ATTORNEY GENERAL'S GUIDELINES FOR MOTOR VEHICLE ADVERTISING AND SALES

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Office of Attorney General
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Purchasing a motor vehicle is a significant financial event in consumers' lives. Through accurate and detailed advertisements, motor vehicle sellers can help consumers make informed shopping decisions. Lawful advertising by all sellers also fosters a fair and competitive marketplace.

The Idaho Consumer Protection Act, title 48, chapter 6, Idaho Code, and the Idaho Rules of Consumer Protection, IDAPA 04.02.01.000 et seq., govern how sellers advertise, sell or lease motor vehicles in Idaho. Subchapter W of the Idaho Consumer Protection Rules outlines specific advertising and sales requirements that all motor vehicle sellers must follow.

These guidelines do not have the force of law, but are intended to help motor vehicle dealers comply with applicable advertising and sales laws that my office enforces. Most examples provided in these guidelines illustrate best practices. A few examples, however, show advertisements my office considers unfair, deceptive or misleading under Idaho law.

The Office of the Attorney General and Idaho's dealers enjoy a constructive working relationship. The deputy attorneys general in my Consumer Protection Division, while unable to give legal advice, are available to answer questions regarding these guidelines and clarify any misunderstandings.

Thank you for taking the time to read these guidelines and familiarize yourself with the Idaho Consumer Protection Act and the Idaho Rules of Consumer Protection.

LAWRENCE G. WASDEN
Attorney General

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CONSUMER PROTECTION DIVISION

Enforcement Responsibilities

The Attorney General's Consumer Protection Division is the division within the Office of the Attorney General assigned to enforce the Idaho Consumer Protection Act (ICPA) and the Idaho Rules of Consumer Protection (ICPR). Consumers are the division's primary source of complaints about potential ICPA and ICPR violations. If the division receives an advertising complaint and the advertisement, in fact, violates the ICPA and the ICPR, the division likely will contact the dealer in writing, explain the violation and refer the dealer to these guidelines. One warning letter from our office usually solves the problem.

The division, however, has other enforcement options under the ICPA. The ICPA authorizes the Attorney General to enter into an assurance of voluntary compliance or a consent judgment with a dealer who violates the ICPA and the ICPR. An assurance of voluntary compliance or a consent judgment may include requirements for the dealer to change its business practices or pay civil penalties, restitution or the Attorney General's fees and costs. The Attorney General also has authority under the ICPA to file a lawsuit in district court against a dealer for multiple and separate violations of the ICPA and the ICPR.

Helping Dealers Comply with Applicable Laws

The ICPA and the ICPR are accessible online. Dealers and their attorneys need to read and understand these laws and rules. We acknowledge, however, that sometimes the parties need to know how the Attorney General, in the past, has interpreted or applied a specific section or rule.

The Consumer Protection Division wants to work cooperatively with dealers to help them comply with Idaho law. The Division encourages dealers to speak first with their private attorneys about advertising and sales issues. Deputy attorneys general with the division cannot preview advertisements for compliance or give specific legal advice. The attorneys, however, can answer questions about these guidelines and discuss areas of confusion.

If, after consulting with private counsel, a dealer (or its attorney) needs further guidance, they may call, email or write to the Consumer Protection Division. To meet personally with a deputy attorney general, dealers need to call or email the office to schedule an appointment.

Call:	208-334-2424 (Boise area) 800-432-3545 (in Idaho)
Email:	consumer_protection@ag.idaho.gov
Write:	P.O. Box 83720 Boise, ID 83720-0010

SCOPE OF THESE GUIDELINES

These guidelines focus on the rules contained in Subsection W of the ICPR. Subsection W applies to a "dealer," which the ICPR defines as "a seller of motor vehicles." *See* ICPR 20.17. A "seller" is "a person engaged in trade and commerce" and includes those who act in concert with such person." *See* ICPR 20.44

IMPORTANT!

The Automobile Advertising and Sales Rules apply to ***all*** motor vehicle ***sellers***, not just licensed dealers.

"Motor vehicle," "vehicle" and similar terms include every device driven on a highway or by which any person or property may be transported. Devices used exclusively on stationary rails or tracks are excluded from this definition. *See* ICPR 20.33 & Idaho Code § 49-123(2).

"Trade and commerce" is broadly defined under the ICPA and includes advertising goods or services for sale, rent or lease and selling, renting or leasing goods or services (e.g., motor vehicles and vehicle services). *See* Idaho Code § 48-602(2) & ICPR 20.48. An "advertisement" is any oral, written, graphic or pictorial representation, statement or public notice, however made or utilized. *See* ICPR 20.03.

TYPES OF ADVERTISEMENTS

The definition of "advertisement" in the ICPR is sufficiently broad to cover all forms of verbal (e.g., in person, telephone or radio), print (e.g., newspaper, television, billboards or direct mail) and electronic advertising (e.g., internet, mobile or social media). Each advertising format, however, poses unique challenges because no matter the type of advertisement—radio, billboard, internet or text—it must comply with the ICPA and the ICPR.

Example advertisements appear throughout these guidelines to illustrate applicable laws and rules, and, in the case of dealer rebates, demonstrate what advertising offers are unlawful under the ICPA and the ICPR. The example advertisements are for reference purposes only and do not constitute endorsements or criticisms by the Attorney General of any specific dealer, manufacturer or vehicle make or model.

CITATIONS USED

The ICPA and the ICPR are accessible through the Attorney General's website at www.ag.idaho.gov.

Throughout the guidelines, any references to specific rules are cited using the acronym ICPR. Sections of the ICPA and other Idaho laws are cited as "Idaho Code § [section number]." Federal laws and regulations are cited as "[title] U.S.C. § [section number]" and "C.F.R. § [section number]," respectively.

SUMMARY OF THE IDAHO AUTO ADVERTISING RULES

Subchapter W, IDAPA 04.02.01.230-.239 (ICPR 230-239)

ICPR	Topic	Summary
232.01	**Material Terms & Conditions**	Requires disclosure of all **material terms** and **conditions** regarding the offer, including those, if absent from the advertisement, would have the capacity, tendency or effect of misleading a reasonable consumer.
232.02	**Footnotes & Asterisks**	Prohibits using **footnotes or asterisks** that confuse, contradict, materially modify or unreasonably limit a principal message of the ad.
232.03	**Print Size**	Prohibits using **print size** so small that material terms and conditions are unnoticeable or hidden at the bottom of the page.
232.04	**Photos & Illustrations**	Prohibits using inaccurate **photos or illustrations** to represent specific vehicles, such as showing a fully-loaded vehicle when the text refers to a minimally-equipped vehicle.
232.05	**Color Contrasts**	Prohibits using **color contrasts** that make the text difficult to read.
232.06	**Abbreviations**	Prohibits using **abbreviations** that the general public may not understand and that federal or state law does not recognize. (Approved abbreviations include A.P.R., M.S.R.P. and O.A.C.).
233.01.b	**Dealer's Documentation Fee**	Permits excluding the **dealer's documentation fee** from the vehicle's advertised price if the advertisement discloses: "PRICE DOES NOT INCLUDE $_____ (insert actual amount charged for dealer documentation service fee) DEALER DOC. FEE."
233.02	**Material Limitations**	Requires disclosure of **material limitations** of an offer, including, but not limited to, (1) the number of in-stock vehicles that are subject to an advertised offer if the number will not meet reasonably expected public demand, (2) the inclusive effective dates of the offer if it is effective for 14 days or less or if the offer ends within 14 days, and (3) any other restrictions that apply to the advertised price.

ICPR	Topic	Summary
233.05	**Price Matching Policy**	Requires disclosure of the **dealer's price matching policy** and any limitations of the policy. This rule applies to phrases such as "meet your best offer," "we won't be undersold" or similar terms that suggest the dealer will beat or match a competitor's price.
233.07	**Prices Compared to "Invoice"**	Requires that dealers who advertise vehicles for sale at **prices compared to "invoice,"** designate that the invoice is the "factory" or "manufacturer's" invoice. The advertisement must also include: "FACTORY INVOICE MAY NOT REFLECT DEALER'S ACTUAL COST."
233.08	**Price Limited to Certain Vehicles**	Requires disclosure that the advertised price applies only to a **specified number** of motor vehicles.
233.09	**Buy-Down Rates**	Requires that dealers who advertise vehicles at **"buy-down" rates** include in the advertisement: "BELOW MARKET RATE MAY AFFECT PURCHASE PRICE OF CAR."
234.01	**Demonstrator Vehicles**	Requires that dealers who advertise **"demonstrator" vehicles** disclose the year, make and model of the vehicle and that it is a demonstrator vehicle or was previously driven.
234.02	**Executive or Official Vehicles**	Requires that dealers who advertise **"executive" or "official" vehicles** disclose (a) the year, make and model of the vehicle, (b) that it is an executive or official vehicle, and (c) that it was previously driven. The advertisement must include the terms "Pre-Driven," "Previously Driven" or words of similar meaning.
234.03	**Lease Return Vehicles**	Requires that dealers who advertise the sale of **lease-return vehicles** disclose the year, make and model of the vehicle and that it was previously leased.
234.04	**Used Motor Vehicles**	Requires that dealers who advertise the sale of any **used motor vehicle** disclose the year, make and model of the vehicle.
234.05	**Manufacturer Rebate Programs**	Requires that dealers who advertise **manufacturer rebate programs** in which the dealer's financial participation is mandatory include the phrase "DEALER PARTICIPATION IN THE REBATE PROGRAM MAY INCREASE VEHICLE PRICE BEFORE REBATE."

ICPR	Topic	Summary
234.06	**Specific Trade-In Allowances**	Prohibits dealers from advertising specific **trade-in allowances** if the price of the vehicle is increased because of the amount of the allowance or if the advertisement fails to disclose that the trade-in allowance is conditioned on the purchase of additional options or services.
234.07	**Trade-In Dollar Ranges**	Requires that dealers who advertise or offer a **dollar range for trade-ins**, such as "up to $1,000," disclose the dealer's criteria for determining the amount of a particular trade.
235.01	**Credit Terms**	Requires that dealers who advertise credit terms to disclose that the advertised **credit terms** are available only on approved credit ("OAC").
235.01.b	**Price Exclusions**	Permits dealers to advertise **credit terms exclusive of taxes, license and title fees, and the dealer's documentation fee** if the advertisement includes "DOES NOT INCLUDE TAXES, TITLE & LICENSE FEES, & $_____ DEALER DOC. FEE" (insert actual amount charged for dealer documentation service fee).
235.04	**Truth in Lending**	Requires disclosure of **Truth in Lending** terms.
236.00	**Truth in Leasing**	Requires disclosure of **Truth in Leasing** terms.
237.01	**Subject to Financing**	Requires that dealers who offer **subject to financing purchase contracts** include in the contract in 10 point bold face type or at least 3 points larger than the smallest type appearing in the contract: **YOU AND THE DEALER HAVE AGREED THAT THE MOTOR VEHICLE WILL BE DELIVERED TO YOU PRIOR TO THE PURCHASE PRICE BEING PAID IN FULL. IF FINANCING CANNOT BE ARRANGED ON THE TERMS AND WITHIN THE TIME PERIOD AGREED UPON IN THE MOTOR VEHICLE PURCHASE CONTRACT, THE CONTRACT IS NULL AND VOID.**

GUIDELINE NO. 1

CLEAR AND CONSPICUOUS DISCLOSURE OF MATERIAL TERMS AND CONDITIONS

ICPR 232.01 requires dealers to disclose in their advertisements all **"material terms and conditions"** of a vehicle sale.

> *"Material terms and conditions"* include those without which an advertisement would have the capacity, tendency or effect of misleading or deceiving a consumer acting reasonably under the circumstances.

Material terms and conditions must be disclosed in a **"clear and conspicuous"** manner.

> To be *"clear and conspicuous,"* a statement, representation or term must be located reasonably close to the term it clarifies, modifies or explains. Additionally, the disclosure must be reasonably noticeable and understandable and must not contradict or substantially alter any term it clarifies, modifies or explains.

ADVERTISING EXAMPLES

Clear and Conspicuous Disclosures

TRUCKS FOR SALE

IDAHO GEM MOTORS • *Hometown, ID*

$32,199

2019 Obsidian 350

2 available at this price

Price available until 3/15

Price excludes taxes, title & license fees, & $25 dealer doc. fee

Clear and Conspicuous Disclosure of Material Terms and Conditions

1. Discloses the **limited number of in-stock vehicles** that are subject to the advertised offer. ICPR 233.02
2. Discloses the **limited effective dates** of the offer. ICPR 233.02
3. Discloses the **fees** excluded from the advertised price. ICPR 233.01.b

YOUR IDAHO GEM MOTORS DEALER

12345 Gem Motors Ave. • Hometown, ID

MEET THE NEW 2019 RUBY SE!

Only $17,940 or

$299 for 60 mos.
0% APR
Nothing down! OAC

Stock photo. Ruby red option un-available at this price.

Price & payments exclude taxes, title & license fees, & $25 dealer doc. fee

Clear and Conspicuous Disclosure of Material Terms and Conditions

1. Discloses **credit terms** available on approved credit. ICPR 235.04
2. Discloses the **fees** excluded from the advertised price. ICPR 233.01.b
3. Discloses the **car displayed in the advertisement** is a stock photo, and the color is unavailable at the advertised price. ICPR 232.01

GUIDELINE NO. 2

THE FEDERAL TRUTH IN LENDING AND LEASING ACTS

ICPR 235.04 and 236 require dealers to comply with the disclosure requirements of the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.), Consumer Leasing Act (15 U.S.C. § 1667 et seq.) and federal Regulations Z (12 C.F.R. § 226) and M (12 C.F.R. § 213).

The Office of the Attorney General enforces the ICPA and the ICPR, while the Federal Trade Commission actively enforces the Truth in Lending Act, the Consumer Leasing Act and Regulations Z and M in the areas of auto sales and financing.

Truth in Lending Act Disclosures

Offers for motor vehicle credit are offers of "closed-end credit" and fall under the federal Truth in Lending Act (TILA). The TILA assures disclosure of important credit terms.

Dealers must ***clearly and conspicuously*** disclose certain terms when they advertise credit offers. Dealers may not offer unavailable terms—including a specific credit amount, installment payment, down payment or lease term—unless the terms are available.

If an advertisement for closed-end credit contains any of the following triggering terms, the advertisement must also include three specific disclosures.

The 5 Triggering Terms

1. The down payment amount.
   10% down · $49 down · 7.8% financing
2. The payment amount.
   $199/mo. · less than $90/mo. · 5% per mo.
3. The number of payments.
   60 small payments · 48 monthly payments
4. The repayment period.
   36 mos. to pay · up to 72 mos. to pay
5. The amount of any finance charges.
   less than $400 interest · only $400 interest

Just one term . . .

triggers ALL 3 disclosures

The 3 Required Disclosures

1. The amount or percentage of the down payment.
   10% down · $49 down
2. The terms of repayment.
   $100 down, $199 for 60 mos. & 5% APR OAC
3. The annual percentage rate (APR) and when and how much it may increase.
   0% APR increases to 2% after 1 year

The following are **"non-triggering" terms**—statements that do not require the additional disclosures.

The vehicle's price.	"10% APR loans available."
"No down payment required."	"Loans available at 5% below standard APR."
"Financing available."	"Terms to fit your budget."

ADVERTISING EXAMPLES
Truth in Lending Act Disclosures

TRUCKS FOR SALE

IDAHO GEM MOTORS

12345 Gem Motors Ave. · Hometown, ID

All 2019 Fully-Loaded Opal 350s ON SALE NOW!

$45,000	MSRP
-$ 1,000	Manufacturer's Rebate
-$ 1,700	Dealer's Discount
$43,300	**Your Low Price!**

(price excludes tax, title & license fees, & $25 dealer doc. fee)

Only $200 down!

0% APR OAC · payments less than $600/mo. for 72 mos.

Example 1

Print Advertisement
(e.g., newspaper, direct mail)

Advertising dealer-available financing is ***not a triggering term*** under the TILA. ***No additional disclosures are required.***

Prices, manufacturer rebates and discounts are ***not triggering terms*** under the TILA. ***No additional disclosures are required.***

The ***down payment*** is a ***triggering term*** under the TILA.

The ***3 TILA disclosures*** must be disclosed ***clearly and conspicuously***.

CARS FOR SALE!

YOUR GEM MOTORS DEALER

All Fully-Loaded 2019 Emerald SLs!

0% APR financing O.A.C.

$25,000	MSRP
-$ 1,000	Manufacturer's Rebate ⓘ
-$ 1,500	Dealer's Discount ⓘ
$22,500	**Your Low Price!**

(price excludes tax, title & license fees, & $25 dealer doc. fee)

0% APR OAC · $298.60/mo. for 72 mos. · $1,000 down
(price and payments exclude taxes, title & license fees, & $25 dealer doc. fee)

Example 2

Website Advertisement

Prices, manufacturer rebates, discounts and the availability of 0% financing OAC are ***not triggering terms*** under the TILA.

No additional disclosures are required.

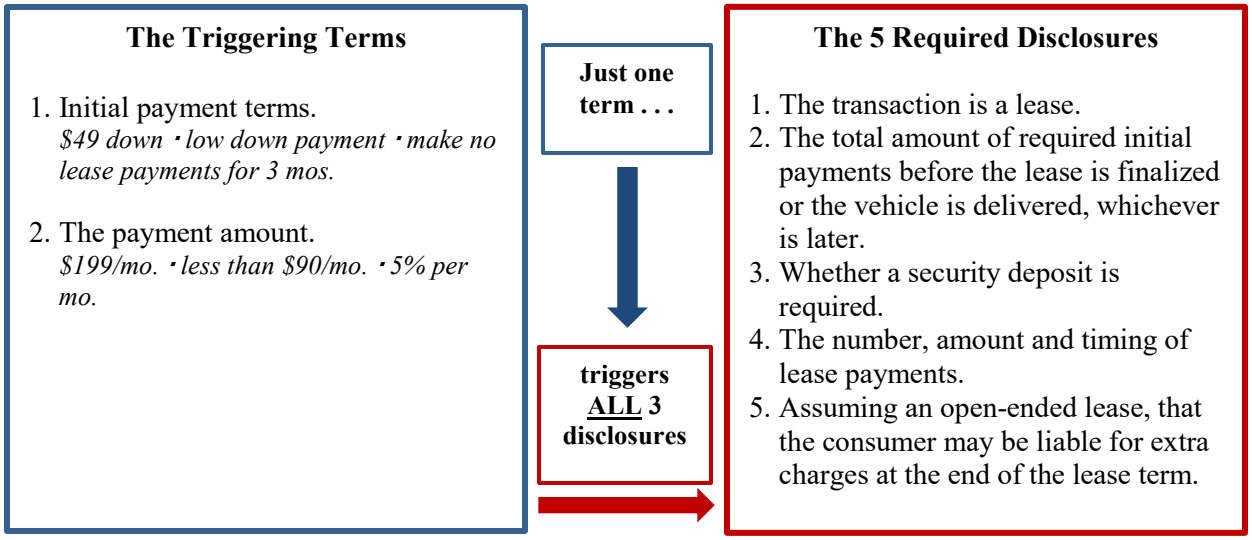
The ***monthly payment*** is a triggering term under the TILA.

The ***3 TILA disclosures*** must be disclosed ***clearly and conspicuously***.

Consumer Leasing Act Disclosures

ICPR 236 requires dealers to comply with the disclosure requirements of the federal Consumer Leasing Act and Regulation M. These disclosures help consumers distinguish between advertisements offering leasing terms and advertisements offering credit terms.

If a consumer lease advertisement contains any of the following triggering terms, the advertisement must also include five specific disclosures.



The following are **"non-triggering" terms**—statements that do not require the additional disclosures.

Low monthly payments.	Lease for less than it costs to buy.
We lease to anyone.	36-month leases.
Low monthly payments on 4-year auto leases.	Lease terms to fit your budget.

IMPORTANT!

Regulation M requires that, excluding the periodic payment (e.g. $229 per mo.), if an advertisement includes a charge due at lease signing, the advertisement ***must disclose in the same font size*** **(a)** the total amount due at lease signing, and **(b)** the amount of the down payment.

Example Disclosure (16 point font):

$5,000 down payment required with $8,000 total due at lease signing

Radio and Television Advertisements

The Consumer Leasing Act includes special provisions for leasing disclosures in radio and television advertisements. Dealers ***must include Disclosures 1, 2 and 4*** in a radio or a television advertisement for a motor vehicle lease.

Dealers ***may exclude Disclosures 3 and 5*** from a radio or television advertisement, but ***only if*** the advertisement ***either:***

a) includes a ***toll-free telephone number*** that the consumer can call to obtain ALL of the information about the lease, **or**

b) references an advertisement within a ***publication of general circulation*** where the consumer can read ALL of the information about the lease. The publication must be available in the community where the radio or television station broadcasts.

Always Must Include in the Radio or TV Advertisement:

1. The transaction is a lease.
2. The total amount of required initial payments before the lease is finalized or the vehicle is delivered, whichever is later.
4. The number, amount and timing of lease payments.

May Exclude from the Radio or TV Advertisement:

3. Whether a security deposit is required.
5. Assuming an open-ended lease, that the consumer may be liable for extra charges at the end of the lease term.

IF

The Advertisement Clearly and Conspicuously Discloses:

Call 1-800-000-0000 for complete disclosures regarding the advertised lease terms.

OR

Clearly and Conspicuously Discloses:

See our advertisements in the July 1 through 10, 2019, editions of Hometown News *for complete disclosures regarding the advertised lease terms.*

GUIDELINE NO. 3

MOTOR VEHICLE PRICE ADVERTISING

Dealers often list a variety of prices for their motor vehicles and identify each price with a different term. That term may be recognized within the industry (e.g., MSRP or factory invoice) or dealer-created (e.g., "best price," "lowest price" or "drive it now price"). Dealers should recognize that using non-industry terms to advertise multiple prices for the same vehicle may constitute an unfair or deceptive act or practice under the ICPA and the ICPR.

Selling at Advertised Prices

ICPR 233.08 requires dealers to sell their motor vehicles for their advertised prices. That means a vehicle advertised for $25,000 must be available at that price to all consumers, not just those who may qualify for special manufacturer rebates. It is an unfair or deceptive act or practice for a dealer to advertise a price that the dealer will not honor.

Dealer's Cost

A dealer is prohibited under ICPR 233.06 from advertising a motor vehicle using any reference to the term "dealer's cost" or that a motor vehicle is available for purchase at, above or below "cost."

Factory or Manufacturer's Invoice

Under ICPR 233.07, a dealer may not advertise that a motor vehicle is available for purchase at an amount below, at or above "factory invoice," "factory billing" or "manufacturer's invoice" unless the dealer:

a) uses the terms "factory invoice" or "manufacturer's invoice" in the advertisement;
b) lists the factory or manufacturer's invoice price as the final price on the invoice;
c) states clearly and conspicuously in the advertisement: "FACTORY INVOICE MAY NOT REFLECT DEALER'S ACTUAL COST;" <u>and</u>
d) makes the original (or a true and correct copy of the) factory or manufacturer's invoice available at the dealership for the consumer's inspection.

Manufacturer Rebate Offers

If a motor vehicle is available at a lower price to consumers who qualify for special manufacturer rebates and the dealer advertises that lower price, the dealer must clearly and conspicuously disclose in the advertisement:

- the amount of the manufacturer rebate;
- how the consumer qualifies for the manufacturer rebate; and
- all other material terms or conditions.

Costs the Advertised Price Must Include

An advertisement may not misrepresent the total price the consumer must pay to purchase the advertised vehicle. This requires the dealer to include in the advertised price any costs that are necessary or usual prior to the vehicle's delivery.

It is unfair and deceptive to advertise a vehicle's price without including in the price (a) the costs the consumer must pay at the time of sale, or (b) the costs that are necessary or usual prior to the vehicle's delivery. Generally, the advertised price must include, without limitation, costs related to freight, delivery, dealer preparation and any other charges.

Costs the Advertised Price May Exclude with Proper Disclosure

The advertised price may exclude costs for taxes or license and title fees. However, the advertisement must clearly and conspicuously disclose that those costs are excluded from the price.

Also, a dealer may exclude from the advertised price the dealer's documentation service fee if the advertisement discloses clearly and conspicuously the fee amount and that the fee is a dealer-imposed fee. A "dealer documentation service fee" (a/k/a dealer's doc. fee, administration fee, documentation and handing fee or D&H fee) is the fee the dealer charges for services actually rendered to a consumer for preparing, handling and processing the documents necessary to close a vehicle transaction. *See* ICPR 20.18.

To cover both of the above exceptions, the advertisement must include a disclosure that is substantially similar to one of the following examples:

> PRICE DOES NOT INCLUDE TAXES, LICENSE AND TITLE FEES, AND $ _____ (insert actual amount charged for dealer documentation service fee) DEALER DOC FEE
>
> PRICE EXCLUDES TAXES, LICENSE AND TITLE FEES, AND $ _____ (insert actual amount charged for dealer documentation service fee) DEALER DOC FEE
>
> PRICE EXCLUDES TAXES, LICENSE & TITLE FEES, & $ _____ (insert actual amount charged for dealer documentation service fee) DEALER DOC FEE

Price Itemization

Idaho Code § 48-603(17) and ICPR 233.01 allows dealers to itemize an advertised price if the total vehicle price is included directly adjacent to the itemization and is as clear and conspicuous as the most prominent portion of the itemization. The total vehicle price may not be disclosed with an asterisk that refers the consumer elsewhere in the advertisement.

If a dealer advertises a price itemization on television and a price less than the total sale price of the vehicle is stated in the advertisement, the dealer must state the total sale price in the audio

portion of the advertisement directly after the price itemization and following the phrase "total sale price" or another phrase of like meaning. A vehicle's total sale price in a price itemization advertisement may not be disclosed in the printed portion of the television advertisement. The requirements for radio price itemization advertisements are identical to the television advertising requirements.

No Money Down Offers

A dealer may not use the phrases "no down payment," "no money down" or similar phrases in vehicle advertisements unless, subject to the consumer's credit approval, the dealer will sell the advertised vehicle without the consumer having to trade-in a vehicle or pay any amount to the dealer before purchase. *See* ICPR 234.08

Price Matching

Phrases like "meet your best offer" or "we won't be undersold" are prohibited under ICPR 233.05 unless the advertisement discloses the dealer's price matching policy and its limitations.

ADVERTISING EXAMPLES
Cost Disclosures

Idaho Gem Motors

Fully Loaded $36,995

Price excludes taxes, title & license fees, & $25 dealer doc. fee.

Lowest Prices in Idaho!

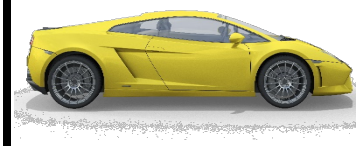
Idaho Gem Motors will match written offers issued by other Idaho dealers in the past 30 days for new, in-stock vehicles of the same year, make, model & options.

Example 1:
Excluded Costs and Price Matching Disclosures

Idaho Gem Motors

Introducing the New Helidore SL

3 in stock now
#IGM001H, #IGM002H, #IGM003H



Heliodore Base Price	$28,000
SL Package Upgrade	$ 1,400
Weatherization Kit	$ 600
Your Buy It Now Price	**$30,000**

Price excludes taxes, title & license fees, & $25 dealer doc. fee.

Example 2:
Price Itemization and Excluded Costs Disclosures

Example 3:
Price Matching and Excluded Costs Disclosures

Idaho Gem Motors

12345 Gem Motors Ave. ❄ Hometown, ID

We Won't Be Undersold!

Our Price-Matching Policy:
We will match written offers issued by other Idaho dealers in the past 30 days for new, in-stock vehicles of the same year, make, model & options.

Winter Clearance Event on Now

❄ **New vehicles for under $15,000** ❄
❄ **Late model used vehicles for under $10,000** ❄
(All prices exclude taxes, title & license fees, & $25 dealer doc. fee)

All New Ruby SUV

MSRP	$58,000
IGM Discount	($1,000)
Manufacturer's Cash Rebate	($2,000)
Your Buy It Now Price	**$55,000**

Price excludes taxes, title & license fees, & $25 dealer doc. fee.

3 available at this price
IGM001R, IGM002R, IGM003R

Pricing

Example 4:

Print Ad

Idaho Gem Motors
12345 Gem Motors Ave. • Hometown, ID

2019 Pearl XL

Our Price: $36,945.00
(price excludes tax, title, & $25 dealer doc. fee)

The advertisement emphasizes the dealer's base negotiating price.

Manufacturer Rebates Available to Qualified Customers
(call (208) 000-0000 or visit www.idahogemdealer.cars for details)

Consumers can get details without going to the dealership.

Loyalty Rebate (must currently own a Gem vehicle):	$1,000.00
Manufact'r Financ'g Rebate (must finance purchase w/ Gem):	$1,000.00
Military & Veteran Rebate (must show military/vet I.D.):	$2,500.00
College Grad Rebate (degree awarded w/in prior 24 mos.):	$2,000.00

The manufacturer rebate amount and qualifications are provided.

Price with All Manufacturer Rebates Applied: $30,445.00
(price excludes tax, title & license fees, & $25 dealer doc. fee)

The price after all rebates are applied is less prominent than the buy-it-now price.

Example 5:

Website Advertisement

2019 Moonstone 4x4
6.7L 4 Valve Diesel V8 Engine • 6-Speed Auto Transmission

Buy it Now for: $79,800
(price excludes taxes, title & license fees, & $25 dealer doc. fee)

0% A.P.R. OAC when you finance your 2019 Moonstone with Gem Motors

Manufacturer Incentives Available to Qualified Customers
Call Us, **Chat** Online, or **Click** on the Links for Details

Cash-Back (must apply cash toward car purchase):	$500.00
First-Time Buyer Rebate (must be first customer's first Gem vehicle):	$1,000.00
Military & Veteran Rebate (must show military/vet I.D.):	$2,000.00
College Grad Rebate (degree awarded w/in prior 24 mos.):	$2,000.00

Lowest Available Price (w/ all incentives applied): **$74,300.00**
(price excludes taxes, title & license fees, & $25 dealer doc. fee)

The manufacturer rebate amounts and qualifications are provided, but details are made readily available through multiple sources.

Example 6:

Website Advertisement

MSRP:	$70,000.00
Manufacturer's Rebate:	($2,000.00)
Idaho Gem Motors Discount:	($ 500.00)
Buy It Today Price:	**$67,500.00**

Price excludes taxes, title and license fees, and $25 dealer doc. fee. You may qualify for other manufacturer incentives that can further lower your price. Call or email the dealership for details or click here to read about the available incentives and eligibility requirements.

2019
Gem Amethyst

Financing Available!

Buy It Today Price:	$67,500.00
Down Payment:	($ 5,000.00)
Your Final Price:	*$62,500.00*

0% APR OAC for 84 months

Monthly Payment:	**$ 744.04**

(Price & payments exclude taxes, title & license fees, & $25 dealer doc. fee)

Vehicle Specifications

Stock Number	GEM-18-1001
Mileage	5
Trim	24 Karat
Exterior	Violet Chrome
Engine	6.2L
Interior	Gray
Transmission	8-Speed Automatic
VIN	5ABCDEF55555

Idaho Gem Motors

208-000-0000 • customerservice@igm.car

GUIDELINE NO. 4

FREE GIFTS AS AN ENTICEMENT TO BUY A MOTOR VEHICLE

"Free" Gifts with Purchase

A dealer may not offer a gift to a consumer as an enticement to buy a vehicle when the parties are able to negotiate the vehicle's price. This prohibition prevents dealers from concealing the cost of the gift in the negotiated vehicle price and passing that cost on to the consumer.

Terms like "gift," "free," "no extra charge," "no extra cost," "bonus" or "without charge" are misleading and deceptive. The Federal Trade Commission's (FTC's) advertising rule provides:

> If a product or service usually is sold at a price arrived at through bargaining, rather than at a regular price, it is improper to represent that another product or service is being offered "free" with the sale . . . (16 C.F.R. § 251.1(g))

A dealer may not use creative terminology to get around this restriction. Any term that tends to convey that an item is free or a gift (with purchase) violates the FTC's rule. A violation of an FTC rule constitutes a violation of the ICPA and the ICPR. *See* Idaho Code §§ 48-603(17) & 48-614(1); ICPR 33.01.

"Free" Gifts without Purchase

Subchapters G and H of the ICPR allow a dealer to offer free goods or services to a consumer as long as the consumer receives the goods or services without cost. The dealer may condition the offer on the consumer (a) paying a postal delivery charge, or (b) purchasing a regular-priced good (e.g., tires, oil changes, etc.). Such conditions must be clearly and conspicuously disclosed in the offer. The dealer may not increase the price of the regular-priced good or service or reduce its quality.

*The restriction on offering a "free" item or gift is conditioned on the purchase or lease of a vehicle when the price is **negotiable**. A dealer may offer the consumer a gift with a test drive or distribute free food with a visit to the dealership.*

GUIDELINE NO. 5

BELOW MARKET RATES AND HIDDEN FINANCE CHARGES

Below Market Financing

Vehicle manufacturers often offer below market financing as an incentive for consumers to purchase vehicles. Dealers who do not have the opportunity to participate in manufacturer-sponsored programs may offer their own below market financing programs.

Typically, a dealer makes an advance payment to a financial institution in order to obtain a lower annual percentage rate or a "buy-down rate," which is defined in ICPR 20.10.

ICPR 233.09 requires a dealer who advertises a vehicle at a buy-down rate to clearly and conspicuously disclose in the advertisement: "BELOW MARKET RATE MAY AFFECT PURCHASE PRICE OF CAR."

Hidden Finance Charges

If a dealer sells a vehicle to a credit consumer for a price that is higher than the price the dealer charges a cash consumer for the same vehicle, the dealer has charged the credit consumer a "hidden finance charge." Another example of a hidden finance charge is a discount the dealer offers to cash consumers, but not to credit consumers.

ICPR 233.10 requires a dealer to disclose all finance charges in the dealer's Truth in Lending calculation. The charge is calculated as the difference between the vehicle's cash and credit price.

GUIDELINE NO. 6

REBATES AND INCENTIVES

Manufacturer rebates and incentives stimulate vehicle sales by reducing the net cost of a vehicle while maintaining its MSRP. The three most common types of programs are (1) cash rebates, (2) low interest financing, and (3) special leases.

Cash rebates are paid directly to the customer at the time of purchase. Manufacturers often gear their cash rebate programs toward specific customer groups, such as first-time buyers, recent college graduates, service members or first responders. Eligibility requirements must be clearly and conspicuously disclosed in advertisements.

If the manufacturer's rebate program requires the dealer's financial participation, the dealer must clearly and conspicuously disclose in the advertisement: "DEALER PARTICIPATION IN THE REBATE PROGRAM MAY INCREASE VEHICLE PRICE BEFORE REBATE."

Low interest financing is a loan through the manufacturer's finance company at a below-market interest rate. The customer's eligibility is based on his or her creditworthiness.

A **special or subsidized lease** is a manufacturer vehicle lease where the monthly lease payment is lower than the payment amount offered through independent leasing companies. The manufacturer absorbs the cost of the lower payment by using a higher residual value or a lower interest rate.

Unlawful Dealer Rebates, Vouchers or Certificates

IMPORTANT!

Any payment of money a dealer offers in conjunction with a vehicle purchase or lease violates the dealer rebate rule.

Under Rule 234.05, it is an unfair or deceptive act or practice for a dealer to advertise that consumers will receive a dealer rebate when they purchase or lease a vehicle. A dealer rebate is a payment, check, voucher, certificate or coupon offered in conjunction with the purchase or lease of a vehicle. Such rebates include dealer payments to consumers, itself or to a third party for the consumer's benefit.

The Office of the Attorney General regularly observes violations of Rule 234.05 in direct-mail advertisements. The advertisements are large, brightly colored spreads full of photos, sales and financing offers, scratch-off cards and prize listings, slogans and a lot of very small print. A dealer rebate usually comes in the form of a payment certificate or check that the customer may use as down payment assistance on a vehicle. Stamping the check or certificate as "non-negotiable" or labeling it "not a dealer rebate" does not change the fact that the offer violates Rule 234.05.

ADVERTISING EXAMPLES ~ UNLAWFUL DEALER REBATES

EXAMPLES OF WHAT NOT TO DO!

Idaho Gem Motors 1000
12345 Gem Motors Ave.
Hometown, ID

To: Idaho Gem Motors Customer $2,000
Two Thousand Dollars & no/100

NON-NEGOTIABLE

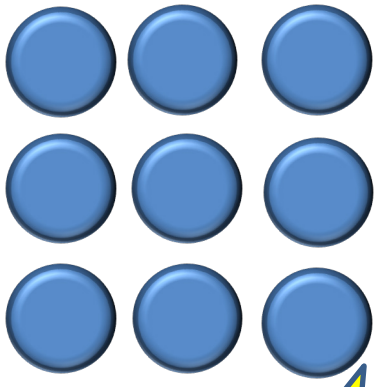
Example 1:
Unlawful Dealer Rebate Check

$3,250 Dealer Voucher*

Bring this voucher to Idaho Gem Motors during the event dates and apply it toward your purchase of a new Idaho Gem vehicle

*no cash value

Example 2:
Unlawful Dealer Voucher



Scratch off 3 in a Row to Reveal Your Cash Prize!

$1,000	$500	$100	$25
odds: 1:50,000	odds: 1:50,000	odds: 1:50,000	odds: 49,997:50,000

Example 3:
Unlawful Cash

Idaho Gem Motors will match your down payment!

Idaho Gem Motors' Tax Refund Event!
March 1 - 6
Apply your tax refund to the purchase of a new or used vehicle and we will match your down payment!
CPAs will be onsite to prepare your taxes for free!

Example 4:
Unlawful Down Payment Matching

Example 5:
Unlawful Dealer Cash with Purchase

Example 6:
Unlawful Dealer Payment Incentive

Example 7:
Unlawful Dealer Sales Tax Incentive

GUIDELINE NO. 7

ADVERTISING USED VEHICLES

Under ICPR 234, it is an unfair and deceptive act for a dealer to advertise a used vehicle without clearly and conspicuously disclosing the year, make and model of the vehicle. Additional disclosures are required when advertising demonstrator, executive and leased vehicles. Dealers also must display on the used vehicle the Used Car Buyers Guide as required under 16 C.F.R. 455.

Demonstrator Vehicles

ICPR 20.19 defines a "demonstrator vehicle" as a vehicle of the current or previous two model years that (a) has not been rented, leased, sold, titled or registered to a consumer before it appears in an advertisement, and (b) was used by a dealer for demonstration purposes.

An advertisement offering a demonstrator vehicle must clearly and conspicuously disclose (a) the vehicle's year, make and model, and (b) that the vehicle is a "demonstrator" or has been driven previously. *See* ICPR 234.01.

Executive or Official Vehicles

An executive or official vehicle is one that has been driven exclusively by an executive of the vehicle's manufacturer or by an executive of any authorized dealership that sells the same vehicle make. *See* ICPR 20.24.

The advertisement for an executive or official vehicle must clearly and conspicuously disclose (a) the vehicle's year, make and model, and (b) that the vehicle is "previously driven." *See* ICPR 234.02.

Leased Vehicles

A leased vehicle is one that has been driven for a specific time period pursuant to a lessee-lessor agreement. *See* ICPR 20.31

The advertisement for a previously leased vehicle must clearly and conspicuously disclose (a) the vehicle's year, make and model, and (b) that the vehicle is a leased vehicle. *See* ICPR 234.03.

It is an unfair and deceptive practice to use any word or phrase in a used vehicle advertisement that would lead a reasonable consumer to believe the used vehicle is new.

GUIDELINE NO. 8

MOTOR VEHICLE TRADE-IN POLICIES

Dealers sometimes advertise vehicle trade-in offers using creative words ("push, pull or drag") and phrases ("$1,000 minimum for your trade-in") to describe their offers. It is an unfair and deceptive practice under ICPR 234 for a dealer to misrepresent its trade-in policies in an advertisement.

Specific Trade-In Allowances

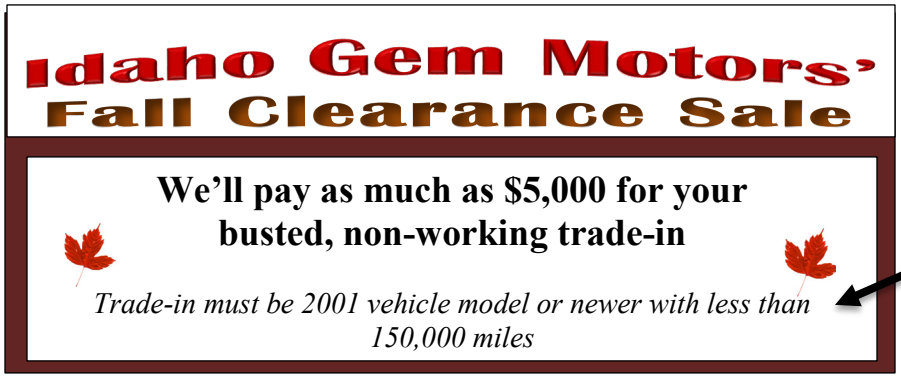
A dealer may not advertise or offer a specific trade-in allowance if, because of the allowance amount, the dealer (a) increases the price of the vehicle offered for sale, or (b) fails to disclose that the offered allowance is contingent on the consumer purchasing additional options or services. ICPR 233.06.

Specific Trade-In Allowance

Discloses the consumer must purchase a specific option to receive the $5,000 guaranteed minimum trade-in

Range of Trade-In Allowances

ICPR 233.07 requires a dealer to clearly and conspicuously disclose the criteria the dealer uses to determine the trade-in value of a vehicle if the dealer advertises or offers a range of trade-in allowances.



Trade-In Range Allowance

Discloses the dealer's criteria for determining the trade-in range allowance

GUIDELINE NO. 9

PROMOTIONAL GAMES AND OFFERS

Consumer complaints regarding dealers often concern advertisements that include deceptive promotional games or offers. Dealers should exercise caution and work closely with their attorneys when using scratch-off, spin-the-wheel, cash machines and similar games to entice potential consumers.

Out-of-state marketing companies that produce dealers' advertisements are often unfamiliar with Idaho's advertising laws and may design promotional games that fail to disclose required terms and conditions. Dealers must scrutinize the advertisements before they are distributed to ensure the advertisements comply with Idaho law.

Unlawful Promotions

Subchapter H of the ICPR governs promotional games and advertising. ICPR 80 prohibits sellers from:

> offering, initiating, promoting or soliciting the participation in any kind of game of chance, contest, sweepstakes or promotion in which goods are distributed by random or chance selection that requires any kind of entry fee, service charge, purchase, payments to information providers or other obligation in order to enter or participate in the promotion or receive any of the offered awards, prizes or gifts.

Requiring a consumer to visit the dealership to claim a prize or gift does not constitute an "obligation" as contemplated under ICPR 80.

Disclosure Requirements

ICPR 81 outlines the disclosure requirements for gift promotions and prohibits sellers from offering promotional goods or services as an inducement to a consumer to attend an in-person sales presentation unless the offer clearly and conspicuously discloses in writing that no purchase is necessary to receive the offered goods or services, along with:

- the name and street address of the seller or the seller's representative
- the purpose of the requested sales presentation or contact with the seller
- the odds of receiving any particular good or service
- all restrictions, qualifications and other conditions the consumer must satisfy to receive the good or service
- the verifiable retail value of each good or service offered

ICPR 82 prohibits dealers from misrepresenting the above disclosures or claiming a consumer was specially selected to receive an offered good or service.

Idaho Gem Motors'

Winter Driving Event

December 1st - 10th

End of the Year Closeouts on New Gem Motors' Sapphire XLs, Fully Loaded Citrine GSLs, & Moonstones

Snowflake Scratch-Off

Win $25,000 Instantly

Offer Terms: Odds of winning: 1:1,000,000 ❄ No purchase necessary ❄ Purchase doesn't increase odds of winning ❄ Must present winning scratch off with picture ID at Idaho Gem Motors between 12/1 & 12/11 during business hours ❄ No IGM employee or relative of an employee may participate or win ❄ Must be 18 years or older to play or win ❄ Winner is responsible for paying taxes on winnings ❄ See dealer for complete details or call 208-000-0000.

Free Smart Watch with Test Drive

($79 value ❄ while supplies last ❄ limited quantity ❄ offer available Dec. 1-10 only)

Free hotdogs

Free soda

Free balloons

Win a Gem Motors' 2019 Ruby

No Purchase Necessary ❄ $36,000 Value

Your Code: 1234567

If Your 7-Digit Code Matches the Winning Code at Idaho Gem Motors, You Will Be Entered in Our December 10th Drawing to Win a 2019 Ruby!

Offer Terms: Stock # IGM001A ❄ Odds of Winning: 1:1,000,000 ❄ Purchase doesn't increase odds of winning ❄ Must be present at Idaho Gem Motors (12345 Gem Motors Ave., Hometown, ID) during drawing to win ❄ Drawing will be held on 12/10 at 5:00 p.m. ❄ If the drawing doesn't result in a winner, IGM will return the vehicle to IGM's inventory ❄ No IGM employee or relative of an employee may participate in or win the drawing ❄ Must be 18 years or older to play or win and must present valid driver's license at the time of winning to receive vehicle ❄ Winner is responsible for paying taxes, registration and licensing fees, and other costs related to receipt of the vehicle ❄ See dealer for complete details or call 208-000-0000.

Let Us Finance Your New Gem Motors Car or Truck (OAC)

GUIDELINE NO. 10

OTHER CONSUMER PROTECTION ISSUES

Contract Add-Ons

ICPR 234.11 prohibits a dealer from negotiating the terms of the sale and, without proper disclosure and the consumer's consent, subsequently adding costs to the negotiated contract. Additional costs include, but are not limited to, extended service contracts, credit life contracts, dealer preparation services, vehicle inspections or special vehicle services (e.g., undercoating, security etching, etc.).

Subject-to-Financing Contracts (Spot Deliveries)

The Attorney General's Consumer Protection Division regularly receives consumer complaints and inquiries about dealers changing the terms of consumers' financing contracts after consumers have had possession of the vehicles for several days or weeks. To help prevent consumer misunderstandings about subject-to-financing contracts, dealers must properly disclose in their contracts all material terms and conditions concerning the financing offer. *See* ICPR 237

Unless specifically exempted under ICPR 237.06, every subject-to-financing contract for the purchase of a vehicle must include the following disclosure in 10-point bold type or at least three points larger than the smallest type appearing on the contract:

> YOU AND THE DEALER HAVE AGREED THAT THE MOTOR VEHICLE WILL BE DELIVERED TO YOU PRIOR TO THE PURCHASE. IF FINANCING CANNOT BE ARRANGED ON THE TERMS AND WITHIN THE TIME PERIOD AGREED UPON IN THE MOTOR VEHICLE PURCHASE CONTRACT, THE CONTRACT IS NULL AND VOID.

The consumer must receive a copy of the above disclosure at the time the parties sign the contract. *See* ICPR 237.01 & .05.

If a vehicle purchase contract becomes null and void pursuant to ICPR 237, the dealer must return the consumer's trade-in vehicle, if any, together with its title, if previously provided to the dealer, upon the consumer's return of the vehicle to the dealer. If the dealer no longer has possession of the consumer's trade-in, the dealer must give the consumer the trade-in allowance within one business day. *See* ICPR 237.03

Questions or Concerns about These Guidelines? Call, Email, Write or Visit Us at:

Office of the Attorney General
Consumer Protection Division

Call: 208-334-2424 (in the Boise area) · 800-432-3545 (in Idaho)

Email: consumer_protection@ag.idaho.gov
Website: www.ag.idaho.gov

Write: P.O. Box 83720 · Boise, ID 83720-0010

Visit: 954 W. Jefferson St., 2nd Fl. · Boise, ID 83720

LAWRENCE G. WASDEN
Attorney General • State of Idaho