SYNOPSIS: Under existing law, consumer credit transactions are regulated by the Alabama Consumer Credit Act, commonly referred to as the Mini-Code, and pursuant to other state and federal laws.

This bill would require a new or used motor vehicle dealer to disclose to a consumer purchaser of a new or used motor vehicle any portion of the finance charge received by the dealer from a financial institution in connection with providing financing for the purchase by the consumer.

A BILL
TO BE ENTITLED
AN ACT

Relating to consumer purchases from a dealer of new and used motor vehicles financed by a financial institution; to require a new or used motor vehicle dealer to disclose to a consumer any portion of the finance charge received by the
BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For the purposes of this act, the following words have the following meanings:

(1) FINANCE CHARGE. In a consumer motor vehicle purchase, the finance charge required to be disclosed by law to the purchaser.

(2) FINANCIAL INSTITUTION. Any institution or entity that provides financing for the purchase of a new or used motor vehicle purchased through a motor vehicle dealer.

(3) INTEREST RATE ADD-ON. When a motor vehicle dealer acts as the agent of a financial institution, the amount of the finance charge or other compensation received by the motor vehicle dealer from the financial institution, which may be a percent of the total finance charge or other form of compensation.

(4) MOTOR VEHICLE DEALER. A new or used motor vehicle dealer required to be licensed under Section 40-12-391 of the Code of Alabama 1975.

Section 2. Any motor vehicle dealer that offers or arranges financing as a part of the sale of a new or used motor vehicle to a consumer shall disclose to the consumer any interest rate add-on received by the dealer from a financial institution for arranging the financing by the financial institution as a part of the sale of the motor vehicle.
Section 3. This act is supplemental to any other laws relating to consumer finance.

Section 4. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.