



NEW YORK STATE SENATOR

Jose Peralta

The State Senate Democratic Majority Passes Bill S 7300-A Requiring Car Dealers To Pay Balances in a Timely Manner Sponsored by Senator Jose Peralta, Chair of the Consumer Protection Committee

JOSE PERALTA June 22, 2010

| ISSUE: **CONSUMER PROTECTION**

(Albany, NY) The State Senate Democratic Majority has passed legislation sponsored by State Senator Jose Peralta (D-Queens), Chair of the Consumer Protection Committee, requiring car dealerships to pay preexisting balances on vehicles they purchase or accept for trade in from consumers in a timely manner.

The bill provides for better protection for consumers by requiring car dealers to pay off any prior credit or lease balance owing on a vehicle obtained in a trade in a timely manner.

Before this legislation, many dealers were not paying the agreed balances which was negatively impacting consumer's credit rating and often times resulting in legal actions against the car buyers.

Peralta said "During these challenging economic times, no one should have the additional stress of being worried that an unscrupulous car dealership can ruin their credit rating or repossess their car. Peralta continued "Car dealers have an obligation to honor agreements made with car buyers and will no longer be able to wreck people's credit because of their

financial mismanagement or business woes. Dealers need to stop victimizing consumers and take responsibility for their financial obligations.”

There have been several examples of dealerships in New York State closing their doors and leaving consumers with unpaid liens on vehicles they traded-in, as well as a second loan on the newer vehicle they purchased at the dealership. Too often the consequence is destruction of consumer credit, repossession of the vehicles, job losses due to the lack of transportation to get to work, and consumers being forced into bankruptcy. The Attorney General has brought several cases against dealership operators for failing to pay off liens, and the Department of Motor Vehicles has recognized that this practice is a problem in New York State.

Honest dealers are also adversely impacted when unscrupulous dealers siphon off business and then harm the credit of their customers by going out of business without paying liens, as promised, shrinking the automotive market at precisely the time when it is sound public policy to expand the market and accelerate sales of newer, safer, cleaner motor vehicles.