



NEW JERSEY MOTOR VEHICLE ADVERTISING REGULATIONS

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LEGAL DISCLAIMER

Nothing that is presented during this educational program is intended as legal advice, and this program may not address all federal, state, or local regulatory or other legal issues raised by the subject matter it addresses. Program participants should consult with their attorney to obtain advice with respect to any particular legal matter.

The information presented is also not intended to urge or suggest that dealers adopt any specific practices or policies for their dealerships, nor is it intended to encourage concerted action among competitors or any other action on the part of dealers that would in any manner fix or stabilize the price or any element of the price of any good or service.



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DEFINITIONS



- **ADVERTISED PRICE**

- “Advertised price” means the dollar amount required to purchase or lease a motor vehicle, advertised as:
 - The total price; or
 - The monthly payment price; or
 - The deferred payment price; or
 - A specific discount or savings on the manufacturer’s suggested retail price.



MANDATORY DISCLOSURES



- **MANDATORY DISCLOSURES IN ALL ADVERTISEMENTS**

- Dealership name and address;
- The statement, “Prices include all costs to be paid by a consumer, except for licensing costs, registration fees, and taxes;”
- The MSRP;
- Year, make, model, number of engine cylinders;
- Type of transmission, brakes, and steering (manual, automatic or power) and whether the vehicle has AC;
- The last eight (8) digits of the vehicle’s VIN (not required for radio and TV ads); and
- Any dealer-installed options and their price.



- **MANDATORY DISCLOSURES IN ALL ADVERTISEMENTS (CONT'D)**

- **For Used Vehicles:**

- Odometer reading.
- Nature of prior use, if anything other than private individual (*for example, fleet, rental and commercial*).

- **For Demos:**

- The fact that it is a demo.
- Odometer Reading.



- **MANDATORY DISCLOSURES IN LEASE ADVERTISEMENTS**

- That it is a lease;
- The amount of any payment due at inception;
- The amount, number, and total of all periodic payments;
- The name and address of the dealership;
- In a broadcast ad, the above information must be stated clearly and audibly, as loudly as the loudest statement in the ad, and as slowly as all other statements in the ad;



- **MANDATORY DISCLOSURES IN LEASE ADVERTISEMENTS (CONT'D)**

- A toll-free telephone number the customer can call to obtain the following information (given as an audio message):
 - Whether the lease is open or closed end;
 - Whether it is a business lease;
 - Number, amount, and total of monthly payments;
 - Any other required payments, such as a cap cost reduction;
 - Total cost of the lease;
 - Vehicle's MSRP;



- **MANDATORY DISCLOSURES IN LEASE ADVERTISEMENTS (CONT'D)**

- The following statement: “price(s) include(s) all costs to be paid by the consumer, except for licensing, registration, and taxes;”
- Purchase option information;
- The amount or method for determining whether the lessee will be liable for any difference between estimated lease end value and actual lease end value, if the consumer will be liable for same;
- Statement of standard equipment included;
- The rest of the information listed previously in above; and
- An option to request a written statement of all the above information.



- **MANDATORY DISCLOSURES IN CREDIT SALE ADS**

- The following information must be set forth adjacent to the vehicle description in a print ad, or if in a footnote, in at least 10-point type:
 - The total installment sale cost;
 - APR;
 - Monthly payment and number of payments; and
 - Amount of trade-in or down-payment required, if any.



DOCUMENTARY FEES IN ADVERTISED PRICE



- **INCLUSION OF DOC FEES AND DEALER ADD-ONS IN THE ADVERTISED PRICE**

- N.J.A.C. 13:45A-26A.5 requires that every advertisement that sets forth a vehicle price must contain the following statement verbatim:

- ...price(s) include(s) all costs to be paid by a consumer, except for licensing costs, registration fees, and taxes.

- **NOTE:** Dealers must include the amount of their Doc Fee in a vehicle's advertised price. Dealer addons, such as "ETCH", or other preinstalled items must be included in the advertised price.

- **NOTE:** Simply stating a vehicle's MSRP in an advertisement is not "price advertising" under the regulations unless it is the dealer's price.



ON-SITE DISCLOSURES



- **ON-SITE DISCLOSURES**

- The following information must be provided either at the entrance to the dealership or on, or adjacent to, an advertised vehicle:
 - A copy of the **printed advertisement**;
 - A **fuel economy label**, if required by federal law;
 - The **Used Car Buyers Guide**, if required by federal law; and
 - For new vehicles, a **Monroney Label**, if required by the Automobile Information Disclosure Act.



UNLAWFUL ADVERTISING PRACTICES



- **BAIT & SWITCH**

- “Bait and switch” is defined as the advertisement of a vehicle as **part of a plan or scheme not to sell it at the advertised price** or to “switch” the customer to another, higher-priced vehicle.
- In any case where a customer places a deposit or enters into a contract on an advertised vehicle, and winds up buying a different vehicle, the dealership **MUST** obtain a signed statement from the customer that the switch was initiated by the customer and not the dealership, or the DCA will presume a “Bait and Switch” has occurred.



- **OTHER UNLAWFUL ADVERTISING PRACTICES**

- **Misleading Statements** -The use of any type size, location, lighting, illustration, graphic depiction or color so as to obscure or make misleading any material fact;
- The setting forth of an **advertised price which has been calculated by deducting a downpayment, trade-in allowance or any other deductions** other than a manufacturer's rebate and dealer's discount;
- The setting forth of an advertised price which **fails to disclose, adjacent to the advertised price**, that it has been calculated by deducting a manufacturer's rebate or dealer's discount;
- **The failure to state the applicable time period of any special offer**, in at least 10-point type immediately adjacent to the special offer, unless the special offer is a manufacturer's program;



- **OTHER UNLAWFUL ADVERTISING PRACTICES (CONT'D)**

- **Disclaimer Font Size** - The failure to state all disclaimers, qualifiers, or limitations that in fact limit, condition, or negate a purported unconditional offer (such as a low APR or high trade-in amount), **clearly and conspicuously, next to the offer and not in a footnote identified by an asterisk**. Such disclosure shall be made verbally in a radio or television advertisement. Identical information pertaining to all motor vehicles in a group of advertised motor vehicles, however, may appear in a footnote, provided the type is no smaller than 10 point;
- **Improper Use of the Word Free** - The use of the word "free" when describing equipment or other item(s) to be given to the purchaser or lessee of a motor vehicle, if the "free" item has a value which has increased the advertised price. In using the word "free" in advertising, the advertiser shall comply with the Federal Trade Commission Rule, 16 CFR § 251, and any amendments thereto;



- **OTHER UNLAWFUL ADVERTISING PRACTICES (CONT'D)**

- **Prior Damage** - The failure to disclose that the motor vehicle had been previously damaged, and that substantial repair or body work has been performed on it when such prior repair or body work is known or should have been known by the advertiser; for the purposes of this subsection, "substantial repair or body work" shall mean repair or body work having a retail value of \$1,000 or more;
- The use of the terms "**Public Notice**", "**Public Sale**", "**Liquidation**", "**Liquidation Sale**", or terms of similar import, where such sale is not required by court order or by operation of law or by impending cessation of the advertiser's business;
- The use of terms such as "**Authorized Sale**", "**Authorized Distribution Center**", "**Factory Outlet**", or other term(s) which imply that the advertiser "**Factory Authorized Sale**", has an exclusive or unique relationship with the manufacturer;



- **OTHER UNLAWFUL ADVERTISING PRACTICES (CONT'D)**

- **Referring to Dealer Cost or Invoice** - The use, directly or indirectly, of a comparison to the dealer's cost, inventory price, factory invoice, floor plan balance, tissue, or terms of similar import; or the claim that the advertised price is "wholesale" or "at no profit";
- The use of the terms "**guaranteed discount**", "**guaranteed lowest prices**" or other term of similar import unless the advertiser clearly and conspicuously discloses the manner in which the guarantee will be performed and any conditions or limitations controlling such performance; **this information shall be disclosed adjacent to the claim and not in a footnote;**



- **OTHER UNLAWFUL ADVERTISING PRACTICES (CONT'D)**

- The use of the statement "**We will beat your best deal**", or similar term or phrase if a consumer must produce a contract that the consumer has signed with another dealer or lessor in order to receive the "better" deal;
- The use of such terms or phrases as "**lowest prices**", "**lower prices than anyone else**" or "**our lowest prices of the year**", or similar terms or phrases if such claim cannot be substantiated by the advertiser.



MANDATORY RECORDKEEPING



- **MANDATORY RECORDKEEPING**

- A dealership must have any advertised vehicle on its premises for the term of the advertising period, or if it has been sold, a record of the sale;
- A copy of the advertisement and signed ROF must be kept for at least 180 days; and
- If an advertised vehicle is sold, consumers who inquire by telephone or in person must be told.
- **NOTE: The FTC CARS Rule has a 2-year requirement to keep these records.**



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