



SPONSOR: Sen. Adams & Rep. Stone

DELAWARE STATE SENATE

140th GENERAL ASSEMBLY

SENATE BILL NO.

AN ACT TO AMEND TITLE 5 OF THE DELAWARE CODE RELATING TO THE MOTOR VEHICLE SALES FINANCE ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

- 1           Section 1. Amend Section 2907(e)(4) of Title 5 of the Delaware Code by adding the following
- 2   before the semicolon: “including any amounts actually paid or to be paid by the seller pursuant to an
- 3   agreement with the buyer to discharge a security interest, lien or lease interest on property traded in”.

SYNOPSIS

This bill is intended to correct a problem being experienced by dealers in Delaware due to the recent revision of Regulation Z (the Truth in Lending Act) as it pertains to negative equity. A number of captive finance companies are concerned that the laws of Delaware and other states do not specifically allow them to finance contracts in which negative equity is disclosed pursuant to the new Federal Reserve Board Regulations. This proposal would specifically allow for the financing of prior loan balances in retail installment contracts.

Author: Sen. Adams