

MOTOR VEHICLE BUSINESS REGULATION

AMENDMENTS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Patrick Painter

Senate Sponsor: Dan R. Eastman

LONG TITLE

General Description:

This bill modifies the Motor Vehicle Business Regulation Act by amending provisions related to certain motor vehicle business requirements and violations.

Highlighted Provisions:

This bill:

- ▶ repeals certain dealer notice requirements to a lienholder if the dealer takes a trade-in from a retail customer as part of the sale or lease of a motor vehicle and there is an outstanding loan balance owing on the trade-in; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

41-3-402, as renumbered and amended by Chapter 234, Laws of Utah 1992

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **41-3-402** is amended to read:

41-3-402. Payoff of liens on motor vehicles traded in.

(1) If a dealer takes a trade-in from a retail customer as part of the sale or lease of a

30 motor vehicle and there is an outstanding loan balance owing on the trade-in, then~~[(a) the~~
31 ~~dealer, within seven calendar days of the date of sale, must give written notice to the~~
32 ~~lienholder, as designated by the purchaser, that the vehicle has been traded in; (b)]~~ the dealer,
33 within 21 calendar days of the date of sale or lease, or within 15 calendar days of receiving
34 payment in full for the motor vehicle it sold, whichever date is earlier, shall remit payment to
35 the lienholder sufficient to pay off the lien on the traded in motor vehicle, unless the underlying
36 contract of sale or lease contract has been rescinded before expiration of the 21 days~~];~~.

37 ~~[(c) if the underlying contract of sale has for any reason been rescinded before the~~
38 ~~expiration of 21 days, the dealer within five calendar days after the rescission shall give written~~
39 ~~notice to the lienholder that the contract of sale has been rescinded and that the motor vehicle~~
40 ~~originally traded in has been returned to the purchaser.]~~

41 (2) A lienholder who has been paid in full by a dealer in accordance with the terms of
42 this section shall deliver to the dealer a properly executed title that releases the lien within:

43 (a) one business day after the business day on which the funds are received when the
44 funds are in cash, cashier's check, certified check, teller's check, or other certified source of
45 funds;

46 (b) three business days after the business day on which the funds are received when the
47 funds are in the form of a check drawn on a local originating depository institution; or

48 (c) six business days after the business day on which the funds are received when the
49 funds are in the form of a check drawn on a nonlocal originating depository institution.

50 (3) If the final day for performing an act under this section falls on a Saturday, Sunday,
51 or a legal holiday, then the time for performance is extended to the immediately following
52 business day.

53 (4) A dealer's failure to comply with the provisions of this section subjects the dealer to
54 the sanctions set forth in Section 41-3-701.

55 (5) A person who trades in a motor vehicle to a dealer and who thereafter sustains loss
56 or damage as a result of a dealer's failure to pay off a properly recorded lien on the traded in
57 motor vehicle within the time specified by Subsection (1)(b), may bring an action against the

58 offending dealer to recover damages proximately caused by the dealer's failure to comply with
59 the provisions of this section, together with costs and reasonable attorneys' fees.