

1 Introduced by Committee on Economic Development and Housing and
2 General Affairs

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; consumer protection

6 Statement of purpose of bill as introduced: This bill proposes to [adopt
7 miscellaneous consumer protection provisions]

8 An act relating to [consumer protection]

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 * * * Nonresidential Improvement Fraud * * *

11 Sec. 1. 13 V.S.A. § 2029 is amended to read:

12 § 2029. HOME IMPROVEMENT FRAUD

13 (a) As used in this section, “home improvement” includes the fixing,
14 replacing, remodeling, removing, renovation, alteration, conversion,
15 improvement, demolition, or rehabilitation of or addition to any building or
16 land, or any portion thereof, which is used or designed to be used as a
17 residence or dwelling unit. Home improvement shall include the construction,
18 replacement, installation, paving, or improvement of driveways, roofs, and
19 sidewalks, and the limbing, pruning, and removal of trees or shrubbery and

1 other improvements to structures or upon land that is adjacent to a dwelling
2 house.

3 (b)~~(1)~~ A person commits the offense of home improvement fraud when he
4 or she enters into a contract or agreement, written or oral, for \$500.00 or more,
5 with an owner for home improvement, or into several contracts or agreements
6 for \$2,500.00 or more in the aggregate, with more than one owner for home
7 improvement, and he or she knowingly:

8 ~~(A)~~(1) fails to perform the contract or agreement, in whole or in
9 part; and

10 ~~(B)~~ when the owner requests performance or a refund of payment made,
11 the person fails to either:

12 ~~(i)~~(A) refund the payment; or

13 ~~(ii)~~(B) make and comply with a definite plan for completion of the
14 work that is agreed to by the owner;

15 (2) misrepresents a material fact relating to the terms of the contract or
16 agreement or to the condition of any portion of the property involved;

17 (3) uses or employs any unfair or deceptive act or practice in order to
18 induce, encourage, or solicit such person to enter into any contract or
19 agreement or to modify the terms of the original contract or agreement; or

20 (4) when there is a declared state of emergency, charges for goods or
21 services related to the emergency a price that exceeds two times the average

1 price for the goods or services and the increase is not attributable to the
2 additional costs incurred in connection with providing those goods or services.

3 (c) Whenever a person is convicted of home improvement fraud or of
4 fraudulent acts related to home improvement:

5 (1) the person shall notify the Office of Attorney General;

6 (2) the court shall notify the Office of the Attorney General; and

7 (3) the Office of Attorney General shall place the person's name on the
8 Home Improvement and Nonresidential Improvement Fraud Registry.

9 (d)(1) A person who violates subsection (b) of this section shall be
10 imprisoned not more than two years or fined not more than \$1,000.00, or both,
11 if the loss to a single consumer is less than \$1,000.00.

12 (2) A person who is convicted of a second or subsequent violation of
13 subdivision (1) of this subsection shall be imprisoned not more than three years
14 or fined not more than \$5,000.00, or both.

15 (3) A person who violates subsection (b) of this section shall be
16 imprisoned not more than three years or fined not more than \$5,000.00, or
17 both, if:

18 (A) the loss to a single consumer is \$1,000.00 or more; or

19 (B) the loss to more than one consumer is \$2,500.00 or more in the
20 aggregate.

1 (4) A person who is convicted of a second or subsequent violation of
2 subdivision (3) of this subsection shall be imprisoned not more than five years
3 or fined not more than \$10,000.00, or both.

4 (5) A person who violates subsection (c) or (e) of this section shall be
5 imprisoned for not more than two years or fined not more than \$1,000.00,
6 or both.

7 (e) A person who is sentenced pursuant to subdivision (d)(2), (3), or (4) of
8 this section, subdivision of 2029a(d)(2), (3), or (4) of this title, or convicted of
9 fraudulent acts related to home improvement, may engage in home
10 improvement activities for compensation only if:

11 (1) the work is for a company or individual engaged in home
12 improvement activities or nonresidential improvement activities, and the
13 person first notifies the company or individual of the conviction and notifies
14 the Office of Attorney General of the person's current address and telephone
15 number; the name, address, and telephone number of the company or
16 individual for whom the person is going to work; and the date on which the
17 person will start working for the company or individual; or

18 (2) the person notifies the Office of Attorney General of the intent to
19 engage in home improvement activities or nonresidential improvement
20 activities, and that the person has filed a surety bond or an irrevocable letter of

1 credit with the Office in an amount of not less than \$50,000.00, and pays on a
2 regular basis all fees associated with maintaining such bond or letter of credit.

3 (f) The Office of Attorney General shall release the letter of credit at such
4 time when:

5 (1) any claims against the person relating to home improvement fraud or
6 nonresidential improvement fraud have been paid;

7 (2) there are no pending actions or claims against the person for home
8 improvement fraud or nonresidential improvement fraud; and

9 (3) the person has not been engaged in home improvement activities or
10 nonresidential improvement activities for at least six years and has signed an
11 affidavit so attesting.

12 Sec. 2. 13 V.S.A. § 2029a is added to read:

13 § 2029a. NONRESIDENTIAL IMPROVEMENT FRAUD

14 (a) As used in this section, “nonresidential improvement” includes the
15 fixing, replacing, remodeling, removing, renovation, alteration, conversion,
16 improvement, demolition, or rehabilitation of or addition to any building or
17 land, or any portion thereof, which is used or designed to be used as a business,
18 office, or municipal building or unit. Nonresidential improvement shall
19 include the construction, replacement, installation, paving, or improvement of
20 driveways, parking lots, signs, roofs, and sidewalks, and the limbing, pruning,

1 and removal of trees or shrubbery and other improvements to structures or
2 upon land that is adjacent to a business, office, or municipal building or unit.

3 (b) A person commits the offense of nonresidential improvement fraud
4 when he or she enters into a contract or agreement, written or oral, for
5 \$1,000.00 or more, with an owner for nonresidential improvement, or into
6 several contracts or agreements for \$5,000.00 or more in the aggregate, with
7 more than one owner for nonresidential improvement, and he or she
8 knowingly:

9 (1) fails to perform the contract or agreement, in whole or in part, and,
10 when the owner requests performance or a refund of payment made, the person
11 fails to either:

12 (A) refund the payment; or

13 (B) make and comply with a definite plan for completion of the work
14 that is agreed to by the owner;

15 (2) misrepresents a material fact relating to the terms of the contract or
16 agreement or to the condition of any portion of the property involved;

17 (3) uses or employs any unfair or deceptive act or practice in order to
18 induce, encourage, or solicit such person to enter into any contract or
19 agreement or to modify the terms of the original contract or agreement; or

20 (4) when there is a declared state of emergency, charges for goods or
21 services related to the emergency a price that exceeds two times the average

1 price for the goods or services and the increase is not attributable to the
2 additional costs incurred in connection with providing those goods or services.

3 (c) Whenever a person is convicted of nonresidential improvement fraud:

4 (1) the person shall notify the Office of Attorney General;

5 (2) the court shall notify the Office of the Attorney General; and

6 (3) the Office of Attorney General shall place the person's name on the

7 Home Improvement and Nonresidential Improvement Fraud Registry.

8 (d)(1) A person who violates subsection (b) of this section shall be
9 imprisoned not more than two years or fined not more than \$1,000.00, or both,
10 if the loss to a single consumer is less than \$1,000.00.

11 (2) A person who is convicted of a second or subsequent violation of
12 subdivision (1) of this subsection shall be imprisoned not more than three years
13 or fined not more than \$5,000.00, or both.

14 (3) A person who violates subsection (b) of this section shall be
15 imprisoned not more than three years or fined not more than \$5,000.00, or
16 both, if:

17 (A) the loss to a single consumer is \$1,000.00 or more; or

18 (B) the loss to more than one consumer is \$2,500.00 or more in the
19 aggregate.

1 (4) A person who is convicted of a second or subsequent violation of
2 subdivision (3) of this subsection shall be imprisoned not more than five years
3 or fined not more than \$10,000.00, or both.

4 (5) A person who violates subsection (c) or (e) of this section shall be
5 imprisoned for not more than two years or fined not more than \$1,000.00, or
6 both.

7 (e) A person who is sentenced pursuant to subdivision (d)(2), (3), or (4) of
8 this section or subdivision 2029(d)(2), (3), or (4) of this title may engage in
9 home improvement activities or nonresidential improvement activities for
10 compensation only if:

11 (1) the work is for a company or individual engaged in home
12 improvement activities or nonresidential improvement activities, and the
13 person first notifies the company or individual of the conviction and notifies
14 the Office of Attorney General of the person's current address and telephone
15 number; the name, address, and telephone number of the company or
16 individual for whom the person is going to work; and the date on which the
17 person will start working for the company or individual; or

18 (2) the person notifies the Office of Attorney General of the intent to
19 engage in home improvement activities or nonresidential improvement
20 activities, and that the person has filed a surety bond or an irrevocable letter of

1 credit with the Office in an amount of not less than \$50,000.00, and pays on a
2 regular basis all fees associated with maintaining such bond or letter of credit.

3 (f) The Office of Attorney General shall release the letter of credit at such
4 time when:

5 (1) any claims against the person relating to home improvement fraud or
6 nonresidential improvement fraud have been paid;

7 (2) there are no pending actions or claims against the person for home
8 improvement fraud or nonresidential improvement fraud; and

9 (3) the person has not been engaged in home improvement activities or
10 nonresidential improvement activities for at least six years and has signed an
11 affidavit so attesting.

12 * * * Residential Construction Contracts * * *

13 Sec. 3. 9 V.S.A. chapter 102 is amended to read:

14 CHAPTER 102. CONSTRUCTION CONTRACTS

15 § 4001. DEFINITIONS

16 As used in this chapter:

17 (1) “Contractor” means a person or entity which contracts with an owner
18 to perform work, or provide materials or machinery necessary to perform work
19 on real property.

20 (2) “Work” means:

1 (A) to build, alter, repair, or demolish any improvement on,
2 connected with, or on or beneath the surface of any real property, or to
3 excavate, clear, grade, fill, or landscape any real property or to construct
4 driveways, private roadways, highways and bridges, drilled wells, septic,
5 sewage systems, utilities, including trees and shrubbery, or to furnish
6 materials, for any of such purposes, or to perform any labor upon real property;
7 and. ~~”Work” also includes~~

8 (B) to provide any design or other professional or skilled services
9 rendered by architects, engineers, land surveyors, landscape architects, and
10 construction managers.

11 (3) “Owner” means a person or entity having an interest in real property
12 on which work is performed, if the person or entity has agreed to or requested
13 such work. “Owner” includes successors in interest of the owner and agents of
14 the owner acting within their authority. “Owner” shall also include the State of
15 Vermont and instrumentalities and subdivisions of the State of Vermont
16 including municipalities and school districts having an interest in such real
17 property.

18 (4) “Real property” means real estate, including lands, leaseholds,
19 tenements and hereditaments, and improvements placed thereon.

20 (5) “Construction contract” means any agreement, whether written or
21 oral, to perform work on any real property located within the State of Vermont.

1 (6) “Subcontractor” means any person or entity which has contracted to
2 perform work, or provide materials or machinery necessary to perform work
3 for a contractor or another subcontractor in connection with a construction
4 contract.

5 (7) “Delivery” means receipt by addressee, including first class,
6 registered, or certified mail, hand delivered or transmitted by facsimile
7 machine. Mail, properly addressed, shall be deemed delivered three days from
8 the day it was sent.

9 (8) “Billing period” means the period agreed to by the parties or, in the
10 absence of an agreement, the calendar month within which work is performed.

11 (9) “Residential home improvement contract” means a contract between
12 a contractor and an owner for work on residential real estate where the
13 estimated value of the work and materials exceeds \$5,000.00.

14 (10) “Residential real estate” means a residential structure with one to
15 four dwelling units and the real property on which it is constructed.

16 * * *

17 § 4010. RESIDENTIAL HOME IMPROVEMENT CONTRACTS

18 (a) Writing required. A residential home improvement contract, and any
19 amendment to the contract, shall be in writing.

20 (b) Required provisions. A residential home improvement contract shall
21 include the following:

1 (1) Contract price. One of the following provisions for the price of
2 the contract:

3 (A) a maximum price for all work and materials;

4 (B) a statement that billing and payment will be made on a time and
5 materials basis, not to exceed a maximum price; or

6 (C) a statement that billing and payment will be made on a time and
7 materials basis and that there is no maximum price.

8 (2) Work dates. A start date and a completion date for work.

9 (3) Scope of work. A description of the work to be performed and a
10 description of the materials to be used.

11 (4) Warranty. A provision that reads: “In addition to any other
12 warranties agreed to by the parties, the contractor warrants that his or her work
13 is free from faulty materials and is performed in a skillful manner according to
14 the standards of the building code applicable for this location or to a higher
15 standard agreed to by the parties.”

16 (5) Change order.

17 (A) Unless a residential home improvement contract specifies that
18 billing and payment will be made on a time and materials basis and that there
19 is no maximum price, subject to subdivision (5)(B) of this subsection, a
20 provision that the contractor shall not perform any work or procure materials in

1 excess of the maximum price of the contract without prior written approval of
2 the owner.

3 (B) The contract may provide that an owner can approve a change
4 order verbally or by electronic communication, provided that the owner and
5 contractor shall memorialize the approval in a signed writing within three days
6 of the approval.

7 (c) Down payment. Unless a residential home improvement contract
8 specifies that billing and payment will be made on a time and materials basis
9 and that there is no maximum price, the contract may require a down payment
10 of up to one-third of the maximum price of the contract, or the price of
11 materials, whichever is greater.

12 (d) Enforcement and remedies.

13 (1) A residential home improvement contract shall not include a binding
14 arbitration requirement or any other provision under which an owner waives
15 his or her right to pursue civil remedies to enforce the contract or resolve a
16 dispute with the contractor.

17 (2) A person who violates or fails to comply with a provision of this
18 chapter commits an unfair and deceptive act in commerce in violation of
19 section 2453 of this title.

20 * * * Home Loan Escrow Accounts * * *

21 Sec. 4. 8 V.S.A. § 10404 is amended to read:

1 § 10404. HOME LOAN ESCROW ACCOUNTS

2 (a) As used in this section:

3 (1) “Borrower” means one or more natural persons who are obligated to
4 make escrow account payments under the terms of a loan agreement secured
5 by residential real estate occupied by the borrower.

6 (2) “Escrow account” means an account into which a borrower is
7 required under the terms of a residential real estate loan agreement to make
8 periodic payments of property taxes, insurance premiums, or other similar
9 charges.

10 (3) “Lender” means a person who services or holds the beneficial
11 interest in a loan secured by residential real estate located in this State and who
12 requires periodic payments by a borrower into an escrow account in
13 accordance with the provisions of a residential real estate loan agreement.

14 (b) A lender shall pay into an escrow account for the benefit of the
15 borrower interest on funds deposited into the account under the same
16 conditions as the lender’s regular savings account, if offered, and otherwise at
17 a rate not less than the prevailing market rate of interest for regular savings
18 accounts offered by local financial institutions, calculated on the basis of the
19 average monthly balance in the account and credited on the first day of each
20 quarter. This subsection shall not apply when a lender requires payment into
21 an escrow account because a borrower has failed, within the past year, to make

1 timely payments for property taxes and insurance in accordance with the
2 provisions of the loan agreement.

3 (c) A lender shall not require a borrower to deposit into an escrow account
4 any greater sum than is sufficient to pay taxes, insurance premiums, and other
5 charges with respect to the residential real estate, subject to the following
6 additional charges:

7 (1) a lender may require aggregate annual deposits no greater than the
8 reasonably estimated total annual charges plus one-twelfth of such total; and

9 (2) a lender may require monthly deposits no greater than one-twelfth of
10 the reasonably estimated total annual charges plus an amount needed to
11 maintain an additional account balance no greater than one-twelfth of such
12 total.

13 (d) A lender shall make timely payments of all charges with respect to the
14 residential real estate payable from the escrow account.

15 (e) The lender shall maintain escrow account funds in a federally insured
16 depository institution.

17 (f) With respect to borrowers who have maintained escrow accounts in
18 accordance with the provisions of the loan agreement, the lender shall be
19 primarily obligated for the payment of any municipal or county taxes,
20 insurance premiums, or other similar charges with respect to the residential

1 real estate, and any penalties attributable to the lender's late payment of such
2 charges.

3 (g)(1) The lender shall review municipal and county property tax bills
4 quarterly for a Vermont resident with an escrow account and, if a property tax
5 bill has been revised since the date of the last annual escrow account analysis,
6 the lender shall, within 30 days of receiving notice of the revised tax bill,
7 conduct a new escrow account analysis and recalculate the borrower's monthly
8 escrow payment.

9 (2) Upon notice from a borrower that his or her property tax bill has
10 been revised, the lender shall review the property tax bill and upon verifying
11 that it has been revised since the date of the last escrow account analysis, the
12 lender shall, within 30 days of receiving notice from the borrower, conduct a
13 new escrow account analysis and recalculate the borrower's monthly escrow
14 payment accordingly.

15 (3) The lender shall provide annually, or upon request of the borrower,
16 financial statements relating to the borrower's escrow account in a manner and
17 on a form approved by the Commissioner whenever an escrow account
18 analysis is conducted or a borrower requests such information. The lender
19 shall not charge the borrower for the preparation and transmittal of such
20 statements.

1 (h) A borrower aggrieved by a violation of the provisions of this section, or
2 a rule adopted by the Commissioner in connection with this section, may bring
3 an action for injunctive relief, three times the amount of any interest unpaid in
4 violation of this section, other damages, costs, and reasonable attorneys' fees.
5 The Commissioner may bring an action in the Superior Court of Washington
6 County for injunctive relief, restitution, and any administrative costs and
7 attorneys' fees incurred as a result of a violation of this section.

8 * * * Fantasy Sports Contests * * *

9 Sec. 5. 9 V.S.A. chapter 116 is added to read:

10 CHAPTER 116. FANTASY SPORTS CONTESTS

11 § 4185. DEFINITIONS

12 As used in this chapter:

13 (1) “Confidential fantasy sports contest information” means nonpublic
14 information available to a fantasy sports operator that relates to a fantasy sports
15 player’s activity in a fantasy sports contest and that, if disclosed, may give
16 another fantasy sports player an unfair competitive advantage in a fantasy
17 sports contest.

18 (2) “Fantasy sports contest” means a virtual or simulated sporting event
19 governed by a uniform set of rules adopted by a fantasy sports operator in
20 which:

1 (A) a fantasy sports player may earn one or more cash prizes or
2 awards, the value of which a fantasy sports operator discloses in advance of the
3 contest;

4 (B) a fantasy sports player uses his or her knowledge and skill of
5 sports data, performance, and statistics to create and manage a fantasy sports
6 team;

7 (C) a fantasy sports team earns fantasy points based on the sports
8 performance statistics accrued by individual athletes or teams, or both, in real
9 world sporting events;

10 (D) the outcome is determined by the number of fantasy points
11 earned; and

12 (E) the outcome is not determined by the score, the point spread, the
13 performance of one or more teams, or the performance of an individual athlete
14 in a single real world sporting event.

15 (3) “Fantasy sports operator” means a person that offers to members of
16 the public the opportunity to participate in a fantasy sports contest for
17 consideration.

18 (4) “Fantasy sports player” means an individual who participates in a
19 fantasy sports contest for consideration.

20 § 4186. CONSUMER PROTECTION

21 (a) A fantasy sports operator shall adopt policies and procedures to:

1 (1) prevent participation in a fantasy sports contest he or she offers with
2 a cash prize of \$5.00 or more by:

3 (A) the fantasy sports operator;

4 (B) an employee of the fantasy sports operator or a relative of the
5 employee who lives in the same household; or

6 (C) a professional athlete or official who participates in one or more
7 real world sporting events in the same sport as the fantasy sports contest;

8 (2) prevent the disclosure of confidential fantasy sports contest
9 information to an unauthorized person;

10 (3) require that a fantasy sports player is 18 years of age or older, and
11 verify the age of each player using one or more commercially available
12 databases, which primarily consist of data from government sources and which
13 government and business regularly use to verify and authenticate age and
14 identity;

15 (4) limit and disclose to prospective players the number of entries a
16 fantasy sports player may submit for each fantasy sports contest; and

17 (5) segregate player funds from operational funds, and maintain a
18 reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a
19 bond, or a combination thereof in an amount that equals or exceeds the amount
20 of deposits in fantasy sports player accounts, for the benefit and protection of
21 fantasy sports player funds held in their accounts.

1 (b) A fantasy sports operator shall have the following duties:

2 (1) The operator shall provide a link on its website to information and
3 resources addressing addiction and compulsive behavior and where to seek
4 assistance with these issues in Vermont and nationally.

5 (2)(A) The operator shall enable a fantasy sports player to restrict
6 irrevocably his or her own ability to participate in a fantasy sports contest, for a
7 period of time the player specifies, by submitting a request to the operator
8 through its website or by online chat with the operator’s agent.

9 (B) The operator shall provide to a player who self-restricts his or her
10 participation information concerning:

11 (i) available resources addressing addiction and compulsive
12 behavior;

13 (ii) how to close an account and restrictions on opening a new
14 account during the period of self-restriction;

15 (iii) requirements to reinstate an account at the end of the
16 period; and

17 (iv) how the operator addresses reward points and account
18 balances during and after the period of self-restriction, and when the player
19 closes his or her account.

20 (3) The operator shall provide a player access to the following
21 information for the previous six months:

1 (A) a player’s play history, including money spent, games played,
2 previous line-ups, and prizes awarded;

3 (B) a player’s account details, including deposit amounts, withdrawal
4 amounts, and bonus information, including amounts remaining for a pending
5 bonus and amounts released to the player.

6 (c)(1) A fantasy sports operator shall contract with a third party to perform
7 an annual independent audit, consistent with the standards established by the
8 Public Company Accounting Oversight Board, to ensure compliance with the
9 requirements in this chapter.

10 (2) The fantasy contest operator shall submit the results of the
11 independent audit to the Attorney General.

12 § 4187. PENALTY

13 A person who violates a provision of this chapter shall be subject to a civil
14 penalty of not more than \$1,000.00 for each violation, which shall accrue to
15 the State and may be recovered in a civil action brought by the Attorney
16 General.

17 § 4188. EXEMPTION

18 The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries,
19 shall not apply to a fantasy sports contest.

20 Sec. 6. 9 V.S.A. chapter 58 is added to read:

21 CHAPTER 58. VERMONT AUTOMOBILE REPOSSESSION ACT

1 § 2341. FINDINGS AND PURPOSE

2 (a) The General Assembly finds:

3 (1) Living in a rural State, Vermonters rely heavily on automobiles for
4 their personal and professional obligations.

5 (2) Vermont consumers who have purchased an automobile through an
6 extension of credit, or who have leased an automobile, may fall behind on
7 payments, and default may occur more frequently during difficult economic or
8 emotional times.

9 (3) Vermont consumers should be allowed an opportunity to cure a
10 default on the loan or lease within a reasonable time before an automobile is
11 repossessed.

12 (b) The purpose of this chapter is to ensure that:

13 (1) Vermont consumers are allowed to cure a default on a loan or lease
14 within the time provided in this chapter.

15 (2) If a Vermont consumer is unable to cure a default, and the secured
16 party or lessor repossesses the automobile, the repossession cannot take place
17 unless without a breach of the peace.

18 (3) In the event of repossession, a consumer is allowed to redeem the
19 automobile within the time provided by this chapter.

20 (4) The secured party who holds title to the automobile, or the lessor,
21 shall be allowed to dispose of the automobile after repossession in order to

1 recover the fair market value of the vehicle and expenses from the repossession
2 according to the provisions of this chapter and any other applicable laws of this
3 State.

4 § 2342. DEFINITIONS

5 As used in this chapter:

6 (1) “Automobile” means a passenger motor vehicle that is purchased,
7 leased, or registered in the State of Vermont and shall not include tractors,
8 motorized highway building equipment, road-making appliances,
9 snowmobiles, the living portion of recreation vehicles, or trucks with a gross
10 vehicle weight rating over 12,000 pounds, and that is used or bought for use
11 primarily for personal, family, or household purposes.

12 (2) “Automobile lease agreement” means the bargain, with respect to the
13 lease, of the lessor and the consumer in fact as found in their language. The
14 term includes a sublease agreement.

15 (3) “Automobile loan agreement” means a transaction that creates or
16 provides for a security interest in an automobile in which:

17 (A) a consumer incurs an obligation primarily for personal, family, or
18 household purposes;

19 (B) a security interest secures the obligation; and

20 (C) the automobile is held or acquired primarily for personal, family,
21 or household purposes.

1 (4) “Consumer”:

2 (A) means a natural person in an automobile lease agreement who
3 acquires, applies for, or is offered the right to possession and use of an
4 automobile, and includes his or her legal representative, fiduciary, executor,
5 administrator, or successor in interest, but does not include a guarantor on a
6 consumer lease; or

7 (B) means a natural person, and his or her legal representative,
8 fiduciary, executor, administrator, or successor in interest, who, with respect to
9 an obligation secured by a security interest in the automobile:

10 (i) owes payment or other performance of the obligation;

11 (ii) has provided property other than the collateral to secure
12 payment or other performance of the obligation; or

13 (iii) is otherwise accountable in whole or part for payment or other
14 performance of the obligation; and

15 (C) does not include issuers or nominated persons under a letter of
16 credit.

17 (5) “Lessor” means a person who transfers the right to possession and
18 use of an automobile under an automobile lease agreement. Unless the context
19 clearly indicates otherwise, the term includes a sublessor.

20 (6) “Secured party” means a person or business that holds a security
21 interest arising under an automobile loan agreement.

1 § 2343. DEFAULT; NOTICE; RIGHT TO CURE; REINSTATEMENT

2 (a) The default provisions of a consumer automobile lease agreement or
3 automobile loan agreement are enforceable only to the extent that:

4 (1) the consumer does not make one or more payments required by the
5 lease or loan agreement; or

6 (2) the lessor or secured party establishes that the prospect of payment,
7 performance, or realization of the lessor's or secured party's interest in the
8 automobile is significantly impaired.

9 (b)(1) After a default under an automobile lease agreement or automobile
10 loan agreement by the consumer, the lessor or secured party shall not
11 accelerate, take judicial action to collect, or repossess the automobile until the
12 lessor or secured party gives the consumer the notice required by this section
13 and the consumer does not cure the default in the time allowed under this
14 section.

15 (2) A lessor or secured party may initiate a procedure to cure by sending
16 to the consumer, at any time after the consumer has been in default for 10 days,
17 a notice of the right to cure the default.

18 (3) The notice shall be delivered via certified mail, return receipt
19 requested, or via first-class mail, at the consumer's address last known to the
20 lessor or secured party.

1 (4) The time when notice is given shall be deemed to be upon actual
2 delivery of the notice to the consumer or three business days following the
3 mailing of the notice to the consumer at the consumer’s address last known to
4 the lessor or secured party.

5 (c) The notice shall be in writing and shall conspicuously state the rights of
6 the consumer upon default in substantially the following form:

7 (1) The heading shall read: “Rights of Defaulting Consumer under
8 Vermont Law.”

9 (2) The body of the notice shall read:
10 “You may cure your default in (describe automobile lease or loan agreement in
11 a manner enabling the consumer to identify it) by paying to (name and address
12 of lessor or secured party) (amount due) before (date that is at least 21 days
13 after notice is delivered).

14 “If you pay this amount within the time allowed, you are no longer in default
15 and may continue with the automobile (lease or loan) agreement as though no
16 default has occurred.

17 “If you do not cure your default by the date stated above, the lessor or secured
18 party may sue you to obtain a judgment for the amount of the debt and may
19 take possession of the automobile.

20 “If the lessor or secured party takes possession of the automobile, you may get
21 it back by paying the full amount of your debt plus any reasonable expenses

1 incurred by the lessor or secured party if you make the required payment
2 within 20 days after the lessor or secured party takes possession.

3 “If (the secured party) sells the vehicle repossessed from the consumer for an
4 amount exceeding the amount outstanding on the automobile (loan) agreement,
5 including reasonable expenses related to judicial action and or repossession,
6 the excess funds shall be returned promptly to the defaulting consumer.

7 “You have the right to cure a default only once in any 12-month period during
8 the automobile (lease or loan) agreement.

9 “If you default again within the next 12 months in making your payments, we
10 may exercise our rights without sending you another right-to-cure notice.

11 “If you have questions, telephone (name of lessor or secured party) at
12 (telephone number).”

13 (d)(1) Within the period for cure stated in the notice under this section, the
14 consumer may cure the default by tendering the amount of all unpaid sums due
15 at the time of tender, including any unpaid delinquency or default charges, but
16 without additional security deposit or prepayment of period payments not
17 yet due.

18 (2) Cure restores the rights of the lessor or secured party and consumer
19 under the automobile loan agreement or automobile lease agreement as if the
20 default had not occurred.

1 (e) A consumer has the right to cure only once in any 12-month period
2 during the automobile lease agreement or automobile loan agreement.

3 § 2344. REPOSSESSION OF AUTOMOBILE AS A RESULT OF
4 DEFAULT UNDER A LOAN OR LEASE AGREEMENT

5 (a)(1) A lessor or secured party under a consumer automobile lease
6 agreement or automobile loan agreement may take possession of the
7 automobile.

8 (2) In taking possession, the lessor or secured party may proceed only if
9 the possession can be obtained without a breach of the peace.

10 (b) The consumer under an automobile lease agreement or automobile loan
11 agreement may redeem the automobile from the lessor or secured party and
12 have the automobile lease agreement or automobile loan agreement reinstated
13 at any time within 20 days of the lessor's or secured party's taking possession
14 of the automobile, or thereafter until the lessor or secured party has either
15 disposed of the automobile, entered into a contract for its disposition, or gained
16 the right to retain the automobile.

17 (c) The lessor or secured party may, after gaining possession of the
18 automobile, sell or otherwise dispose of the automobile after the 20-day
19 redemption period provided for in subsection (b) of this section.

20 § 2345. STATUTE OF LIMITATIONS

1 (a) An action for default under an automobile lease agreement or
2 automobile loan agreement, including breach of warranty or indemnity, must
3 be commenced within two years after the cause of action accrued.

4 (b) By the original lease or loan agreement, the parties may reduce the
5 period of limitation to not less than one year.

6 Sec. 7. PROSPECTIVE APPLICATION

7 Sec. 6 of this act shall apply only to a loan or lease agreement that is
8 executed or renewed on or after July 1, 2017.

9 Sec. 8. EFFECTIVE DATE

10 This act shall take effect on July 1, 2017.