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COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AFFAIRS

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January 28, 2015

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue, NW Suite CC-5610 (Annex A)
Washington, D.C. 20580
Electronic address: <https://ftcpublishcommentworks.com/ftc/usedcarrulesnprm>

RE: Used Car Rule Regulatory Review, 16 CFR Part 455, Project No. P087604

The County of Los Angeles Department of Consumer Affairs ("DCA") is pleased that the Federal Trade Commission ("FTC") is considering potential changes to the Used Motor Vehicle Trade Regulation Rule. We appreciate the opportunity to comment on the questions posed to the public by the FTC in its Supplemental Notice of Proposed Rulemaking ("SNPRM").

As an organization, DCA's mission focuses on promoting a fair and vibrant marketplace through service to consumers, businesses and communities by providing education, advocacy and complaint resolution services.

DCA commonly assists consumers with a myriad of complaints relating to the use and purchase of used vehicles. In Fiscal Year 2013-2014 (FY 2013), DCA assisted approximately 424 consumers with complaints under the umbrella of "Used Car Complaints." Of those, 30% were related to used car sales, 14% to used car repairs, 4% related to unsatisfactory repair and/or replacement of parts and accessories and 2% specifically related to used car warranties. DCA is familiar with the concerns that consumers have relating to the purchase and ownership of used cars, having counseled many of these individuals. We offer our opinions on those questions listed in the Federal Register here, based on our experience with these consumers.

For many consumers, the purchase of a car is one of the biggest investments they will make in their lives and it is important that they do so in an informed and educated manner. That is why DCA supports improving the form and content of the Buyers Guide; it will have a positive effect through providing consumers with better descriptions of their warranty rights and access to vehicle history information.

I. Proposed Revisions

The FTC posed the following overarching questions for public comment: a) should dealers indicate on the Buyers Guide whether they have obtained a vehicle history report on a used vehicle, and, if they have, should they be required to provide a copy of the report to consumers who request it; b) should the Buyers Guide statement describing the meaning of an “As Is” sale be revised; and c) should boxes indicating whether a non-dealer warranty applies to the vehicle be moved to the front of the Buyers Guide.

DCA agrees with the FTC that proposed amendments to the Used Car Rule are appropriate. Both the Rule and the Buyers Guide serve an important role in providing information to consumers through clear and effective disclosures. These disclosures allow consumers to make more informed purchasing decisions.

a. Vehicle History Report

In 2012, California implemented AB 1215, requiring all car dealers selling used cars to obtain a report from the National Motor Vehicle Title Identification System (“NVMTIS”). If a vehicle has been reported as a junk or salvage automobile, the dealer is required to display a warning label near the Buyers Guide indicating such. DCA believes that this legislation has been beneficial and would encourage the FTC to make obtaining vehicle history information easier for buyers of used vehicles. In doing so, DCA supports FTC’s proposal to add language on the Buyers Guide indicating whether the dealer obtained a used car vehicle history report, and, if so, to provide the report to consumers when requested.

DCA also recommends that the FTC include language to embolden buyers to obtain a vehicle history report on their own when one is not available from the dealer.

b. “As-Is” and “Implied Warranties” Language

DCA believes that clarifying the definition of “AS IS” on the Buyers Guide will empower consumers during the decision-making process. DCA supports the SNPRM “As Is” statement. DCA would expand the proposed revisions by requesting that the FTC conform the “Implied Warranties” language with that of the proposed “As Is” language.

Currently, the proposed Buyers Guide language for Implied Warranties reads as follows:

IMPLIED WARRANTIES ONLY. The dealer doesn't make any promises to fix things that need repair when you buy the vehicle or afterward. But *implied warranties* under your state's laws may give you some rights to have the dealer take care of serious problems that were not apparent when you bought the vehicle.

This description leaves out language regarding additional rights and remedies for dealer misconduct. DCA would recommend adding the same sentence to the Implied Warranties description that the FTC has proposed in its SNPRM "As Is" description.

Specifically, DCA would propose aligning the language of the Implied Warranties Buyers Guide with the As Is language as follows:

IMPLIED WARRANTIES ONLY. The dealer does not make any promises to fix things that need repair when you buy the vehicle or afterward. But *implied warranties* under your state's laws may give you some rights to have the dealer take care of serious problems that were not apparent when you bought the vehicle. You may also have other legal rights and remedies for dealer misconduct.

DCA believes that, by adding this language, it maintains consistency in messaging. It also encourages consumers to seek additional advice and information about their rights in situations of dealer misrepresentation or fraud.

c. Non-Dealer Warranties

DCA agrees with the FTC that the "Non-Dealer Warranty" and related check boxes should be moved to the front of the Buyers Guide. As it stands, with this information on the back of the document, it is difficult for consumers to see the information. Moving these boxes to the front of the Buyers Guide will make warranty disclosure more visible and more helpful to used vehicle purchasers.

II. Conclusion

DCA believes that implementing the proposed changes to the existing Used Car Rule will benefit consumers and car dealers alike. DCA would support the FTC in the decision to adopt the proposed amendments of the SNPRM, as this increases protections for consumers purchasing a used car without placing onerous burdens on car dealers. Educating consumers about the vehicles they are purchasing will help deter later disputes between dealers and consumers.

Again, DCA appreciates the opportunity to comment on this proposed revision to the Used Car Rule and is eager to provide additional information if the FTC has further questions. We strongly urge the FTC to move forward with its proposed amendments as outlined in the SNPRM. Please contact Sabra Purifoy, Public Policy Analyst, County of Los Angeles Department of Consumer Affairs, at spurifoy@dca.lacounty.gov or (213) 974-9750, if you have further questions.

Sincerely,

Brian J. Stiger
Director