

June 19, 2017

Representative Jennifer E. Benson House Chair  
Joint Committee on Consumer Protection and Professional Licensure  
State House, Room 42  
Boston, MA, 02133

Senator Barbara A. L'Italien Senate Chair  
Joint Committee on Consumer Protection and Professional Licensure  
State House, Room 109-E  
Boston, MA, 02133

RE: SB 127, *An Act to Protect Consumers with Automobile Leases*

Dear Chairwoman Benson and Chairwoman L'Italien

There is a large and unjustified discrepancy between the rights and protections provided to Massachusetts consumers who purchase motor vehicles and those who lease. Courts have remarked upon the inherent unfairness of denying these protections to Massachusetts lease consumers, but are unable to do anything without the authorization of the Legislature.<sup>1</sup> That is why we encourage your support of S.B. 127 *An Act to Protect Consumers with Automobile Leases*. Just some of the discrepancies include:

- Massachusetts law provides that a consumer who purchases a motor vehicle on credit shall have the terms of the financing clearly and accurately disclosed to him<sup>2</sup>, there is no such right for lessees under Massachusetts law.
- A purchaser, but not a lessee, of a motor vehicle may void the transaction if it fails inspection within the first 7 days<sup>3</sup>.
- Vehicles sold with under 125,000 miles are covered by the Massachusetts Used Car Lemon Law which entitles consumer buyers to have major defects repaired up to three times at little or no cost. If the dealer is not able effectuate repairs the consumer may be entitled to a repurchase.<sup>4</sup> Meanwhile, a consumer who leases a “lemon” is stuck making the lease payment or paying expensive early termination charges on a vehicle he or she cannot use.<sup>5</sup>

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<sup>1</sup> Marine Midland Bank v. Moran, 1994 Mass. App. Div. 167 (1994) (“Our holding is, however, based exclusively on the express terms of the statute, and in no way suggests that fundamental equitable considerations would not warrant the extension to a lessee ... the same consumer protections which are now afforded to a motor vehicle purchaser .... Whether the public policy underlying G.L.c. 255B warrants an extension of similar rights and remedies to an automobile lessee is a matter for the Legislature's consideration.”)

<sup>2</sup> G.L. c. 140D, c. 255B.

<sup>3</sup> G.L. c. 90, § 7N.

<sup>4</sup> G.L. c. 90, § 7N1/4.

<sup>5</sup> See “A Massachusetts Consumer Guide: The Used Vehicle Warranty Law” OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION available at <http://www.mass.gov/ocabr/consumer-rights-and-resources/autos/lemon-laws/used-vehicle-warranty-law.html>

- A consumer who falls behind on his or her auto loan payments must be given a written 21-day right to cure prior to any repossession. Even after such 21-day period, no repossessioner may enter onto land owned or rented by the consumer without either the consumer's affirmative consent at the time such entry, or a court order.<sup>6</sup> However, a consumer who falls behind on motor vehicle lease payments is guaranteed no right to cure, and may have his or her vehicle repossessed without warning and through invasive trespass.

S.B. 127 addresses this problem in a simple, straightforward manner by adding language to include leases into to existing laws. As such, it would impose no new obligations on dealers or finance companies other than what currently exists for consumer motor vehicle sales or is required by federal law. If anything, it would simplify regulatory compliance by creating a unified standard for consumer motor vehicle purchases or leases.

At least 25 other states and territories, including Connecticut, New Hampshire, New York, Maine and Rhode Island provide greater legislative protections to consumer motor vehicle lessees than Massachusetts.<sup>7</sup> It is simply not fitting with Massachusetts progressive reputation to leave its consumer lessees so unprotected.

We thank the members of the General Court and your committee for paying close attention to this issue. We urge you to vote in favor of S.B. 127, recognizing the importance of parity with our consumer protection laws to motor vehicle lessees. Please contact Sebastian Korth at (617) 259-1955 or [skorth@korthlawoffice.com](mailto:skorth@korthlawoffice.com) with questions or concerns.

Sincerely,

National Association of Consumer Advocates  
National Consumer Law Center (on behalf of its low-income clients)  
Consumers for Auto Reliability and Safety  
Deirdre Cumming, Legislative Director, MASSPIRG  
Law Office of Yvonne W. Rosmarin, [www.YourConsumerLaw.com](http://www.YourConsumerLaw.com)  
Law Office of Peter T. Lane

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<sup>6</sup> G.L. c. 255B, §§ 20A, 20B; G.L. c. 255, §§ 13I, 13J.

<sup>7</sup> Cal. Civ. Code §§ 2985.7 to 2992; Colo. Rev. Stat. § 5-1-301(12), (14); Conn. Gen. Stat. § 42-418; D.C. Code § 28-3812(b); Fla. Stat. §§ 521.001 to 521.006; Haw. Rev. Stat. §§ 481L-1 to 481L-4; 815, Ill. Comp. Stat. § 636/35; Ind. Code §§ 9-32-12-1 to 9-32-12-6; Iowa Code § 537.5110; La. Rev. Stat. Ann. §§ 9:3301; Kan. Stat. Ann. § 16a-5-111; Md. Code Ann., Com. Law §§ 14-2001 to 14-2010; Me. Rev. Stat. tit. 9-A, § 5-111; Mich. Comp. Laws §§ 445.991 to 445.995; N.H. Rev. Stat. Ann § 361-D:14; N.J. Stat. Ann. § 56:12-65 (West); N.Y. Pers. Prop. Law § 339 (McKinney); Okla. Stat. tit. 14A, §§ 2-102, 2-106, 2-311, 2-401, 2-406, 2-407, 5-102; P.R. Laws Ann. tit. 10, §§ 2401-2426; R.I. Gen. Laws §§ 6-51-1 to 6-51-5; S.C. Code Ann. §§ 37-1-301(11), 37-2-102, 37-2-106, 37-2-401, 37-2-406, 37-2-407, 37-5-102, 37-6-201; Wash. Rev. Code §§ 63.10.010 to 63.10.902; W. Va. Code § 46A-2-106; Wis. Stat. § 425.105; Wyo. Stat. Ann. §§ 40-14-120, 40-14-202, 40-14-206, 40-14-235, 40-14-240, 40-14-241, 40-14-402, 40-14-502.