

**RULES OF THE  
ARKANSAS MOTOR VEHICLE COMMISSION**

**RULE 3**

**ADVERTISING**

**OBJECTIVE:**

Rule 3 implements the Legislative intent of the law governing advertising as stated in the Arkansas Motor Vehicle Commission Act. False and misleading advertising will be defined and prohibited in a unified effort to insure truthful and accurate product advertising that will benefit the consumers and businesses of this State affected by legislation. Certain key examples of prohibited advertising will be exhibited, but shall not be construed as an all-inclusive exhibit of prohibited practices. The Commission has been granted the authority to review all advertising pertaining to new and used motor vehicles. The Commission will review each advertisement for misleading and deceptive practices and will govern them accordingly.

(a) Rule 3 establishes standards of practices which set forth certain basic principles in advertising the sale and lease of new and used motor vehicles. These standards apply to advertisements both in the print and electronic media.

(b) The primary responsibility for truthful and non-deceptive advertising rests with the advertising dealer. Advertising dealers must be prepared to substantiate any or all offers made before publication or broadcast, and upon request, present such substantiation.

Rule 3 does not apply to:

1. (a) Any radio or television broadcasting station; or

(b) Any publisher, printer, distributor or owner, of any newspaper or magazine, billboard or other advertising medium, or any owner, operator, agent or employee of any advertising agency or other business engaged in preparing or disseminating advertising for public consumption on behalf, of any other person when the advertising is in good faith and he is without knowledge of its untrue, deceptive or misleading character.

(c) It shall be the DEALER'S RESPONSIBILITY to provide a copy of Rule 3 to:

(a) Any advertising agent or agency or other business engaged in preparing or disseminating advertisements for the dealer, including outside web page designers or web page design firms and

(b) Each employee assigned to preparing or disseminating advertisements for the dealer.

Violation of any Advertising Rule(s) by any licensee shall be considered a *prima facie* violation of A.C.A. § 23-112-402(3) or A.C.A. § 23-112-403(a)(2)(D).

The Commission monitors and evaluates dealer advertising regarding compliance with laws and rules. The advertising sections activities include, but are not limited to:

1. Review of advertisements in state newspapers.
2. Review all advertisement complaints as received.
3. Answer advertisement inquiries.
4. Address advertising violations.
5. Prepare correspondence to violators.
6. Review of advertisements in any medium.

## 1. DEFINITIONS:

### ☞ The “Rule of Thumb” is: If in doubt, spell it out.

- A. “Abbreviations” means using shortened terms for words or initials for groups of words. Commonly understood abbreviations, such as “2 DR,” “AM/FM,” “APR,” “WAC,” “DEMO,” “EXEC,” “DOC FEE,” may be used. Trade industry abbreviations which are not commonly understood, such as “FTB,” “A/R,” “TOP,” “POF,” “DOC, (depending on credit)” MAY NOT be used. The rules do not contain a list of all the abbreviations one may use, or a list of all the abbreviations one may not use.
- B. “Advertisement” means any oral, written, telecommunicated, graphic, pictorial or other statement made in the course of soliciting business, including without limitation a statement or representation made in a newspaper, magazine, Internet, or other publication or contained in a notice, sign, poster, display, circular, pamphlet, letter, flyer, price tag, window sticker, banners, billboards, handbills, radio, television, web page or any other medium.
- C. “Advertising Premium” means an offering, gift, prize, award, giveaway, discounted item, bonus merchandise, service certificate or anything of value, or its equivalent in cash, offered in an advertisement.
- D. “Authorized Dealer” means a dealer who holds both a valid franchise agreement, dealer sales and service agreement or contract to sell specified vehicles and a valid Arkansas Motor Vehicle Commission Certificate of License to sell those specified vehicles. The term “authorized dealer” or a similar term shall not be used unless the advertising dealer has met the requirements to sell those vehicles the dealer is advertising as “authorized” to sell.
- E. “Bait Advertising” is an alluring but insincere offer to sell or lease a motor vehicle which the advertiser in truth does not have, or intend or want to sell or lease.
- F. “Clear and conspicuous” means that the statement, representation, or term being used is of such size, color, contrast, audibility and is presented so as to be readily noticed and understood. All language and terms, including abbreviations, shall be used in accordance with their common or ordinary usage and meaning by the general public. The following are minimum requirements:
  - (1) In all printed media, where terms, conditions or disclaimers are used, they shall be clearly and conspicuously visible and printed in not less than 8-point type print or printed in 6-point upper case type print. When billboards, portable signs, posters, etc., are used, all terms, conditions or disclaimers shall be displayed and phrased in a manner which is clear and conspicuous.

- (2) In a broadcast commercial:
- (1). A minimum 12 point type for all disclaimers.
- (a) In radio or broadcast advertisements, where terms, conditions or disclaimers are used, they shall be both clearly and conspicuously displayed or announced, or both, during the advertisement. They shall both be explained clearly and at an understandable speed and volume level or both.
- G. “Dealer Allowance” means the amount which the dealer receives from the manufacturer as a discount that is awarded based on dealer participation in manufactured sponsored programs which may be passed on to the consumer.
- H “Dealer Discount” means an amount of reduction or contribution by the dealer to reduce the selling price of the vehicle from “MSRP”.
- I. “Dealership addendum” An equipment list is to be displayed on a window of a motor vehicle when the dealership installs special features, equipment, parts or accessories, or charges for service not already compensated by the manufacturer or distributor for work required to prepare a vehicle for delivery to a buyer.
- J. (1) “Demonstrator” shall be understood to refer to a motor vehicle which has never been sold to an ultimate purchaser. This term describes motor vehicles used by new motor vehicle dealers or their salespersons for demonstrating performance ability, but not motor vehicles purchased by such dealers or salespersons and used as their personal motor vehicles. Demonstrators may be advertised for sale as such only by an authorized dealer in the same line-make of motor vehicles.
- (2) “Demonstrator,” “Executive,” and “Official” motor vehicles shall be clearly and prominently identified as such in immediate location to the year, make and model offered in the advertisement.
- (3) “Executive” and “Official” motor vehicles, when so advertised, must have been used exclusively by executives of the parent motor vehicle manufacturer’s personnel or by an executive of an authorized dealer in the same line-make of motor vehicle. These motor vehicles, so advertised, must not have been sold to a member of the public prior to the appearance of the advertisement.
- (4) “Factory Executive/Official Vehicle” means a new motor vehicle with an original Manufacturer’s Statement of Origin, that has been used exclusively by an executive or official of the new car dealer’s franchising manufacturer, distributor, or their subsidiaries.
- (5) “Dealer Rental or Loaner Vehicle” means a new or used motor vehicle which has been used for rental or loaner purposes.
- K “Disclaimer” means those words or phrases used to provide a clear understanding of an advertised statement, but not used to contradict or change the meaning of the statement.
- L “Disclosure” means required information that is clear, conspicuous, and accurate and shall be in the immediate proximity of the year, make and model offered in the advertisement.
- M “Documentary Fees” means a fee that a dealer may charge for services rendered to, for, or on behalf of a purchaser in preparing, handling, and processing documents relating to, and closing, a retail transaction involving a new or used motor vehicle.

- N. "Free" means without charge or cost, monetary or otherwise, to the recipient.
- O. "Identification" means
- (1) When any price of a vehicle is advertised, the following must be disclosed:
    - (a) Model year.
    - (b) Make and model number.
    - (c) Trade, brand or style name.
    - (d) Vehicle must be identified as a new, used, demonstrator, leased, rented or a factory, off-lease, loaner, executive/official, or a factory program vehicle, and
- P. "Incentive/Dealer Discount" means anything of value offered as an inducement directly or indirectly towards the purchase of a vehicle, including but not limited to, discounts, savings claims, and other dealer programs, but not including factory rebates.
- Q. "Internet" means a system that connects computers or computer networks; the international network of computer systems commonly known as the "internet".
- R. "Internet Service Provider" means any information service, system, or access software provider that enables computer access by multiple users to a computer server, specifically including a service or system that provides access to the internet.
- S. "Line Make" means a group or series of motor vehicles that have the same brand identification or brand name, based upon the manufacturer's trademark, trade name or logo.
- T. "Manufacturer Label" means the label required by the Federal Automobile Information Disclosure Act, 15 U.S.C. Sections 1231-1233 (normally referred to as Monroney Label), to be affixed by the manufacturer to the windshield or side window of each new automobile delivered to a dealer.
- U. "MSRP," or "Manufacturer Suggested Retail Price," means the "list price" shown on the window sticker or "Monroney Label" and is the manufacturer's baseline price for that vehicle. "Dealership Addendums" or temporary factory value packages" are not a part of MSRP.
- V. "Off-Lease" means vehicles that have been returned to or "turned into" the dealer, manufacturer or financial institution, or purchased at auction and offered for sale to the consumer.
- W. "On-Line Service Provider" means any internet presence which provides any service to business and/or consumers such as, but not limited to; online auctions, search engines, advertisements and Car Fax.
- X. "Photographs and Illustrations" means in any advertising, accurate photographs or illustrations used when describing specific vehicles.
- Y. "Print Size" in any advertisement, means any type of font which is clearly and conspicuously visible and printed in not less than 8-point type, or printed in 6-point upper case type print and is deemed to be legible to the average reader.
- Z. "Program" means a vehicle that is purchased at a manufacturer's closed auction or sold by or directly from the manufacturer or distributor which is a current or previous year model that has been previously tagged and/or titled, and returned to the manufacturer for disposal.
- AA. "Rebate" means the payment of money from the manufacturer to a consumer, or payment to a dealer or third party on behalf of a consumer on the condition that the consumer purchases or leases a new motor vehicle

- BB. The term “Repossessed” may only be used to describe vehicles taken back from the purchaser. Advertisers offering repossessed vehicles for sale shall provide written proof of repossessions.
- CC. “Used” means a vehicle that has been “previously owned” or “pre-owned” and the title to which has been transferred to an “ultimate purchaser” or a used vehicle dealer. A used vehicle shall not be advertised in any manner that creates the impression that it is new. Terms such as Program Vehicle, Special Purchase, Factory Repurchase or other similar terms are not sufficient to designate a vehicle as used. A used vehicle shall be identified as either “used,” or “previously owned” or “pre-owned.”
- DD. Used and Program motor vehicles shall not be advertised so as to create the impression they are new.

## **2. GENERAL ADVERTISING GUIDELINES FOR SALE OR LEASE OF NEW AND USED MOTOR VEHICLES:**

- A. Licensees shall not use unfair or misleading advertising.
  - (1) (a) All required ad disclosures should be adjacent to the advertised vehicle being depicted.
    - (b) Asterisks (\*) may not be used with disclosures located elsewhere in the advertisement.
    - (c) It is an unfair or deceptive act to use, in any advertising, one or more footnotes or asterisks which, alone or in combination, confuse, contradict, materially modify or unreasonably limit the material terms of an advertisement.
  - (2) No advertising containing an offer to sell or lease a motor vehicle shall be published when the offer is not a bona fide attempt to sell or lease that specific advertised motor vehicle.
  - (3) No statement, illustration or picture shall be used in any advertisement which creates a false impression of the current make, value, model or color of the motor vehicle offered, or which may otherwise misrepresent the motor vehicle in such a manner that upon disclosure of the true facts, the purchaser may be switched from the advertised motor vehicle to another.
  - (4) Even though the true facts are subsequently made known to the buyer or prospective buyer, the law is violated by the licensee if the first contact or interview is secured by deception.
  - (5) Certain acts or practices that will be considered in determining if an advertisement is not a bona fide offer to sell or lease the advertised motor vehicle include:
    - (a) The refusal to show, demonstrate, sell or lease the motor vehicle offered in accordance with the terms of the offer.
    - (b) The failure to have available at all outlets listed in the advertisement, the number of motor vehicles advertised to meet reasonably anticipated demands, unless the advertisement clearly and adequately discloses that a supply is limited and/or the merchandise is available only at designated outlets.
    - (c) Failure to make delivery on the advertised motor vehicle within a reasonable time or to make a refund.
    - (d) Disparagement by acts or words of the advertised motor vehicle, or disparagement of the guarantee, credit terms, availability of service, repairs, or in any other respect, in connection with it.
    - (e) The delivery of the advertised motor vehicle which is defective, unusable or impractical for the purpose represented or implied in the advertisement.

- (6) It shall be false or misleading to advertise a vehicle as “repossessed” or any inference made to that effect, unless such vehicle has been repossessed from an immediate former owner. Neither shall a dealer advertise in any manner to infer that a purchaser will be receiving benefits of an existing loan on a vehicle when no such benefit exists. Phrases like “take over payments” are misleading and should not be used.
- (7) It is an unfair or deceptive act to, in any advertising, use any print in type size so small as to be illegible. In print advertisements, not less than 8-point type or 6-point upper case type print is deemed to be legible to the average reader.
- (8) It is an unfair or deceptive act to use, in any advertising, inaccurate photographs or illustrations when describing specific automobiles. A diligent attempt in the use of a picture/photograph that is similar to the advertised vehicle should always be conducted.
- (9) Dealers must clearly and prominently identify themselves by their dealership name in any and all advertisements. The dealership name is the name under which that dealer is licensed with the Arkansas Motor Vehicle Commission, or the DBA names listed on file with the Commission. Using names other than those on file with the Commission, or not using a name in advertising, is prohibited in all mediums utilized.
- (10) It is an unfair or deceptive act in any advertising to include discounts in the advertised price that are not available to everyone without printing disclosures in the ad.

B. Licensees shall not use bait advertising.

- (1) “Bait and switch”, advertising’s purpose is to switch consumers from buying the advertised motor vehicle, in order to sell or lease a different motor vehicle on terms more advantageous to the advertiser. The primary aim of a bait advertisement is to identify potential prospects interested in buying or leasing motor vehicles of the same general type advertised.
- (2) No act or practice shall be engaged in by an advertiser to discourage the purchase of the advertised motor vehicle if such act or practice is part of a bait scheme to sell or lease other motor vehicles.
- (3) An example of an act or practice which will be considered in determining if the initial sale or lease was in good faith, and not a plan to sell or lease other unadvertised motor vehicles is:
  - (a) Accepting a deposit for the advertised motor vehicle then switching the purchaser to a higher-priced motor vehicle.
- (4) Sales or leases resulting from an advertisement for a motor vehicle do not by themselves rule out the existence of a bait and switch scheme.
- (5) To prevent Bait Advertising from occurring, the vehicle(s) advertised must be:
  - (a) At the advertised location
  - (b) In condition to be shown.
  - (c) Willingly shown to the consumer.
  - (d) Willingly shown under the same terms as advertised, and
  - (e) Sold at the same terms as advertised.

### **3. AVAILABILITY OF VEHICLES.**

- A. Specific motor vehicles, new or used, or line-make of vehicles advertised for sale or lease shall be in the possession of the dealer as advertised at the address given at the time the advertisement is placed. The vehicles shall be in condition to be demonstrated, and shall be willingly shown and sold or leased at the advertised prices and upon the terms advertised.
- B. If a consumer attempts to purchase an advertised vehicle from a licensee and that licensee advises the vehicles are no longer available due to previous sale(s), it is then the duty of the individual licensee, upon request, to show proof of previous sale of the advertised vehicle(s), to a representative of the Commission upon request. Proof shall include the licensee's sales records of sales or leases of all such advertised motor vehicles.
- C. It is an unfair or deceptive act to fail to clearly and conspicuously disclose in an advertisement any limitations, including, but not limited to the availability of a single vehicle or a number of vehicles in stock, or period of time during which the offer is in effect, or other applicable restrictions, to which the advertised price may be subject.

### **4. DEALER PRICE ADVERTISING FOR NEW, USED AND/OR LEASED VEHICLES:**

**(“Rule of Thumb” in price advertising is for the most prominent price in the advertisement to be the sales price and/or monthly payments a consumer can reasonably expect to pay for the vehicle.)**

**The following are specific but not the exclusive examples of standards for advertising new, used or for lease motor vehicles which shall be adhered to by licensees:**

- A. The advertised price of a motor vehicle must be the full cash price for which the dealer will sell or lease the vehicle to any consumer and shall exclude only the following charges:
  - (1) State, county, local and other applicable taxes,
  - (2) License fees, and
  - (3) Title fees.
- B. A qualification may not be used when advertising the sales price of a vehicle such as “with trade,” “with acceptable trade” or “with down payment.”
- C. If a price advertisement discloses a rebate, cash back, discount savings claim or other incentive, the full price of the vehicle (MSRP) must be conspicuously disclosed in the ad as well as the price of the vehicle after deducting the incentive(s)
- D. Any rebate, discount, cash back or other incentive which is not available to all consumers shall be explained by stating the limitations of that incentive. Rebates cannot be combined as one.
- E. The suggested retail price of a new motor vehicle when advertised by a licensee who is a manufacturer, distributor, or factory representative or distributor representative shall include all charges, except destination charges, documentary fees and/or state or local sales taxes. Such advertising shall expressly state that said destination charges, documentary fees, and/or state or local sales taxes are excluded. Such exclusions are necessary because the destination charges, documentary fees and/or state or local sales taxes cannot be determined due to the national or regional scope of the advertisement. When a nationally placed advertisement appears over the name of a local dealer or local dealers or over the name of several dealers in more than one locality, the Commission will regard such advertising as the responsibility of the dealer or dealers named in the advertisement, and the advertisement shall be subject to the requirements of paragraphs “A,” “B,” “C” and/or “D” above.

- F. It shall be unlawful for any manufacturer or distributor, either directly or indirectly, to advertise, publicize or represent to the public by any means or in any medium, any offer to purchasers of motor vehicles sold by the manufacturer or distributor, of a rebate, refund, discount or other financial inducement or incentive, which is either payable to or for the benefit of the purchaser of the motor vehicle, whether such amount is the motor vehicle purchase price or any other cost accruing to the purchaser in connection with the purchase of the motor vehicle, where any portion of such rebate, refund, discount, or other financial incentive or inducement is paid by, financed by, or in any manner contributed to by the dealer selling the motor vehicle, unless such advertising or publicizing discloses clearly and discernibly the following:

**“The dealer’s contribution may affect the final negotiated price of the motor vehicle.”**

- G. It is unlawful for any dealer, either directly or indirectly, to advertise, publicize or represent to the public by any means or in any medium, any offer to purchasers of motor vehicles sold by the dealer of a rebate, refund, discount or other financial inducement or incentive of the type described in “F” above, whether originated by manufacturer, distributor or dealer unless such advertising or publicizing clearly and discernibly discloses the following:

**“The dealer’s contribution may affect the final negotiated price of the motor vehicle.”**

- H. Statements such as “manufacturer’s sales” or “wholesale prices” shall not be utilized in advertising by a new motor vehicle dealer that create the impression that it is being offered for sale by the manufacturer or distributor of the vehicle. Advertisements by dealers shall not contain terms such as “factory sale”, “wholesale prices”, “factory approved”, “factory sponsored”, or any other similar terms that indicates sales are sponsored by anyone other than the dealer, “unless it is a bona fide factory program available to all dealers of that make.”

## 5. CASH PRICE AND CREDIT TERMS ADVERTISING:

- A. When the cash price, whether for lease or sale, of a motor vehicle is stated in any advertisement, the motor vehicle shall be clearly identified as to year, make, model, and commonly accepted trade, brand, or style name.
- B. When advertising a new motor vehicle, the use of stock numbers will not preempt the requirements of full disclosure.
- C. No advertisement shall offer to defer the first payment on credit sales beyond forty-five (45) days, unless such advertisement states with equal prominence the method and/or terms of extending the first payment.

## 7. PROHIBITED STATEMENTS:



**If you can’t prove it don’t print it!**

The following statements are presumptively false and misleading, and the burden of proving otherwise shall be on the Advertiser/Licensee:

- A. Statements such as “write your own deal,” “name your own price,” or statements with similar meaning are obviously untrue and shall not be used.
- B. When guaranteed trades in allowances are used in advertising the dealer must convey the specific advertising trade in amount to the consumer as part of the transaction.



- C. Unsupported underselling claims shall not be used. No advertisement or statement shall be worded to imply that because of large sales volume, a dealer is able to purchase motor vehicles for less than another dealer selling the same line-make of vehicles.
- D. Specific claims or discount offers shall not be used in connection with any motor vehicle other than new or a demonstrator and then only to show the difference between the dealer's own current selling price and the bona fide Manufacturer's Suggested Retail/List Price. Full explanation must be given, for example, "Save or discount \$\_\_\_\_\_ from Manufacturer's Retail/List Price." Said price shall include dealer add-ons, if any, which shall be specifically identified.
- E. **No new motor vehicle advertisement shall contain the term** "cost," "percent or dollars over or under cost, invoice, or profit," "profit" or "invoice" "take over payments", "fleet pricing", "wholesale," "x pricing," "employee pricing", or terms with similar meaning.
- F. A used vehicle shall not be advertised in any manner that creates the impression it is new. Nor may any product nameplates and/or logos of any franchise line-make be used in an advertisement that is a "used only" vehicle advertisement.
- G. It is an unfair or deceptive act(s) to advertise inaccurate, unsubstantiated, misleading, or untruthful comparisons with competitor's services, prices, products, quality or business methods.
- H. It is an unfair or deceptive act to advertise the terms "sale", "discount", "savings", "price cut", "reduced", "clearance", "tent sale", and other similar terms, without clearly and conspicuously disclosing that such "clearance" or other such terms are limited to certain vehicles and/or specific dates of the sale if it is a limited time offer.
- I. It is an unfair or deceptive act to use any advertising terms such as "Closing Out Sale", "Lost Our Lease Sale", "Forced to Vacate Sale" or similar terms used to imply a court-ordered or other forced liquidation of assets, or to induce a belief that upon disposal of the stock of goods on hand, the business will cease and be discontinued at the premises where the sale is conducted, unless such is the case.
- J. It shall be a deceptive act to advertise or represent the documentary fee charge as a required governmental fee.
- K. The following statements shall not be used in any advertising by a dealer, unless such statements are absolutely true with no qualification:
- (1) Statements such as "everybody financed", "no credit rejected", "we finance anyone", and other similar statements representing or implying that no prospective credit purchaser will be rejected because of his or her inability to qualify for credit.
  - (2) Statements such as "all credit applications accepted", or terms with similar meaning are deemed deceptive and shall not be used.
- L. Special arrangement or relationship" advertisements. - Statements such as "big volume buying power," "manufacturer's outlet, "factory authorized outlet," and "factory wholesale outlet", shall not be used. Any term that gives the consumer the impression the dealer has a special arrangement with the manufacturer or distributor as compared to similarly situated dealers, is misleading and shall not be used
- M. "Double Rebates", "Triple Rebates" or any other amount of rebates that are not truly offered by the manufacturer are prohibited.

- O. "Internet" Compliance on advertising and communication should include the word "e-mails". When a salesperson e-mails a prospective customer, he or she must adhere to rules in dealing with the public. This should apply to a company's website as well as business correspondence with the public.

**7. REQUIRED DISCLOSURES FOR PRINT OR INTERNET ADVERTISEMENTS:**

A. ALL "CREDIT SALES ADVERTISING" SHALL BE COMPRISED OF, AND LIMITED TO:

(a) Actually available terms. If an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.

(b) Advertisement of rate of finance charge. If an advertisement states a rate of finance charge, it shall state the rate as an "annual percentage rate," using that term. If the annual percentage rate may be increased after consummation, the advertisement shall state the fact. The advertisement shall not state any other rate, except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate. It is an unfair or deceptive act to advertise a finance rate (APR) without disclosing the following:

- a) that such rate is limited to certain models
- b) that the price may be increased by a dealer's contribution to lower the rate;
- c) that to take advantage of such reduced rate, a customer must purchase additional options or services.
- d) that taking advantage of the rate will increase the final price of the vehicle or options or services purchased;
- e) that the offer expires after a limited time period, and
- f) any other conditions, qualifications or limitations which materially affect the availability of such rate.

(c) Advertisement of terms that require additional disclosures.

(1) If any of the following terms is set forth in an advertisement, the advertisement shall meet the requirements of paragraph (c)(2) of this section:

- (i) The amount or percentage of down payment.
- (ii) The number of payments or period of repayment.
- (iii) The amount of any payment.
- (iv) The amount of any finance charge.

(2) An advertisement stating any of the terms in paragraph (c)(1) of this section shall state the following terms, as applicable:

- (i) The amount or percentage of down payment.
- (ii) The terms of repayment.
- (iii) The "annual percentage rate," using that term, and, if the rate may be increased after consummation, that fact.

(d) Catalogs and multiple-page advertisements; electronic advertisements:

(1) If a catalog or other multiple-page advertisement, or an advertisement using electronic communication give information in a table or schedule in sufficient detail to permit determination of the disclosures required by paragraph (c)(2) of this section, it shall be considered a single advertisement if:

(i) The table or schedule is clearly and conspicuously set forth; and

(ii) Any statement of terms of the credit terms in paragraph (c)(1) of this section appearing anywhere else in the catalog or advertisement clearly refers to the page or location where the table or schedule begins.

(2) A catalog or other multiple-page advertisement or an advertisement using electronic communication complies with paragraph (c)(2) of this section if the table or schedule of terms includes all appropriate disclosures for a representative scale of amounts up to the level of the more commonly sold higher-priced property or services offered.

An advertisement which complies with the Federal Truth in Lending Act (15 U.S.C. § 1601 et seq.) and amendments thereto, and any rules issued or which may be issued there under, shall be deemed in compliance with the provisions of this Section.

## **CONSUMER CREDIT REQUIRED ADVERTISING DISCLOSURES**

### **GENERAL PROVISIONS**

It shall be unlawful willfully and knowingly:

(1) Give false or inaccurate information or fail to provide information which is required to be disclosed under the provisions of this or any regulation or rule issued there under.

(2) Consistently understate the annual percentage rate, or

(3) Otherwise fail to comply with any requirement imposed under this rule.

### **B. LEASE ADVERTISING**

“Consumer Leases”

Consumer Leases apply only to “consumer leases” defined as contracts meeting each of the following elements:

- The lease is for the use of an automobile;
- The lease has a term of more than four months;
- The contractual obligation does not exceed \$25,000.

A vehicle leased by an individual can be used for business purposes and be covered under these rules, if the lease was originated by the consumer in their name. A vehicle leased by a company, in the companies’ name, IS NOT covered by these stated rules.

How the disclosures must be made:

Consumer lease disclosures must meet the following general criteria:

- Disclosures must reflect the terms of the legal obligations between lessor and lessee.
- Disclosures must be legible, whether typed, handwritten, or printed by computer.
- Disclosures must be “clear and conspicuous”, so that the relationship between terms is reasonably understandable and apparent.
- A copy of the disclosures must be given to the lessee at or prior to inception of the lease.
- Disclosures must be made on a dated, written statement which identifies the lessor and lessee.

**What must be disclosed:**

This rule also stipulates specific content of the disclosures, and requires that certain information be segregated on the lease contract. The specific content of disclosures required under this rule includes:

- Description of property;
- Amount due at lease signing or delivery;
- Payment schedule and total amount of periodic payments;
- Disclosure of other anticipated charges during normal execution of the lease agreement;
- Total of payments;
- Payment calculation;
- Lease term;
- Early termination conditions and penalties;
- Maintenance responsibilities;
- Purchase option;
- Statement referencing “non-segregated” disclosures;
- The right of appraisal;
- Liability at the end of the lease term;
- Fees and taxes;
- Insurance and warranties.

An advertisement which complies with the Consumer Leasing Act of 1976 (15 U.S.C. § 1601 et seq.), and amendments thereto, and any rules issued or which may be issued there under, shall be deemed in compliance with the provisions of this Section.