

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

H.B. 973
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HOUSE PRINCIPAL CLERK

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HOUSE DRH80275-RKz-50 (04/18)

Short Title: Vehicle Conditional Sales/Notice. (Public)

Sponsors: Representatives Cook and Shepard (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE NOTICE TO CONSUMERS WHEN A CONDITIONAL SALES
3 CONTRACT FOR A VEHICLE IS EXECUTED, AS RECOMMENDED BY THE
4 HOUSE SELECT COMMITTEE ON MILITARY AFFAIRS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 20-75.1 reads as rewritten:

7 **"§ 20-75.1. Conditional delivery of motor vehicles.**

8 (a) Notwithstanding G.S. 20-52.1, 20-72, and 20-75, nothing contained in those
9 sections prohibits a dealer from entering into a contract with any purchaser for the sale of a
10 vehicle and delivering the vehicle to the purchaser under terms by which the dealer's obligation
11 to execute the manufacturer's certificate of origin or the certificate of title is conditioned on the
12 purchaser obtaining financing for the purchase of the vehicle. Liability, collision, and
13 comprehensive insurance on a vehicle sold and delivered conditioned on the purchaser
14 obtaining financing for the purchaser of the vehicle shall be covered by the dealer's insurance
15 policy until such financing is finally approved and execution of the manufacturer's certificate of
16 origin or execution of the certificate of title. The dealer shall print the following in Times New
17 Roman 16-point font or other equivalent font and include it in the contract on a separate page,
18 which shall be initialed by the purchaser prior to the execution of the contract:

19
20 **"NOTICE:**

21
22 **CONDITIONAL SALE: THIS IS A CONDITIONAL SALE AND IS SUBJECT TO THE**
23 **PURCHASER OBTAINING FINANCING UNDER THE TERMS OF THE CONTRACT.**

24
25 **INSURANCE: THE DEALER IS OBLIGATED TO CARRY LIABILITY, COLLISION,**
26 **AND COMPREHENSIVE INSURANCE ON THE VEHICLE UNTIL THE FINANCING IS**
27 **APPROVED AND THE MANUFACTURER'S CERTIFICATE OF ORIGIN OR THE**
28 **CERTIFICATE OF TITLE IS EXECUTED.**

29
30 **NO OBLIGATION: THE PURCHASER IS UNDER NO OBLIGATION TO PURCHASE**
31 **THE VEHICLE IF THE PURCHASER IS UNABLE TO OBTAIN FINANCING UNDER**
32 **THE TERMS OF THE CONTRACT.**

33
34 **RETURN OF CONSIDERATION INCLUDING TRADE-IN: IF THE PURCHASER**
35 **DOES NOT OBTAIN FINANCING UNDER THE CONTRACT TERMS, AND DECIDES**



1 NOT TO PURCHASE THE VEHICLE ON OTHER TERMS THEN THE PURCHASER IS
2 ENTITLED TO THE RETURN OF ANY AND ALL CONSIDERATION PROVIDED TO
3 THE DEALER TOWARD THE PURCHASE PRICE, INCLUDING A TRADE-IN VEHICLE,
4 REGARDLESS OF THE TIME ELAPSED FROM THE CONDITIONAL CONTRACT OR
5 THE MILEAGE OF THE VEHICLE WHICH WAS THE SUBJECT OF THE
6 CONDITIONAL FINANCING."

7 (b) A copy of the notice described in subsection (a) of this section shall be provided to
8 the purchaser at the time of entry into the conditional sales contract.

9 (c) Upon final approval and execution of the manufacturer's certificate of origin or the
10 certificate of title, and upon the purchaser having liability insurance on another vehicle, the
11 delivered vehicle shall be covered by the purchaser's insurance policy beginning at the time of
12 final financial approval and execution of the manufacturer's certificate of origin or the
13 certificate of title. The dealer shall notify the insurance agency servicing the purchaser's
14 insurance policy or the purchaser's insurer of the purchase on the day of, or if the insurance
15 agency or insurer is not open for business, on the next business day following approval of the
16 purchaser's financing and execution of the manufacturer's certificate of origin or the certificate
17 of title.

18 (d) This ~~subsection~~ section is in addition to any other provisions of law or insurance
19 policies and does not repeal or supersede those provisions."

20 **SECTION 2.** This act becomes effective October 1, 2012, and applies to
21 conditional sales occurring on or after that date.