

SENATE No. 2945

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Fourth General Court
(2025-2026)

SENATE, February 5, 2026.

The committee on Senate Ways and Means to whom was referred the Senate Bill modernizing protections for consumers in automobile transactions (Senate, No. 228), - reports, recommending that the same ought to pass with an amendment substituting a new draft with the same title (Senate, No. 2945).

For the committee,
Michael J. Rodrigues

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In the One Hundred and Ninety-Fourth General Court
(2025-2026)

An Act modernizing protections for consumers in automobile transactions.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 7N of chapter 90 of the General Laws, as appearing in the 2024
2 Official Edition, is hereby amended by striking out, in line 3, the words “such sale” and inserting
3 in place thereof the following word:- delivery.

4 SECTION 2. Said section 7N of said chapter 90, as so appearing, is hereby further
5 amended by striking out, in lines 9 and 13, the word “sale” and inserting in place thereof, in each
6 instance, the following word:- delivery.

7 SECTION 3. Paragraph (B) of subsection (2) of section 7N¼ of said chapter 90, as so
8 appearing, is hereby amended by striking out clauses (i) to (iii), inclusive, and inserting in place
9 thereof the following 3 clauses:-

10 (i) For a used motor vehicle which, at the time of sale, has been operated less than 50,000
11 miles, 90 days or 3,750 miles, whichever occurs first; provided, however, that said 90-day or
12 3,750-mile warranty shall be in addition to any right the consumer may have under section 7N½.

(ii) For a used motor vehicle which, at the time of sale, has been operated 50,000 miles or more but less than 100,000 miles, 60 days or 2,500 miles, whichever occurs first.

(iii) For a used motor vehicle which, at the time of sale, has been operated 100,000 miles or more but less than 175,000 miles, 30 days or 1,250 miles, whichever occurs first.

SECTION 4. Section 58 of chapter 140 of the General Laws, as so appearing, is hereby amended by striking out, in line 32, the figure “\$25,000” and inserting in place thereof the following figure:- \$50,000.

SECTION 5. Subsection (c) of said section 58 of said chapter 140, as so appearing, is hereby further amended by striking out paragraph (2) and inserting in place thereof the following paragraph:-

(2) Any person, or the attorney general, may make a claim for recovery against the bond for an act or omission on which the bond is conditioned if the act or omission occurred during the term of the bond; provided, however, that any bond shall provide that no claim shall be made against the bond unless the claimant provides the bondholder notice of the claim within 1 year after the event giving rise to the claim.

SECTION 6. Said subsection (c) of said section 58 of said chapter 140, as so appearing, is hereby further amended by adding the following paragraph:-

(9) The attorney general may recover from the bond or its equivalent on behalf of a person or a class of persons who suffer loss under clauses (i) to (vi), inclusive, of paragraph (1).

SECTION 7. Section 1 of chapter 255B of the General Laws, as so appearing, is hereby amended by striking out the definition of “holder” and inserting in place thereof the following definitions:-

“Holder”, the retail seller of the motor vehicle under or subject to a retail instalment contract or lease agreement or, if the contract is purchased by a financing agency or other assignee, the sales finance company or other assignee.

“Lease agreement” or “lease”, a contract, signed by the lessee in the commonwealth, that includes payment for the use of a motor vehicle for a period of time not less than 4 months.

“Lessee”, a person, who executes a lease agreement or lease on a motor vehicle for use primarily for personal, family or household purposes or any legal successor in interest to such person.

SECTION 8. Said section 1 of said chapter 255B, as so appearing, is hereby further amended by striking out the definition of “retail instalment contract” or “contract” and inserting in place thereof the following definition:-

“Retail instalment contract” or “contract”, an agreement, signed by the buyer in the commonwealth, pursuant to which the title to, the property in or a lien upon a motor vehicle, which is the subject matter of a retail instalment sale, is retained or taken by a retail seller from a retail buyer as security, in whole or in part, for the buyer’s obligation. The term shall include a chattel mortgage, a conditional sales contract and a contract for the bailment of a motor vehicle by which the bailee contracts to pay as compensation for its use a sum substantially equivalent to or in excess of its value and by which it is agreed that the bailee is bound to become, or has the

option of becoming, the owner of the motor vehicle upon full compliance with the terms of the contract.

SECTION 9. Said section 1 of said chapter 255B, as so appearing, is hereby further amended by striking out the definition of “retail seller” or “seller” and inserting in place thereof the following definition:-

“Retail seller” or “seller”, a person who sells or leases a motor vehicle to a retail buyer or lessee under or subject to a retail instalment contract or lease agreement.

SECTION 10. Said chapter 255B is hereby further amended by striking out section 20A, as so appearing, and inserting in place thereof the following section:-

Section 20A. (a) An agreement of the parties in a retail instalment contract or lease agreement defining default is enforceable only to the extent that the default is material and consists of the buyer’s or lessee’s failure to make at least 1 installment as required by the agreement or the occurrence of an event which substantially impairs the value of the collateral or leased vehicle.

(b) After a default by a buyer or lessee under a consumer credit transaction or lease agreement, the secured creditor or lessor may not bring an action against the buyer or lessee, proceed against the collateral or the leased vehicle until the secured creditor or lessor gives the buyer or lessee the notice described in this section. Such notice shall be deemed to be delivered when delivered to the debtor or when mailed to the debtor at the debtor’s address last known to the secured creditor or lessor. If a buyer or lessee cures a default after receiving notice and again defaults, the secured creditor or lessor shall give another notice before bringing an action or proceeding against the collateral or the leased vehicle with respect to the subsequent default, but

no notice shall be required in connection with a subsequent default if, within the period commencing on the date of the consumer credit transaction or lease agreement subject to this section and the date of the subsequent default, the debtor has cured a default after notice not less than 3 times.

(c) Notice given pursuant to this section shall be in writing and shall be given to the buyer or lessee not less than 10 days after the default and shall conspicuously state the rights of the buyer or lessee upon default in substantially the following form:

The heading shall read:—"Rights of Defaulting Buyer or Lessee under the Massachusetts Motor Vehicle Installment Sales Act."

The body of the notice shall read:—"You may cure your default in (describe transaction in a manner enabling buyer or lessee to identify it) by paying to (name and address of secured creditor or lessor) (amount due) before (date which is at 21 days after notice is mailed). If you pay this amount within the time allowed, you are no longer in default and may proceed with the transaction as though no default had occurred.

If you do not cure your default by the date stated above, the creditor or lessor may sue you to obtain a judgment for the amount of the debt or, if applicable, may take possession of the collateral or leased vehicle.

If the creditor or lessor takes possession of the collateral or leased vehicle, if any, you may get it back by paying the full amount of your debt plus any reasonable expenses incurred by the creditor or lessor if you make the required payment within 20 days after the creditor or lessor takes possession."

(d) During the 21-day period after delivery of the notice pursuant to this section, the secured creditor or lessor shall not, because of that default, accelerate the unpaid balance of the obligation, bring action against the buyer or lessee or proceed against the collateral or the leased vehicle.

(e) Unless the secured creditor or lessor has first notified the buyer or lessee that the secured creditor or lessor has elected to accelerate the unpaid balance of the obligation because of default, brought action against the buyer or lessee or proceeded against the collateral or leased vehicle, the buyer or lessee may cure a default consisting of a failure to pay money by tendering the amount of all unpaid sums due at the time of tender, without acceleration, plus any unpaid delinquency or deferral charges. Such a cure shall restore the buyer or lessee to the buyer's or lessee's rights under the agreement as though the default had not occurred subject to subsection (b).

SECTION 11. Section 20B of said chapter 255B, as so appearing, is hereby amended by striking out subsections (a) to (c), inclusive, and inserting in place thereof the following 3 subsections:-

(a) Subject to this section and section 20A, a secured creditor or lessor under a consumer credit transaction or lease agreement may take possession of collateral or a leased vehicle. In taking possession, the secured creditor or lessor under a consumer credit transaction or lease agreement may proceed without a prior hearing only if: (i) the default is material and consists of the debtor's failure to make at least 1 payment as required by the agreement or the occurrence of an event which substantially impairs the value of the collateral; and (ii) possession can be

obtained without use of force, without breach of peace and, unless the debtor consents to an entry at the time of such entry, without entry on property owned by or rented to the debtor.

(b) Except as provided in subsection (a), a secured creditor or lessor under a consumer credit transaction or lease agreement may proceed against collateral or a leased vehicle only after a prior hearing. In any proceeding where possession of the collateral is part of the relief sought by a holder, no court shall allow a secured creditor or lessor to take possession of collateral or a leased vehicle until the right of the secured creditor or lessor to take possession has been determined at a hearing at which the buyer or lessee has an opportunity to be heard, having been notified in writing of said hearing not less than 7 days in advance thereof.

(c) The buyer or lessee under a consumer credit transaction or lease agreement may redeem the collateral from the holder at any time within 20 days of the secured creditor's or lessor's taking possession of the collateral or thereafter until the secured creditor or lessor has either disposed of the collateral, entered into a contract for its disposition or gained the right to retain the collateral in satisfaction of the buyer's or lessee's obligation.