

# Federal Trade Commission Auto Rule: What Does It Mean for You?

The FTC voted 4-1 to propose major changes to dealership operations, changing the way you do business and how you can interact with customers. The new rules attempt to remove deceptive practices from the marketplace and will have impacts on how you advertise, offer F and I, sell add-ons, and practice record keeping. If passed, compliance will require a significant investment in time and money to comply.

## What Exactly is the FTC Proposing?

### **Prohibited Misrepresentations - Increased Transparency**

- At the core of the proposed rule is removing deceptive practices from the marketplace primarily with regards to financing, advertising, and add-ons.

### **Disclosures – Offering Price**

- Upon customer inquiry, a dealer must be able to disclose the full cash price for which a dealer will sell or finance the motor vehicle to any consumer, excluding only government charges.

### **Add-On – Prohibit the sale of add-on products that provide no benefit to the consumer and would prohibit charging consumers without Express, Informed Consent.**

- Dealer must also retain signed documentation showing the dealer has provided the required Offering Price disclosure to consumers before including optional add-ons in the sales transaction.
- Add on List - Dealer would also be required to create a list of all optional add-ons and the price of each add on.

### **Recordkeeping – Impose a Two-year Recordkeeping Requirement on Dealers**

- Dealers would be required to create and retain records showing compliance, including advertisements, price lists, customer correspondence, financing documentation, LTV calculations for all sales of GAP coverage, and customer complaints.

## How Do I Get Engaged?

At this point it is likely apparent that the proposed rule will have a major impact on your dealership operations, and if put into law, will require a significant investment to adopt.

Reach out to Chad Tokowicz at [Chad@mraa.com](mailto:Chad@mraa.com) to set up a time to discuss the impacts to your business.

**Take Action at [BoatingUnited.com](http://BoatingUnited.com)**

