the words "No Insurance"

49 shall appear at this point, and (B) if these charges include insurance, a
50 statement shall appear at this point giving the exact type of coverage;
51 (6) allowance on motor vehicle traded in, if any, and description of the
52 same; (7) stamped or printed in a size equal to at least ten-point bold
53 type on the face of both order and invoice one of the following forms:
54 (A) "This motor vehicle not guaranteed", or (B) "This motor vehicle is
55 guaranteed", followed by a statement as to the terms of such
56 guarantee, which statement shall not apply to household furnishings
57 of any trailer; (8) if the motor vehicle is new but has been subject to use
58 by the seller or use in connection with his business as a dealer, the
59 word "demonstrator" shall be clearly displayed on the face of both
60 order and invoice; (9) any dealer conveyance fee or processing fee and
61 a statement that such fee is not payable to the state of Connecticut
62 printed in at least ten-point bold type on the face of both order and
63 invoice; and (10) a clear and conspicuous notice in boldface type of a
64 minimum size of ten points, a statement in substantially the following
65 form:

66 YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY
67 TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER
68 THE DATE OF THIS TRANSACTION, UNLESS WITHIN THOSE
69 THREE DAYS YOU TAKE POSSESSION OF THE VEHICLE YOU ARE
70 BUYING. ONCE YOU TAKE POSSESSION OF THE VEHICLE YOU
71 MAY NO LONGER EXERCISE THIS RIGHT TO CANCEL THE
72 CONTRACT.

73 For the purposes of this [subdivision] subsection, "dealer conveyance
74 fee" or "processing fee" means a fee charged by a dealer to recover
75 reasonable costs for processing all documentation and performing
76 services related to the closing of a sale, including, but not limited to,
77 the registration and transfer of ownership of the motor vehicle which
78 is the subject of the sale.

Statement of Purpose:

To allow consumers a three-day period to cancel contracts to purchase or lease a motor vehicle.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]