



Better Business Bureau

Motor Vehicle

Advertising Standards

September 2011

Prepared by the Detroit Auto Dealers Association in cooperation with the
Better Business Bureau.

MOTOR VEHICLE ADVERTISING STANDARDS

Introduction / General Information

Procedures

Advertising Standards

Financial Issues

Special Discounts / Rebates

Lease Issues

MOTOR VEHICLE ADVERTISING STANDARDS

Motor Vehicle Advertising Standards

The Better Business Bureau (BBB) serving Eastern Michigan and the Upper Peninsula in conjunction with the Detroit Auto Dealers Association (DADA) and the Michigan Attorney General's Office, in response to advertising issues identified by the Attorney General's Office and the BBB, have developed the following Automotive Advertising Standards.

These basic principles of truthful and non-deceptive advertising are standards that members of the DADA have subscribed to, and agree to follow. These standards have been adopted by the BBB serving Eastern Michigan and the Upper Peninsula.

Compiled from 1987 through July 2011.

MOTOR VEHICLE ADVERTISING STANDARDS

General Information

Better Business Bureau

Serving Eastern Michigan and Upper Peninsula

248-223-9400

Melanie Duquesnel, President and CEO

Michelle Michels, Vice President of Operations

Advertising Review Department

Marsha Peskin

248-799-0339

Email: mpeskin@easternmichiganbbb.org

Consumer Information Department

Persons may receive information about companies and nonprofit soliciting organizations 24 hours a day, through the BBB's automated voice-response system. Consumer information specialists are available Monday through Friday, between 7:30 a.m. and 4:30 p.m. at 248.799.0340.

Alternative Dispute Resolution Department

Under this department, automobile complaints (alleging manufacturer defects only) are mediated and arbitrated. Participation of automobile manufacturers in BBB's AutoLine program is voluntary.

Trade Practices Department

Consumers who wish to file a complaint against a business may go to www.bbb.org and click on "File a Complaint" to file electronically and for fastest processing. Consumers may also call the BBB 24 hours a day, seven days a week, to request a complaint form. The BBB reviews all complaints and mediates those on which it can offer assistance. The BBB will also refer customers to an appropriate regulatory agency or other offices, as warranted.

For further information or questions regarding dispute resolution or arbitration services, contact Michelle Michels of the BBB at 248-799-0306.

MOTOR VEHICLE ADVERTISING STANDARDS

Procedures for Non-Compliance of the Motor Vehicle Advertising Standards

1. The Better Business Bureau (BBB) will monitor the marketplace through their field representative to determine if auto dealers are complying with the advertising standards.
2. The BBB will send an initial letter by email or fax to any dealer who is found to be violating the advertising standards. A copy of this letter will also be sent by US mail. This letter will advise the dealer of the BBB's position with respect to the dealer's advertising practices and ask the dealer to modify the advertisement, discontinue the same altogether, or provide explanations in support of the advertisement.
3. The dealer will be asked to respond to this letter within ten days of the email or fax transmittal. The BBB requires dealers to email or fax a copy of the revised advertisement or inform the BBB of the exact date the advertisement was modified or withdrawn.
4. The BBB will then monitor that dealer to determine if the particular violation continues.
5. If the BBB finds that the advertisement has not been modified, it will send the dealer a "Second Notice" by email or fax on the tenth day following the original communication. This notice will inform the dealer that a response is required by close of the following business day, or the matter will be referred to the Attorney General.
6. If the BBB does not receive a response to the "Second Notice," and the advertisement has not been modified, the BBB will send the dealer a final letter acknowledging that the BBB's requests for compliance to the Advertising Standards were not met and the issue will be referred to the Attorney General. **If the dealer commits the same violation within 30 days of the initial notification, the BBB will automatically refer the matter to the Attorney General without further notice to the dealer.**
7. Representatives of the BBB and the DADA shall periodically meet to determine whether the standards should be modified in light of a dealer advertising practice, enforcement efforts by the Attorney General's office or changes in the law, etc.

MOTOR VEHICLE ADVERTISING STANDARDS

Advertising Standards

1. Availability of Vehicles

A specific vehicle advertised for sale shall be in the possession of the advertiser and willingly shown and sold, as advertised, illustrated or described at the advertised price and terms. If the specific advertised vehicle is not available, the advertisement must clearly state that the specific vehicle is available by order only, with delivery to be made within a reasonable period of time. If a vehicle is available only by order, this condition must be disclosed clearly and conspicuously.

According to the Michigan Consumer Protection Act, “advertising goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity in immediate conjunction with the advertised goods or services” is prohibited.

The BBB advises dealers to be sure that they can meet reasonably expected public demand of sale priced cars, or state the number of vehicles available at the advertised price.

As a general guideline, the BBB suggests that when a dealer advertises a sale price and a total number of vehicles available, without disclosing which ones are available at the advertised price, at least 10% of the total number of vehicles should be available at the advertised price.

2. Inclusion in Price and Add-Ons

When the price of a vehicle is advertised, the vehicle shall be fully identified as to year, make and model. In addition, the stated price must include all charges, which the customer must pay for the vehicle, including, but not limited to, “dealer preparation,” “dealer handling,” “additional dealer profit,” “additional dealer margin,” and all dealer installed options if the vehicle is already so equipped. The advertised price need not include state and local taxes, tags, registration and title fees, or the document preparation fee that reflects the cost of services actually performed by the dealer in processing title and registration documents. Freight and/or destination charges may also be excluded from the advertised price, if the advertisement fully and prominently discloses this fact.

MOTOR VEHICLE ADVERTISING STANDARDS

3. Minimum Trade-In Allowances

Trade-in allowances will vary depending on the condition, model, and the age of a buyer's vehicle. Therefore, advertising may not use a minimum, specific, or guaranteed range for trade-ins.

Prohibited advertisements include, but are not limited to:

“Guaranteed (\$1,000) for your trade-in”

“At least (\$1,500) for your trade-in”

“We'll give you (\$1,000) for your trade, regardless of its condition”

“Push, pull or tow – we'll give you (\$1,000)”

4. Disclosure of Material Facts

When certain types of vehicles and transactions are advertised, either in print, or by electronic media, this standard requires disclosure of certain material facts. Any such disclosure must be made in a clear and conspicuous manner to minimize the possibility of misunderstanding by the audience. Factors to be taken into consideration include, but are not limited to, ad layout, headlines, illustrations, type, size contrast, crawl speed and editing. Commonly known abbreviations may be used in advertising; however, those not generally known shall be avoided.

In the Federal Trade Commission (FTC) case known as *In the Matter of Dunphy Nissan, Inc. et al.* (Docket No. C-3924, Decision and Order issued February 7, 2000), the FTC defines the phrase “clearly and conspicuously.”

“Clearly and conspicuously” shall mean as follows:

- In a television, video, radio, or internet or other electronic advertisement, an audio disclosure shall be delivered in a volume, cadence, and location sufficient for an ordinary consumer to hear and comprehend it. A video disclosure shall be of a size and shade, and shall appear on the screen for a duration and in a location sufficient for an ordinary consumer to read and comprehend it.
- In a print advertisement, a disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.

The disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement.

An asterisk {*} may be used to give additional information about a word or term. However, asterisks or other reference symbols should not be used as a means of contradicting or substantially changing the meaning of any advertised statements.

MOTOR VEHICLE ADVERTISING STANDARDS

- a. Vehicles in service prior to sale such as “demonstrators,” “executive or manufacturer’s,” “leased,” or “used or second hand,” shall be clearly identified as such.

The Michigan Vehicle Code defines a “New Motor Vehicle” as a “motor vehicle which is not and has not been a demonstrator, executive or manufacturer’s vehicle, leased vehicle, or a used or second hand vehicle.” MCL 257.33a. The Michigan Vehicle Code further notes, “[a] motor vehicle dealer shall not advertise or represent a motor vehicle to be a demonstrator, executive or manufacturer’s vehicle, leased vehicle, new motor vehicle, or used or secondhand vehicle unless the vehicle so described is as defined in this act.” MCL 257.248a.

- b. An advertisement for a motor vehicle lease should not be presented in a manner that a reasonable person would interpret as being an advertisement for the sale of a motor vehicle. Likewise, an advertisement for the sale of a motor vehicle should not be presented in a manner that a reasonable person would interpret as being an advertisement for a motor vehicle lease.
- c. When credit terms are advertised, they must comply fully with the specific disclosure requirements of the Credit Advertising Provisions of the Federal Consumer “Truth-In-Lending Act” and Regulation Z.
- d. When lease terms are advertised, they must comply with the specific disclosure requirements of the Lease Advertising Provisions of the Federal Consumer “Truth-In-Lending Act” and Regulation M.
- e. Advertisements offering specific credit and specific lease terms must state only those terms that actually are or will be arranged. 12 CFR 226.24(a) and 23 CFR 213.7(a).
- f. Representations in advertisements must not violate any provisions of the Michigan Consumer Protection Act, MCL 445.901 et seq.
- g. Representations in advertisements must not violate any provisions of: the Michigan Vehicle Code, MCL 257.1 et seq.; the Motor Vehicle Sales Finance Act, MCL 492.101 et seq.; the Motor Vehicle Installment Sales Contracts Act, MCL 566.301 et seq.; the Motor Vehicle Lease Contracts Act, MCL 445.991 et seq.
- h. New motor vehicle advertisements must comply with the requirements of the Monroney Sticker Law. 15 USC 1231-1233.
- i. Used motor vehicle advertisements must comply with the FTC Used Car Rule requiring posting of the Buyers Guide. 16 CFR 455.

MOTOR VEHICLE ADVERTISING STANDARDS

5. Invoice or Cost Ads

The unqualified terms “invoice,” “factory invoice” or “dealer invoice” shall not be used as a reference price (such as \$100 over invoice) unless the advertisement containing such terms clearly and conspicuously states that the invoice may not reflect actual dealer cost.

The following disclosure is recommended: “Notice to Buyer: The invoice total includes factory holdback and advertising association assessments, and is not a net factory cost price to the dealer. The invoice also may not reflect the ultimate cost of the vehicle due to the possibility of future rebates, allowances, discounts and incentive awards from the manufacturer.”

When advertising, the use of the term “cost” is synonymous with the term “invoice,” therefore, the disclosure outlined in BBB/DADA Automobile Advertising Standard #5 would apply to both terms.

6. Rebate Offers

The terms “rebate,” “cash rebate” or similar terms, may be used only when the retailer or a third party will make payment of money to a purchaser after the sale, or used as a down payment at the time of sale. The advertisement must also clearly indicate the source of the rebate. If the source of the rebate is both the dealer and a third party, the advertisement must clearly state, “dealer participation may affect consumer cost.”

7. Free Offer

The word “free” may be used in advertising whenever the advertiser is offering an unconditional gift. If receipt of the “free” merchandise or service is conditional on a purchase:

- a. The normal **price** of the merchandise or service to be purchased must not have been increased nor its **quality** or **quantity** reduced.
- b. The advertiser must **disclose** this condition clearly and conspicuously together with the “free” offer, not by placing an asterisk {*} or symbol next to “free” in referring to the condition(s) in a footnote.
- c. The “free” offer must be **temporary**; otherwise it would become a continuous combination offer, no part of which is free.

8. Unsupported Claims

Unsupported claims or statements that are not readily substantiated may not be used.

9. Buy-Down Interest Rate

If a buy-down interest rate is advertised, the advertisement must clearly and conspicuously disclose that dealer participation may affect consumer cost.

MOTOR VEHICLE ADVERTISING STANDARDS

Closed-end Credit Disclosures

The main requirements governing advertising of closed-end credit concern “triggering terms” and “finance rates.” These requirements may apply to a single ad. This section of the manual explains these basic requirements and offers additional guidance for special issues.

Triggering Terms

If you advertise closed-end credit with a “triggering term” you also must disclose other major terms, including the annual percentage rate. This rule is intended to ensure that all important terms of a credit plan, not just the most attractive ones, appear in an ad. The triggering terms for closed-end credit are:

1. The amount of the down payment (expressed as either a percentage or dollar amount) in a “credit sale” transaction. Examples: 10% down; \$1,000 down; 90% financing; Trade-in with \$1,000 appraised value required.
2. The amount of any payment (expressed as either a percentage or dollar amount). Examples: Monthly payments less than \$250 on all our loan plans; Pay \$23.44 per \$1,000 amount borrowed; \$210.95 per month.
3. The number of payments or the period of repayment. Examples: Up to four years to pay; 48 months to pay.
4. The amount of any finance charge. Examples: Financing costs less than \$300 per year; Less than \$1,200 interest; \$2 monthly carrying charge.

Non-Triggering Terms

Some statements about credit terms are too general to trigger additional disclosures. Examples of terms that do not trigger the required disclosures are:

1. No down payment.
2. Easy monthly payments.
3. Loans available at 5% below our standard APR.
4. Low down payment accepted.
5. Pay weekly.
6. Terms to fit your budget.
7. Financing available.

MOTOR VEHICLE ADVERTISING STANDARDS

General statements such as “take years to pay” or “no closing costs” do not trigger further disclosures because they do not state or suggest the period of repayment or down payment costs. In contrast, the statement “drive it home for \$199,” which implies that the required cash down payment is no more than \$199 does trigger full disclosure. In general, the more specific the statement, the more likely it is to trigger disclosures.

Required Disclosures

If your ad for closed-end credit uses a triggering term, it also must include the following information:

1. The amount or percentage of the down payment;
2. The terms of repayment; and
3. The “annual percentage rate” using that term or the abbreviation “APR.” If the annual percentage rate may be increased after consummation of the credit transaction, that fact also must be stated. (Consummation means the time at which a consumer becomes contractually obligated on a credit transaction, the time the obligation arises is a matter determined under state law.)

The amount or percentage of the “down payment” need not be shown directly as long as it can be determined from the ad. For example, “10% cash required from buyer” or “credit terms require minimum \$1,000 trade-in” would satisfy the disclosure requirement.

The “terms of repayment” may be expressed in a variety of ways, as long as they convey the required information. For example, an automobile finance company might use unit cost to disclose repayment terms: “48 monthly payments of \$23.44 for each \$1,000 borrowed.” Similarly, the length of the loan can be expressed as the number of payments or the time period of the loan.

MOTOR VEHICLE ADVERTISING STANDARDS

Variable Interest Rate Disclosures

When advertising a variable rate of interest for the sale or lease of a new or used vehicle, the dealer should include the following four disclosures:

1. The maximum rate of interest that may be incurred.
2. The monthly payment amount may increase.
3. The number of payments required may increase.
4. The final payment may be larger than the advertised monthly payment amount.

MOTOR VEHICLE ADVERTISING STANDARDS

When advertising “special” discounts, reference to that discount must be made in a clear and conspicuous manner. Discounts should be referenced next to the price.

Employee, College Graduate and Military Personnel Discounts

Many dealerships offer discounts to a select group of customers. These customers include automobile manufacturer employees, recent college graduates, and military personnel. Dealer advertising that includes special discounts must clearly and conspicuously reference the source of the discount.

Failure to **CLEARLY** identify the deduction of discounts is a violation of Motor Vehicle Advertising Standard #4, which requires the disclosure of material facts whenever a vehicle price is advertised. The following is an example of clear identification of a discount.

Sale Price:	\$9,000
College Grads:	\$8,500

In this example, it is clear that the \$8,500 price includes a college graduate discount.

NOTE: Advertising a vehicle price, then referring to a discount by an asterisk (*) is **not** a clear and conspicuous means of disclosure.

If a dealer advertises a number of vehicles, **all** of which include the discount, it would be clear and conspicuous to advertise these discounts through a headline, i.e., “Prices for Employees and Eligible Family Members Only.”

The BBB expects dealers to **clearly** identify the inclusion of discounts in any vehicle price.

MOTOR VEHICLE ADVERTISING STANDARDS

First Time Buyer Discount Disclosure

Since “first time buyer” discounts are conditioned on the individual financing of the vehicle through the manufacturer’s credit division, the discount must be identified as the “first time buyer amount to finance” or some equivalent that makes the financing conditions clear.

Rebate Source Disclosures

Disclosure of the source of rebates is required under Motor Vehicle Advertising Standard #6. It is expected that all dealers will clearly identify the source of all rebates offered in the advertisement (including manufacturer/factory rebates).

In addition, if the rebate consists of manufacturer and dealer participation, the advertisement must state, “dealer participation may affect consumer cost.”

MOTOR VEHICLE ADVERTISING STANDARDS

Lease Disclosure Requirements

The Federal Reserve Board, effective January 1, 1988, revised portions of Regulation M of the Truth in Lending Act. These revisions affect the manner in which dealers may advertise automobile leases. The revisions affect all forms of advertising and all advertising mediums. Any advertisement that includes a “triggering term” must also clearly list all of the disclosures outlined in Regulation M. To assist you in complying with the law, the BBB/DADA Automobile Advertising Standards address the requirements for lease advertising disclosure.

We provide examples and a worksheet to assist you with compliance. Please take the time to review this information and share it with those responsible for your advertising. We hope that this information will help clarify proper lease disclosures and strengthen the accuracy of advertising.

For more information, you may wish to reference the FTC’s publication entitled “Advertising Consumer Leases” available on the internet at: <http://business.ftc.gov/documents/bus18-advertising-consumer-leases> or by calling toll-free 1-877-382-4357; TTY: 1-866-653-4261.

Required Disclosures

If a consumer lease advertisement uses any triggering term, then it must also include clearly and conspicuously the following **FIVE** disclosures:

1. A statement that the transaction advertised is a lease;
2. The total amount due at lease inception;
3. Whether a security deposit is required;
4. The number, amount, and due dates of scheduled payments; and
5. In leases where the consumer’s liability is based on the difference between the property’s residual value and its realized value at the end of the lease term, that an extra charge may be imposed at the end of the lease term.

Total Amount Due at Lease Inception

The lease inception costs must:

- Be shown as a dollar amount;
- Include all costs except tax, title, and plates.

MOTOR VEHICLE ADVERTISING STANDARDS

Dealers may not state the lease inception costs as a percentage or a formula, i.e., first month's payment, security deposit, destination, tax, title and plates.

It is not accurate to advertise "\$0 Down," "No Money Down," or similar statements, if the lease contains an acquisition fee, a capitalized cost reduction charge, or destination charges. For example, it is NOT accurate for dealers to advertise that a vehicle can be leased with "no money down," but also advertise that the consumer must pay \$500 in acquisition fees, or a \$2,500 capitalized cost reduction.

Examples of statements that do not satisfy this requirement are:

"Total due equals 1st payment, security deposit, tax, title, and plates."
(This does not give the dollar figure.)

"Total due equals \$1,500 plus one payment."
(The amount of the first month's payment must be added into the total amount due at lease inception.)

"Total due equals \$750 plus security deposit, plates, and taxes."
(The amount of the security deposit must be given.)

"Total due is \$1,000."
(There is no statement indicating the amount of the security deposit, and/or that no security is required.)

For "one payment" lease programs, the "one payment" lease figure constitutes the total due at lease inception. All fees (destination charges, acquisition fees, security deposits, etc.) must be included. Therefore, it is a violation of Regulation M to advertise a "one payment" lease and state that the figure does not include destination charges. Again, the only costs that can be excluded from the total due at lease inception are tax, title, and plates.

Security Deposit Disclosures

If a security deposit is required, it must be disclosed. Merely stating "refundable security deposit" is not sufficient. Additionally, the dollar figure of the security deposit must be included in the total amount due at lease inception.

Number, Amount, and Due Dates of Scheduled Payments

The number, amount and due date of scheduled lease payments must be included. When making these disclosures, avoid using too many abbreviations (i.e., "ttl pymt, X 36").

MOTOR VEHICLE ADVERTISING STANDARDS

End of Lease Term Extra Charge Based on Difference Between Residual Value and Realized Value

If a consumer's liability is based on the difference between the vehicle's residual value and its realized value at the end of the lease term, this disclosure must be clearly and conspicuously made. The terms "realized value" and "residual value" are defined in Regulation M as follows:

Realized value is:

1. The price received by the lessor for the leased property at disposition;
2. The highest offer for disposition of the lease property; or
3. The fair market value of the leased property at the end of the lease term.
12 CFR 213.2(m).

Residual value is:

The value of the leased property at the end of the lease term, as estimated or assigned at consummation by the lessor, used in calculating the base periodic payment.
12 CFR 213.2(n).

MOTOR VEHICLE ADVERTISING STANDARDS

<i>Lease Disclosure Worksheet</i>

If your ad includes any of these triggering terms:

- a statement of any capitalized cost reduction or other payment required before or at lease consummation, or by delivery if delivery takes place after consummation, or that no payment is required, or
- the amount of any payment,

it must include these disclosures **clearly and conspicuously**:

- **that the transaction advertised is a lease,**
- **the total amount due before or at consummation, or by delivery if delivery takes place after consummation,**
- **the number, amounts and due dates or periods of scheduled payments under the lease,**
- **whether or not a security deposit is required, the amount of the security deposit, and**
- **in leases where the consumer's liability is based on the difference between the property's residual value and its realized value at the end of the lease term, that an extra charge may be imposed at the end of the lease term.**

VEHICLE STOCK NUMBER

1. Monthly Payment: \$ _____
2. Lease term of _____ months
3. Security Deposit: \$ _____
4. Total amount due at lease inception:* \$ _____
5. Is the consumer's liability based on the difference between the vehicle's residual value and its realized value at the end of the lease term? If so, the dealer must disclose that an extra charge may be imposed at the end of the lease term.

*The FTC now requires that whenever a lease advertises a down payment (or states that no down payment is required), the total amount due at lease inception must be disclosed as prominently as the down payment amount.

MOTOR VEHICLE ADVERTISING STANDARDS

Toll-Free Numbers

The toll-free number for information in this section is from the FTC's publication "Advertising Consumer Leases" available on the internet at:

<http://business.ftc.gov/documents/bus18-advertising-consumer-leases> or by calling toll-free 1-877-382-4357; TTY: 1-866-653-4261.

The triggering terms and required disclosures apply to all lease ads. But, if your radio or TV ad refers clearly and conspicuously to a toll-free (or collect or local) phone number through which consumers can obtain the required lease information, and if you follow certain procedures, you can somewhat limit the information provided in your radio or TV ad. To use this approach, your radio or TV ad still must clearly and conspicuously state:

- **that the transaction advertised is a lease,**
- **the total amount due before or at consummation, or by delivery if delivery occurs after consummation, and**
- **the number, amounts, and due dates or periods of scheduled payments under the lease.**

Your radio or TV ad also must clearly and conspicuously indicate that consumers can get all the required disclosures through the toll-free (or collect or local) phone number or print ad. Your radio or TV ad also must include the publication's name and date.

Additionally, the toll-free (or collect or local) phone number described above – which only applies to radio and TV ads – must be established no later than the ad's air date. It also must continue for at least 10 days after the airdate. Callers must be given all the required disclosures early in the message. A clear and conspicuous written copy of the disclosures also must be given to anyone who asks for it.

Print ads described above must appear in a general circulation publication in the community served by the media station. A newspaper circulated nationally, such as USA Today or the Wall Street Journal, could meet this requirement. The print ad must appear at least three days before the radio or TV ad airs, and continue for at least 10 days after the airdate. The print ad must clearly and conspicuously include all the required disclosures.

MOTOR VEHICLE ADVERTISING STANDARDS

Examples of Advertisements that Comply with Regulation M

Example #1:

LEASE FOR \$250 A MONTH

36 month lease. Due at inception: \$450 (which includes a \$200 security deposit), plus tax, title and plates.

Explanation: This advertisement shows the dollar amount of the lease inception cost and the amount of the security deposit, as required.

Example #2:

LEASE A NEW TRUCK FOR JUST \$200 A MONTH FOR 24 MONTHS

Only \$500 due at lease signing, plus tax, title and plates.

Explanation: This advertisement shows the dollar amount of the lease inception cost. In this example, there is no security deposit required – the \$300 is a capitalized cost reduction.

Example #3:

LEASE FOR \$299 A MONTH FOR 48 MONTHS

Capitalized Cost Reduction (or down payment)	\$900
Refundable Security Deposit	\$300
Acquisition Fee	\$300
First Month's Payment	\$299
Amount Due at Lease Inception	\$1,799
Tax, title and plates extra.	

Explanation: This advertisement shows the dollar amount of the lease inception cost. It also shows the fees involved with the lease inception cost.

Example #4:

LEASE FOR \$150 A MONTH AND \$0 DOWN

DUE AT INCEPTION: \$150 plus tax, title and plates.

Explanation: This advertisement shows the dollar amount of the lease inception cost. The lease inception cost is equally prominent as the statement "\$0 Down" in the advertisement. There is no security deposit required in this example.

MOTOR VEHICLE ADVERTISING STANDARDS

Examples of Advertisements that Do Not Comply with Regulation M

Example #1:

LEASE FOR \$250 A MONTH

First month's payment, security and plates.

Explanation: The lease inception cost is not given as a dollar amount. The amount of the security deposit is not given. The term of the lease contract is not given.

Example #2

DRIVE AWAY TODAY FOR JUST \$189 PER MONTH!

48 mos., first month's payment, down payment, destination, tax, title and plates. On approved credit.

Explanation: The lease inception cost is not given as a dollar amount. The advertisement does not clearly state that the transaction is a lease.

Example #3

\$250 Per Month

\$0 down, 36 mo. Lease

\$340 Per Month

\$1,500 down, 24 mo. Lease

\$283 Per Month

\$0 down, 24 mo. Lease

\$209 Per Month

\$1,000 down, 24 mo. Lease

Due at inception: 1st payment, security deposit (monthly payment rounded to the next \$50 increment), down payment (if required), tax, title and plates.

Explanation: The advertisement does not provide the dollar amount of the lease inception cost or the security deposit, as required. The lease inception cost is not advertised as prominently as the down payment amounts or statements of \$0 down.

Example #4:

LEASE A NEW CONVERTIBLE FOR JUST \$300 A MONTH

36 month lease. Due at lease inception: \$600 (includes a \$300 security deposit), tax, title and plates.

Explanation: The disclaimer is not legible i.e., "mouse print."