

2025 -- S 0175

LC001152

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
DECEPTIVE TRADE PRACTICES

Introduced By: Senator Ryan W. Pearson

Date Introduced: February 07, 2025

Referred To: Senate Commerce

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 6-13.1-28 of the General Laws in Chapter 6-13.1 entitled "Deceptive
2 Trade Practices" is hereby amended to read as follows:

3 **6-13.1-28. Financing of motor vehicles — Term and rate of interest prominently**
4 **displayed.**

5 (a) Any contract to finance the sale of a motor vehicle shall prominently display the term
6 and rate of interest.

7 (b) The borrower's initials or signature shall appear immediately adjacent to the term and
8 to the rate of interest on the loan agreement that shall only serve as an acknowledgement that the
9 borrower has been informed of the terms and rate. The borrower shall also be required to separately
10 sign the loan agreement to bind himself or herself to the contract.

11 (c) No contract to finance the lease of a motor vehicle shall use the term "down payment",
12 "money down", or any similar language to describe lump sum payments made at the time of
13 financing to reduce monthly lease payments. The lessee shall be provided and required to
14 acknowledge a plain language disclosure in at least eleven (11) point font that any lump sum money
15 paid at the time of financing will not be returned if the vehicle is involved in an incident and
16 determined to be a total loss, regardless of the circumstances.

17 ~~(e)~~(d) Any agreement to finance a motor vehicle that does not comply with the provision
18 of this section shall be voidable within thirty (30) days at the option of the borrower; provided,

1 however, the borrower shall be responsible for any damage to the vehicle.

2 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would prohibit leasing disclosures to use terms such as, "down payment", "money
2 down", or any similar language to describe lump sum payments made to reduce monthly lease
3 payments. This act would provide that, the lessee be provided with a disclosure that in the event of
4 a total loss of the motor vehicle, any lump sum payments made are non-refundable, regardless of
5 the circumstances.

6 This act would take effect upon passage.

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