

SENATE . . . . . No. 26

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By Mr. McCarthy, a petition (accompanied by bill, Senate, No. 26) of Robert E. McCarthy for legislation to regulate certain consumer transactions. Banks and Banking.

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The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-seven.

AN ACT REGULATING CERTAIN CONSUMER 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 12F of chapter 255 of the General Laws,  
2 as inserted by chapter 457 of the acts of 1970, is hereby amend-  
3 ed by striking out the second paragraph and inserting in place  
4 thereof the following: —

5 A creditor in consumer loan transactions shall be subject to  
6 all of the claims and defenses of the borrower arising from the  
7 consumer sale or lease for which the proceeds of the loan are  
8 used, if the creditor knowingly participated in or was directly  
9 connected with the consumer sale or lease transaction. Re-  
10 covery hereunder by the borrower shall not exceed amounts  
11 paid by the borrower hereunder.

1 SECTION 2. Section 19A of chapter 255B of the General  
2 Laws, as inserted by chapter 343 of the acts of 1971, is hereby  
3 amended by striking out said section and inserting in place  
4 thereof the following: —

5 19A. The holder of a retail installment contract, or other  
6 person acting in his behalf, shall be subject to all of the claims  
7 and defenses, real and personal, which the retail buyer may  
8 have against the retail seller thereof. Recovery hereunder by  
9 the buyer shall not exceed amounts paid by the buyer here-  
10 under.

1 SECTION 3. Section 25A of chapter 255D of the General

2 Laws, as inserted by chapter 202 of the acts of 1970, is hereby  
3 amended by striking out said section and inserting in place  
4 thereof the following: —

5 25A. The holder of a retail installment sale agreement, or  
6 other person acting in his behalf, shall be subject to all de-  
7 fenses, real and personal, which the installment buyer may  
8 have against the installment seller thereof. Recovery here-  
9 under by the buyer shall not exceed amounts paid by the  
10 buyer hereunder.