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## HOUSE BILL NO. 2185

Offered January 23, 1995

A BILL to amend and reenact § 59.1-200 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 46.2-1532.1:1 and 46.2-1532.1:2, relating to motor vehicles; disclosures; warranties; penalties.

Patrons—Robinson and Spruill; Senators: Lucas and Marsh

Referred to Committee on Roads and Internal Navigation

**Be it enacted by the General Assembly of Virginia:**

**1. That § 59.1-200 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 46.2-1532.1:1 and 46.2-1532.1:2 as follows:**

§ 46.2-1532.1:1. Disclosure of mechanical defects.

A. No person required to be licensed as a dealer under this chapter shall sell at retail any motor vehicle which is intended by the buyer for use on the public highways, unless such dealer has disclosed to the buyer, prior to the sale, any material mechanical defects in the motor vehicle then known to (i) the dealer, (ii) any motor vehicle salesman employed by such dealer, or (iii) any other agent or employee of the dealer.

B. The disclosures required by this section (i) shall be in addition to those required under § 46.2-1539 and (ii) may not be waived; any attempted waiver thereof shall be void.

C. In addition to any other remedies available under this title, at law, or in equity, any violation of this section shall constitute a prohibited practice under the provisions of § 59.1-200 and shall be subject to any and all of the enforcement provisions of the Virginia Consumer Protection Act (§ 59.1-196 et seq.).

§ 46.2-1532.1:2. Prohibited modifications or exclusions of warranties.

A. No person required to be licensed as a dealer under this chapter shall, with respect to the sale at retail of any motor vehicle intended for use on the public highways primarily for personal, family, or household purposes:

1. Exclude, modify, or otherwise attempt to limit any implied warranty of merchantability or fitness for a particular purpose as defined in §§ 8.2-314 and 8.2-315; or

2. Exclude, modify, or attempt to limit any remedy provided by law, including the measure of damages available for breach of warranty, express or implied.

B. Any exclusion, modification, or limitation of warranties or remedies prohibited by this section shall be void. In addition to any other remedies available under this title, at law or in equity, any violation of this section shall also constitute a prohibited practice under the provisions of § 59.1-200 and shall be subject to any and all of the enforcement provisions of the Virginia Consumer Protection Act (§ 59.1-196, et seq.).

§ 59.1-200. Prohibited practices.

A. The following fraudulent acts or practices committed by a supplier in connection with a consumer transaction are hereby declared unlawful:

1. Misrepresenting goods or services as those of another;

2. Misrepresenting the source, sponsorship, approval, or certification of goods or services;

3. Misrepresenting the affiliation, connection or association of the supplier, or of the goods or services, with another;

4. Misrepresenting geographic origin in connection with goods or services;

5. Misrepresenting that goods or services have certain quantities, characteristics, ingredients, uses, or benefits;

6. Misrepresenting that goods or services are of a particular standard, quality, grade, style, or model;

7. Advertising or offering for sale goods which are used, secondhand, repossessed, defective, blemished, deteriorated, or reconditioned, or which are "seconds," irregulars, imperfections, or "not first class," without clearly and unequivocally indicating in the advertisement or offer for sale that the goods are used, secondhand, repossessed, defective, blemished, deteriorated, reconditioned, or are "seconds," irregulars, imperfections or "not first class";

8. Advertising goods or services with intent not to sell them as advertised, or with intent not to sell at the price or upon the terms advertised.

In any action brought under this subdivision, the refusal by any person, or any employee, agent, or servant thereof, to sell any goods or services advertised or offered for sale at the price or upon the terms advertised or offered, shall be prima facie evidence of a violation of this subdivision. This paragraph

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shall not apply when it is clearly and conspicuously stated in the advertisement or offer by which such goods or services are advertised or offered for sale, that the supplier or offeror has a limited quantity or amount of such goods or services for sale, and the supplier or offeror at the time of such advertisement or offer did in fact have or reasonably expected to have at least such quantity or amount for sale;

9. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

10. Misrepresenting that repairs, alterations, modifications, or services have been performed or parts installed;

11. Misrepresenting by the use of any written or documentary material which appears to be an invoice or bill for merchandise or services previously ordered;

12. Notwithstanding any other provision of law, using in any manner the words "wholesale," "wholesaler," "factory," or "manufacturer" in the supplier's name, or to describe the nature of the supplier's business, unless the supplier is actually engaged primarily in selling at wholesale or in manufacturing the goods or services advertised or offered for sale;

13. Using in any contract or lease any liquidated damage clause, penalty clause, or waiver of defense, or attempting to collect any liquidated damages or penalties under any clause, waiver, damages, or penalties which are void or unenforceable under any otherwise applicable laws of this Commonwealth, or under federal statutes or regulations;

14. Using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction;

15. Violating any provision of §§ 3.1-796.78, 3.1-796.79, or § 3.1-796.82, relating to the sale of certain animals by pet dealers which is described in such sections, is a violation of this chapter;

16. Failing to disclose all conditions, charges, or fees relating to:

a. The return of goods for refund, exchange, or credit. Such disclosure shall be by means of a sign attached to the goods, or placed in a conspicuous public area of the premises of the supplier, so as to be readily noticeable and readable by the person obtaining the goods from the supplier. If the supplier does not permit a refund, exchange, or credit for return, he shall so state on a similar sign. The provisions of this subdivision shall not apply to any retail merchant who has a policy of providing, for a period of not less than twenty days after date of purchase, a cash refund or credit to the purchaser's credit card account for the return of defective, unused, or undamaged merchandise upon presentation of proof of purchase. In the case of merchandise paid for by check, the purchase shall be treated as a cash purchase and any refund may be delayed for a period of ten banking days to allow for the check to clear. This subdivision does not apply to sale merchandise which is obviously distressed, out of date, post season, or otherwise reduced for clearance; nor does this subdivision apply to special order purchases where the purchaser has requested the supplier to order merchandise of a specific or unusual size, color, or brand not ordinarily carried in the store or the store's catalog; nor shall this subdivision apply in connection with a transaction for the sale or lease of motor vehicles, farm tractors, or motorcycles as defined in § 46.2-100;

b. A layaway agreement. Such disclosure shall be furnished to the consumer (i) in writing at the time of the layaway agreement, or (ii) by means of a sign placed in a conspicuous public area of the premises of the supplier, so as to be readily noticeable and readable by the consumer, or (iii) on the bill of sale. Disclosure shall include the conditions, charges, or fees in the event that a consumer breaches the agreement;

16a. Failing to provide written notice to a consumer of an existing open-end credit balance in excess of five dollars (i) on an account maintained by the supplier and (ii) resulting from such consumer's overpayment on such account. Suppliers shall give consumers written notice of such credit balances within sixty days of receiving overpayments. If the credit balance information is incorporated into statements of account furnished consumers by suppliers within such sixty-day period, no separate or additional notice is required;

17. If a supplier enters into a written agreement with a consumer to resolve a dispute which arises in connection with a consumer transaction, failing to adhere to the terms and conditions of such an agreement;

18. Violating any provision of the Virginia Health Spa Act, Chapter 24 (§ 59.1-294 et seq.) of this title;

19. Violating any provision of the Virginia Home Solicitation Sales Act, Chapter 2.1 (§ 59.1-21.1 et seq.) of this title;

20. Violating any provision of the Automobile Repair Facilities Act, Chapter 17.1 (§ 59.1-207.1 et seq.) of this title;

21. Violating any provision of the Virginia Lease-Purchase Agreement Act, Chapter 17.4 (§ 59.1-207.17 et seq.) of this title;

22. Violating any provision of the Prizes and Gifts Act, Chapter 31 (§ 59.1-415 et seq.) of this title;

23. Violating any provision of the Virginia Public Telephone Information Act, Chapter 32

122 (§ 59.1-424 et seq.) of this title;  
 123 24. Violating any provision of § 54.1-1505;  
 124 25. Violating any provision of the Motor Vehicle Manufacturers' Warranty Adjustment Act, Chapter  
 125 17.6 (§ 59.1-207.34 et seq.) of this title;  
 126 26. Violating any provision of § 3.1-949.1, relating to the pricing of merchandise;  
 127 27. Violating any provision of the Pay-Per-Call Services Act, Chapter 33 (§ 59.1-429 et seq.) of this  
 128 title;  
 129 28. Violating any provision of the Extended Service Contract Act, Chapter 34 (§ 59.1-435 et seq.) of  
 130 this title;  
 131 29. Violating any provision of the Virginia Membership Camping Act, Chapter 25 (§ 59.1-311 et  
 132 seq.) of this title;  
 133 30. Violating any provision of the Comparison Price Advertising Act, Chapter 17.7 (§ 59.1-207.40 et  
 134 seq.) of this title;  
 135 31. Violating any provision of the Virginia Travel Club Act, Chapter 36 (§ 59.1-445 et seq.) of this  
 136 title; ~~and~~  
 137 32. (Expires July 1, 1995) Violating any provision of §§ 46.2-1231 and 46.2-1233.1. This subdivision  
 138 shall expire July 1, 1995; ~~and~~  
 139 33. *Violating any provision of § 46.2-1532.1:1 or § 46.2-1532.1:2.*  
 140 B. Nothing in this section shall be construed to invalidate or make unenforceable any contract or  
 141 lease solely by reason of the failure of such contract or lease to comply with any other law of this  
 142 Commonwealth or any federal statute or regulation, to the extent such other law, statute or regulation  
 143 provides that a violation of such law, statute or regulation shall not invalidate or make unenforceable  
 144 such contract or lease.