

AUTO INDUSTRY DIVISION

Dealer Board Advertising Rules



STATE OF COLORADO
Department of Revenue
1881 Pierce St #142
Lakewood CO 80214
(303) 205-5604

The Colorado Motor Vehicle Dealer Board has 16 rules on advertising. These rules, as well as other state and federal statutes and regulations, such as Regulation Z and Regulation M, must be followed by in all advertising by a licensed motor vehicle dealer.

Advertisement means any commercial message in any newspaper, magazine, leaflet, flyer, or catalog, on radio, television or public address system, in direct mail literature or other printed material, on any interior or exterior sign or display, in any window display, on a computer display, or in any point-of-transaction literature or price tag, that is delivered or made available to a customer or prospective customer in any manner whatsoever; except that such term does not include materials required to be displayed by federal or state law.

Motor vehicle dealers cannot advertise to create the false impression that a vehicle is being offered by a private party. The dealer's name or the word "dealer" must be included in the advertisement or both name and the word "dealer" if the name appears but does not clearly reflect that the business is a dealer.

REGULATION 12-6-118(3)(k)

Advertising shall be construed to be misleading or inaccurate in the following particulars:

Rule 1. Advertising a motor vehicle which is not in operable condition unless specifically disclosed.

Rule 2. Advertising which would imply the dealer is going out of business when such is not the case.

Rule 3. Advertising a specific motor vehicle for sale or lease with price or terms quoted, without fully identifying the vehicle as to year, make, model and dealer stock number. Such vehicle shall be willfully shown and sold at the

advertised price and/or terms while such vehicle remains unsold or unleased, for a period of five days following the last date the ad was published, unless the ad states that the advertised price and terms are good only for a specific time and such time has elapsed. If a specific number of motor vehicles is advertised, such vehicles must have been invoiced to the dealer.

Rule 4. Using a picture or photograph of a vehicle in advertising when the picture or photograph is not the same make, year and equipment actually being offered for the price or terms advertised.

Rule 5. Advertising in such a manner which utilizes an asterisk or other reference symbols to contradict or materially change the meaning of any advertising statements.

Rule 6. Advertising used motor vehicles to create the impression that they are new or using the word 'new' when advertising used vehicles, such as 'new, used cars'. Any vehicle of the current model or the previous model year which is a used vehicle shall be so identified in any advertisement for said vehicle.

Rule 7. Advertising motor vehicles which are known by the dealer to be salvage or rebuilt from salvage, taxi cabs, flooded vehicles or police vehicles, which are not so identified in the advertisement.

Rule 8. Advertising in any manner to imply that a purchaser will be receiving benefits of any existing loan on a vehicle when no such benefit exists.

Rule 9. Advertising or making statements that are not true or that cannot or will not be honored. Advertising which creates the false impression that the purchaser will determine the terms, price or conditions of a sale, such as "write your own deal," "name your own price," "no reasonable offer refused," and "we will not be undersold." Ad-

vertising any item as “free” which is associated with or conditioned upon the negotiated sale of a motor vehicle.

Rule 10. Advertising sales prices for used motor vehicles which claim or imply a specific savings or discount without clearly and accurately documenting the basis for the savings or discount.

Rule 11. Advertising any reference to “dealer cost” or “invoice” price. Advertising the word “wholesale” in connection with the retail offering of motor vehicles.

Rule 12. Advertising a specific trade-in amount or range of amounts without, in fact, offering such a trade-in amount and, failing to disclose or advertise the M.S.R.P., sale price, or capitalized cost of the vehicle from which the trade-in will be deducted.

Rule 13. Advertising the price of a vehicle without including all costs to the purchaser at the time of delivery, except sales tax, finance charges, cost of emissions test, and transportation costs, incurred after sale, to deliver the vehicle to the purchaser at the purchaser’s request.

Rule 14. Advertising any specific discount or rebate on new motor vehicles without the manufacturer’s suggested retail price conspicuously stated in the ad.

Rule 15. Advertising any qualifying statement or disclosure which is not clear, conspicuous, and readable, and which is not adjacent to the offer or terms it qualifies, and in less than eight-point type.

Rule 16. Advertising any contest that offers to prospective participants the opportunity to receive or compete for gifts or prizes without such advertisement containing the words “no purchase or payment of any kind is necessary to enter or win this contest” in bold-faced type and at least ten-point type.

REGULATION Z

The Federal Reserve System and the Federal Trade Commission are two agencies involved with the enforcement of Federal Regulation Z. If an advertisement promoting a closed-end credit sale on a motor vehicle purchase contains any of

the following terms:

- .. The amount of the down payment expressed either as a percentage or dollar amount;
- .. The amount of any payment expressed as a percentage or dollar amount;
- .. The number of payments;
- .. The period of repayment; or
- .. The amount of any finance charge.

Then the following terms must be disclosed:

- .. Amount or percentage of down payment;
- .. Terms of repayment; and
- .. Annual percentage rate.

REGULATION M

Advertising that involves consumer leasing falls under Federal Regulation M. If an advertisement promoting a consumer lease on a motor vehicle contains any of the following terms:

- .. The amount of any payment; or
- .. A statement of any capitalized cost reduction or other payment required prior to or at consummation or delivery.

Then the following terms must be disclosed:

- .. That the advertised transaction is a lease;
- .. The total amount due prior to or at consummation or delivery;
- .. The number, amounts and due dates or periods of scheduled payments;
- .. A statement of whether or not a security deposit is required; and
- .. A statement that an extra charge may be imposed at the end of the lease term where the lessee’s liability, if any, is based on the difference between the residual value of the leased property and its realized value at the end of the lease term.

FURTHER INFORMATION

For additional information on Regulation Z or Regulation M contact the Federal Reserve Board. It has publications that can be ordered by calling (202) 452-3244 or by accessing their Internet web page. For additional information about the Dealer Board Advertising Rules, contact the Auto Industry Division at (303) 205-5604 or visit their web page at www.revenue.state.co.us/dlr/home.asp. Walk-in assistance is provided at the Department of Revenue, 1881 Pierce St., Lakewood.