

Wholesale Forms, Inc. response to

Federal Trade Commission  
16 CFR Part 455

Used Motor Vehicle Trade Regulation Rule

Wholesale Forms, Inc. is a company owned and operated by Victor Owens. Victor has been in the automotive industry since 1966 when he started as a salesman selling cars. Over the next 20 years Victor went from salesman to finance manager to sales manager. Victor saw the growing need for a supplier of the FTC buyers guides to dealerships and in 1987 Victor started selling them to dealers on a very small scale. Shortly after he left car sales altogether and has devoted his time to manufacturing FTC buyers guides, window stickers and addendums to dealerships and distributors around the nation. Victor prides himself in being very knowledgeable on what dealers wants and needs are when it comes to buyers guides and has been able to work with the FTC to make all warranty information comply with the Rule.

In his time in car sales Victor has sold vehicles before the FTC Used Motor Vehicle Trade Regulation Rule was in effect and he sold vehicles after the Rule was in affect. The following are his comments on FTC's review of the Rule.

A.

**(1)** Is there a continuing need for the Rule? Why or why not?

**Response:** Yes, there is a continuing need for the Rule. With the Rule in affect the consumer immediately knows if the vehicle has a warranty, or is being sold "as-is." The consumer also knows if there is an additional service contract available. The Rule is in affect to protect both parties involved in the sale, the dealer and the consumer. It is to clearly state to the consumer what the dealership is offering for warranty coverage, if any after the vehicle is purchased, which may or may not help the consumer make a buying decision.

**(2)** What benefits has the Rule provided to consumers? What evidence

supports the asserted benefits?

**Response:** The benefits the Rule provides to the consumer is that they know immediately whether the car has a warranty or is being sold "as-is." And what the warranty is available if there is one. It also gives the consumer peace of mind because they know exactly where the dealership stands on the vehicle if something were to malfunction after the purchase of the vehicle. There have been fewer court cases between dealer and consumers over warranty issues since the Rule has been put in place. Over all the Rule levels the playing field between dealer and consumers.

**(3)** What modifications, if any, should be made to the Rule to increase its benefits to consumers?

**Response:** The dealer should be required to post Buyers Guides in the window or hang them from the rearview mirror so that it is visible by the consumer upon their approach of the vehicle.

**(c)** How would these modifications affect the benefits to consumers?

**Response:** It would be easier for the consumer to view the Buyers Guide and to know what warranty, if any, is available. When it is just placed in the vehicle in an unviewable area, it may be missed by the consumer and they could make assumptions whether there is a warranty or not.

**(4)** What impact has the Rule had on the flow of truthful information to consumers and on the flow of deceptive information to consumers?

**Response:** The Rule has improved the flow of truthful information dramatically since before the Rule was in place. The line regarding any oral statements should be put in writing makes it so the dealer or consumer can not have their word against the others. All information must be printed and understood by both the dealer and consumer.

**(7)** How have the 1995 amendments to the Rule affected purchasers of used

motor vehicles? How have the 1995 amendments to the Rule affected used motor vehicle dealers? Please provide any evidence that has become available since 1995 concerning the costs, benefits and effectiveness of the Rule. Does this new information indicate that the Rule should be modified? If so, why, and how? If not, why not?

**Response:** The amendments to the Rule in 1995 allowed used motor vehicle dealers to simply place the Buyers Guide in the vehicle, not necessarily visible to the consumer. This causes a problem because it makes it so the consumer may or may not see the buyers guide when approaching the vehicle without having to search for it. The Rule should be modified back to its original standings where the Buyers Guide must be either hung in a window or from the rearview mirror in plain sight so that the consumer will see it and know what warranty is available if there is one. This will avoid any confusion there might be between the dealer and the consumer regarding warranty information on that particular vehicle.

**(8)** What benefits, if any, has the Rule provided to businesses, and in particular to small business? What evidence supports the asserted benefits?

**Response:** The Rule has saved small business an increasingly amount of time and money on legal issues providing that they can post in the vehicle exactly what warranty is available on a particular vehicle. This is very beneficial to the dealer because after the purchase of the vehicle both the dealer and the consumer are well aware as to what the dealer will be responsible for as far as any problems the vehicle may have.

B.

(1) Should the Used Car Rule be modified to permit used motor vehicle dealers the option of using a Buyers Guide that combines both the English and Spanish language versions of the Buyers Guide into a single bilingual document? If not, why not? If so, why? If so how should bilingual Buyers Guides be designed and formatted? How should bilingual Buyers Guides be designed and formatted to minimize consumer confusion?

(a) If recommending that bilingual Buyers Guides should be permitted, provide as much detail as possible about the form that the bilingual Buyers Guides should take. Provide examples of bilingual Buyers Guides for use in states that permit "as is" sales and states that prohibit "as is" sales. Indicate the type styles, sizes and format used in examples of bilingual Buyers Guides that are submitted.

**Response:** The Buyers Guide should not be combined to accommodate both the English and Spanish languages because the size that text would have to be reduced to would make the information unreadable to the average consumer and it would also diminish the effectiveness of the warranty information and the Buyers Guide itself. There should be a line added to the current English Buyers Guide in Spanish stating, "If you are unable to read this document, ask your sales person for a copy in Spanish"

(c) What burdens, if any, would bilingual Buyers Guides provide consumers? What evidence supports the asserted burdens?

**Response:** Having two languages on the Buyers Guide would be confusing and overwhelming to the consumer to read easily. It would take away from the statement that the Buyers Guide is trying to portray for that vehicle to the consumer.

(3) What purposes, if any, does the list of systems and major defects that may occur in a used motor vehicle on the reverse side of the Buyers Guide serve?

**Response:** the list of systems and major defects that may occur in a used

motor vehicle gives notice to the uneducated buyer of items or issues to be aware of when purchasing a vehicle with a limited warranty or no warranty. To an uneducated buyer this tool can be used as a checklist for them to utilize when looking over a vehicle prior to purchase.

**(e)** Should the list be retained? Why or why not?

**Response:** Yes, the list should be retained because the more information provided to the consumer can make the purchasing process easier for both parties. The list is there to make the consumer aware of major defects that may occur to a motor vehicle.

**(4)** Should the Rule provide an option to use a similar method for disclosing other warranties that are included in the price of the used vehicle, such as manufacturer's certified used car warranties and warranties provided by other third parties? If so, why, and how? If not, why not?

**Response:** There should be a copy of the manufacturer's certified warranty listed with the Buyers Guide. The dealership should not be required to post warranties by third-parties, therefore if the third-party company goes broke the dealer should not be held responsible for coverage from that company.

**(8)** Examples of revised Buyers Guides that provide a different method to disclose manufacturer's warranties and third-party warranties that are included in the price of the used car are attached as Appendices A and B. Appendix A is designed for use in states that permit dealers to sell used cars "as-is" i.e. without any warranty from the dealer. Appendix B is designed for use in states that prohibit "as-is" sales.

**Response:** If the statement "Dealer Warranty" is added to the Buyers Guide it will be confusing to the consumer as to where the warranty is coming from. "Dealer" should not be used to describe the warranty. The current Buyers Guide clear states whether the vehicle has a warranty, an implied warranty, or is being sold "as-is". The systems covered and duration will tell the consumer

what is covered, if anything and how long it is covered for.

**(a)** Should the Rule be revised to permit dealers to disclose unexpired manufacturer's warranties, manufacturer's used car warranties, and other used car warranties as show in Appendices A and B?

**Response:** The dealer should be required to post the remainder of factory warranties as the Rule stands today, instead of being able to check the box of what warranty is available without any extra explanation.

**(f)** What alternatives, if any, should be considered? why? If not alternatives should be considered, why not?

**Response:** The system is currently working well for both parties, the consumer and the dealer stand points. Listing to much information would make it confusing the consumer .

**(g)** Does stating "AS IS"- NO DEALER WARRANTY instead of AS IS - NO WARRANTY make the Buyers Guide more clear and understandable to consumers? Why or why not?

**Response:** The term "Dealer Warranty" is confusing to the consumer. They may understand that there is no "Dealer" warranty, but there could be a warranty coming from another company. The current statement AS IS - NO WARRANTY is clearly saying that there is no warranty on that vehicle that it is being sold "As Is."

**(h)** Is checking the box marked "AS IS" - NO DEALER WARRANTY to indicate that a dealer does not offer its own warranty clear and understandable to consumers when a dealer also checks one or more of the boxes indicating that a NON-DEALER WARRANTY from someone other than the dealer applies? Why or why not?

**Response:** If a dealer checks the box "AS IS" - NO DEALER WARRANTY and then checks a box that there is a warranty from another company would

be contradicting to the consumer. First they are being told that there is no warranty and then if they read farther down the Buyers Guide they are being told that there is a warranty. The current Buyers Guide clearly says AS IS - NO WARRANTY or WARRANTY. If the box AS IS - NO WARRANTY is checked then the consumer understands that there is no warranty on that vehicle, that it is being sold "as is." If the dealer checks the WARRANTY box then goes on to explain what warranty is available under the Systems Covered and Duration section. The consumer immediately sees that there is a warranty and can read about that warranty and whether it is coming from the dealer, the manufacturer, or a third-party company.

**(k)** Does eliminating the lines for text in the SYSTEMS COVERED/DURATION section of the Buyers Guide, as shown in Appendices A and B, make it easier or more difficult to disclose each system covered and duration of coverage for each system? Why?

**Response:** Most manufacturers have already eliminated the lines because it was too difficult to make text line up on the lines when running the Buyers Guide through the printing process.

**(10)** Should the Rule's type style, size, and format requirements for Buyers Guide be revised to accommodate current word processing programs? If so, why, and how? If not, why not?

**Response:** Presently most dealers have adapted their printing processes to accommodate the current sizes and type styles. Any changes would add time and money in set up costs/die charges and a complete make over of current operations from the manufacturer all the way down to the dealer level.

**Closing Statement:**

The Rule has played an important factor in vehicle sales since it has been in effect. It has been beneficial for both dealer and consumers alike and has

been able to settle disputes between both parties as a legal document without having to take action in court.

The original ammendment stating dealers are required to post Buyers Guides visibly in vehicle windows or hung from the rearview mirror should be reinstated after being revised by the 1995 ammendments to the Rule. It is important for the consumer to see the Buyers Guide clearly when approaching the vehicle so that they can tell immediately what warranty, if any is available on that vehicle. This will avoid any confusion about warranty information further on in the buying process.

Many dealers, although aware of the Rule, have never actually had an FTC inspector come through their lot and check for Buyers Guides posted in used vehicles. The state of California has a strong local enforcement, and many dealers in that state have a strong compliance of the Rule. If the FTC were to make regular sweeps through dealer lots as they have in years past there would be greater compliance to the Rule across the nation.

We understand that with the changing economy it is important to accommodate different ethnic backgrounds buy adding bilingual Buyers Guides. However, it is already difficult to fit warranties on the Buyers Guides as they currently are. If the Buyers Guide was changed to accommodate both English and Spanish languages there would be important information withheld in order to fit all the text in the given area. That being said, as mentioned above we believe their should be a line added to the current English Buyers Guide that reads in Spanish so that Spanish speaking consumers can be provided with the correct forms upon request.

Overall dealers and consumers have a good understanding of what the Buyers Guide is and what it stands for when selling or purchasing a vehicle. Most dealers have created their own system as far as following the Rule and

making the Buyers Guide what works best for their business within the Rule's guidelines. Many have set up print routines and spent money creating custom Buyers Guide for their warranties. To drastically change the overall layout, size and look of the Buyers Guide would not only confuse dealers and consumers but would lead to misunderstandings of the warranties offered by the dealer. It would also propose a huge cost towards current manufacturers of Buyers Guides that would trickle down through third-party distributors, dealers and even to the consumers.

I would like to take the time to thank you for listening to my responses and comments on your systematic review of the Used Motor Vehicle Trade Regulation Rule.

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