

ALERT

Changes to the Used Car Rule

On November 10, 2016, the Federal Trade Commission (FTC) officially approved and implemented its final amendments to the Used Car Rule, which becomes effective on January 27, 2017. The Used Car Rule has been in place since 1985. Car dealers who sell or offer for sale, more than five used cars in a 12-month period must comply with the rule by posting a Buyers Guide on the cars that are for sale. A copy of the new Buyers Guide can be found online at <https://www.consumer.ftc.gov/articles/pdf-0083-buyers-guide.pdf>

The Buyers Guide discloses whether the dealer is offering to sell a used car “as is” or with a warranty. If the sale is with a warranty, the Buyers Guide discloses the warranty’s terms and conditions, including the duration of coverage, the percentage of total repair costs the dealer will pay, and the vehicle systems that the warranty covers. The FTC has revised the Buyers Guide by:

- Changing the description of an “As Is” sale;
- Placing boxes on the face of the Buyers Guide that dealers can check to indicate whether a vehicle is covered by a third-party warranty and whether a service contract may be available;
- Providing a box that dealers can check to indicate that an unexpired manufacturer’s warranty applies;
- Adding air bags and catalytic converters to the Buyers Guide’s list of major defects that may occur in used vehicles;
- Adding a statement that directs consumers to obtain a vehicle history report and to check for open recalls;
- Adding a statement, in Spanish, to the English-language Buyers Guide, advising Spanish-speaking consumers to ask for the Buyers Guide in Spanish if the dealer is conducting the sale in Spanish; and
- Providing a Spanish translation of the statement that dealers may use to obtain a consumer’s acknowledgement of receipt of the Buyers Guide.

The amended rule permits dealers to use their remaining stock of Buyers Guides for one year after the effective date of the amended rule. Any additional discount for parts or service the dealer may offer is not part of the warranty and must be disclosed on the Buyers Guide independently.

For further information, please contact Ron Smith or Joel Nagle at Bose McKinney & Evans LLP, 111 Monument Circle, Suite 2700, Indianapolis, IN 46204 (317) 684-5000.

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