S T A T E O F N E W Y O R K

5489

2015-2016 Regular Sessions

I N S E N A T E

May 14, 2015

Introduced by Sens. KLEIN, SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the financial services law, in relation to the jurisdiction of the department of financial services over the financing of motor vehicles; and to amend the vehicle and traffic law, in relation to the licensing of motor vehicle dealer finance managers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subparagraph (B) of paragraph 2 of subsection (a) of section 104 of the financial services law is amended to read as follows:

(B) "Financial product or service" shall also not include the following, when offered or provided by a provider of consumer goods or services: (i) the extension of credit directly to a consumer exclusively for the purpose of enabling that consumer to purchase such consumer good or service directly from the seller, (ii) the collection of debt arising from such credit, or (iii) the sale or conveyance of such debt that is delinquent or otherwise in default. PROVIDED, HOWEVER, THAT THE PROVISIONS OF THIS SUBPARAGRAPH SHALL NOT APPLY TO THE SALE OF MOTOR VEHICLES. EVERY SALE OF A MOTOR VEHICLE THAT INVOLVES FINANCING, WHETHER ORIGINATED AT A MOTOR VEHICLE DEALER OR AT A LENDING INSTITUTION, SHALL BE DEEMED TO BE A "FINANCIAL PRODUCT OR SERVICE" WITHIN THE JURISDICTION OF THE DEPARTMENT.

S 2. The opening paragraph of section 205 of the financial services law is designated subsection (a) and a new subsection (b) is added to read as follows:

(B) THE SUPERINTENDENT MAY, IN HIS OR HER DISCRETION, ESTABLISH A MOTOR VEHICLE FINANCING BUREAU, AND TO PROMULGATE ANY AND ALL RULES AND REGULATIONS NECESSARY TO REGULATE MOTOR VEHICLE FINANCING TRANSACTIONS AND MOTOR VEHICLE DEALER FINANCING DEPARTMENTS.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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S 3. Paragraphs 6 and 7 of subsection (c) of section 301 of the financial services law are amended and four new paragraphs 8, 9, 10 and 11 are added to read as follows:

(6) providing technical assistance to local governments and not-for-profits in the development of consumer protection measures with respect to financial products and services; [and]

(7) continuing and expanding the detection, investigation and prevention of insurance fraud[.];

(8) PROMULGATING RULES AND REGULATIONS FOR MOTOR VEHICLE DEALER FINANCE DEPARTMENTS AND FINANCE MANAGERS;

(9) ESTABLISHING EDUCATIONAL MATERIALS AND/OR MANDATED INSTRUCTION FOR MOTOR VEHICLE DEALER FINANCE MANAGERS APPLYING FOR LICENSING PURSUANT TO PARAGRAPH D OF SUBDIVISION THREE OF SECTION FOUR HUNDRED FIFTEEN OF THE VEHICLE AND TRAFFIC LAW. NO SUCH MANDATE INSTRUCTION SHALL EXCEED SIXTEEN HOURS DURING ANY BIENNIAL LICENSING PERIOD;

(10) IMPOSING A LICENSING AND COURSE FEE FOR MOTOR VEHICLE DEALER FINANCE MANAGER APPLICANTS PURSUANT TO PARAGRAPH D OF SUBDIVISION THREE OF SECTION FOUR HUNDRED FIFTEEN OF THE VEHICLE AND TRAFFIC LAW; PROVIDED THAT SUCH FEE SHALL NOT EXCEED TWO HUNDRED DOLLARS FOR EACH BIENNIAL LICENSING PERIOD; AND

(11) ESTABLISHING AND IMPOSING PENALTIES, AND LICENSE SUSPENSIONS AND REVOCATIONS FOR VIOLATIONS BY MOTOR VEHICLE DEALERS AND MOTOR VEHICLE DEALER FINANCE MANAGERS.

S 4. Subdivision 3 of section 415 of the vehicle and traffic law is amended by adding a new paragraph d to read as follows:

D. (I) EVERY DEALER WHICH SELLS MOTOR VEHICLES THAT ARE FINANCED, OR WHICH FACILITATES IN ANY MANNER THE FINANCING OF THE PURCHASE OF ANY MOTOR VEHICLE, SHALL ACT AS OR EMPLOY AN INDIVIDUAL TO ACT AS THE FINANCE MANAGER FOR SUCH DEALER, AND EVERY SUCH MANAGER SHALL BE LICENSED BY THE DEPARTMENT OF FINANCIAL SERVICES.

(II) EVERY LICENSED FINANCE MANAGER SHALL HAVE COMPLETED SUCH COURSE OF INSTRUCTION AS SHALL BE ESTABLISHED BY THE DEPARTMENT OF FINANCIAL SERVICES.

S 5. This act shall take effect on the two hundred seventieth day after it shall have become a law.