

CR 80-203

C E R T I F I C A T E

RECEIVED

STATE OF WISCONSIN)
) SS
DEPARTMENT OF TRANSPORTATION)

AUG 5 1982
4:15 pm
Revisor of Statutes
Bureau

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Owen Ayres, Secretary of the Wisconsin Department of Transportation and custodian of the official records of the department, do hereby certify that the annexed rule TRANS 139, relating to Motor Vehicle Trade Practices, was duly approved and adopted by this department in accordance with s. 227.026(1), Stats.

I further certify that the annexed copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Transportation in the City of Madison, Wisconsin, this 29th day of July, 1982.

Owen Ayres
Owen Ayres, P.E.
Secretary



AUG 5 1982

STATE OF WISCONSIN

DEPARTMENT OF TRANSPORTATION
Bureau of Motor Vehicle

OFFICE OF THE SECRETARY

In the Matter of the Proposed Renumbering	:	Order
and Amendment of Chapter MVD 24 (to TRANS	:	Adopting
139), <u>Wis. Admin. Code</u> . Relating to Motor	:	Rule
Vehicle Trade Practices.		

Clearing House Rule 80-203

Analysis by the Department of Transportation

This proposal involves the renumbering and amendment of Chapter MVD 24 to Chapter TRANS 139, Wis. Admin. Code, relating to motor vehicle trade practices. The renumbering is being done as part of an overall restructuring and revision of departmental rules. In addition, the following substantive changes are being proposed:

1. "Cash price" is defined in TRANS 139.02(1) to uniformly administer and enforce s. 218.01(5m), Stats., relating to the penalty assessed the retail buyer for non-acceptance and for order-out purchase contracts. Other new definitions include insurance service plan, private retail purchaser, and service agreement.
2. TRANS 139.03(3) adds provisions for advertisements involving price. Presently it is not possible for dealers and manufacturer to run ads which include price when each dealer may have different transportation costs and pre-delivery charges.
3. TRANS 139.03(3)(b) allows the use of terms such as "invoice" or "cost" when advertising the price of a motor vehicle, providing additional disclosure is made. The required additional disclosure provides notice to the consumer that "invoice" is not actual dealer cost.
4. Use of dealer pricing guides to advertise comparative savings for used vehicles is prohibited in TRANS 139.03(5). The true value of each used vehicle is dependent solely upon its condition, based on past usage and maintenance.
5. The use of the word "free" in advertising is prohibited in TRANS 139.03(7), as FTC regulations prohibit free merchandise in sales where the product is usually negotiated.
6. TRANS 139.03(9)(b) is a section to clarify appropriate usage of advertising sales of new vehicles.
7. Changing the originally designated model year of a motor vehicle is prohibited by TRANS 139.04(1) and by federal regulation (16 CFD 14.11(d)(4) and (6)). In addition, TRANS 137 relating to motor vehicle manufacturers' licenses, requires chassis model year disclosure by the secondary manufacturer to the dealer. This rule provides that the dealer disclose this information to the purchaser to provide complete product representation.

8. TRANS 139.04(3) requires the manufacturer's suggested retail price labels to remain affixed to new motor vehicles until sold to ultimate consumers, as required by federal law 85-506, s1232. This is included in this rule to allow state enforcement of these provisions.

9. For clarification, the present used vehicle "window sticker" requirements are rearranged and renumbered from TRANS 139.04(4) to (7). Mileage disclosure requirements on the window sticker were modified to be consistent with federal regulation, and the form is combined with the vehicle condition disclosure form in TRANS 139.04(6)(b).

10. Used vehicle inspection requirements have been rearranged and renumbered from TRANS 139.04(5) and (6) to (4), (5) and (6).

11. TRANS 139.04(8)(a) exempts mopeds and any other vehicles with a design speed not exceeding 30 mph from odometer requirements to be consistent with federal law 15 U.S.C. ss. 1981-1991 (1980), and state equipment requirements.

12. In TRANS 139.04(8)(b)2., the retention period for odometer statements is increased from 3 years to 4 years to comply with federal requirements (Fed. Reg. Vol. 43, No. 52, Part 580).

13. It is more clearly specified in TRANS 139.05(1) and (2) when a motor vehicle purchase contract must be executed and what information must be included on the face of the contract.

14. Vehicle delivery date information has been changed to anticipated delivery date in TRANS 139.05(2) and (3), and a provision added to permit a dealer to void a contract if the purchaser refuses to take delivery after a 21 calendar day notice.

15. The references in TRANS 139.05(2)(h) provide for purchase contract, dealer installed option and warranty disclosures, including the statement that motor vehicle dealer sales are regulated by the Department of Transportation. This is similar to requirements for automobile repair forms required by the Department of Agriculture, Trade and Consumer Protection's administrative rule, AG 132.02(3)(f).

16. TRANS 139.05(5)(c) codifies present practice of requiring consumer price protection information on the purchase contract, when future delivery price is unknown.

17. Motor vehicle manufacturer pricing policy regulations in TRANS 139.05(4) and (5) have been rearranged for clarity. There have been no substantive changes.

18. TRANS 139.05(7) provides that manufacturers, distributors and dealers may not accept orders for retail customers unless the vehicles will be available by the anticipated delivery date. This provision should eliminate the practice of some franchised dealers executing purchase contracts and ordering new vehicles which exceed the dealer's anticipated vehicle allotment.

19. TRANS 139.06 proposes that current regulations applying to the disclosure and performance of warranties will also apply to vehicle service agreements.

20. TRANS 139.06(8) is revised to include an interpretation of the legislative changes made in 1978 to s. 218.01(3)(a)22 relating to warranty labor reimbursement. This provision is included as a result of a petition in 1979 by the Wisconsin Automobile and Truck Dealer's Association to include an interpretation of this statute in administrative rule. Basically, dealers must be reimbursed for warranty labor at the effective labor rate charged all customers (statutory language), which includes using the same time computations for same make vehicles (based on an opinion from the Department's legal counsel).

21. TRANS 139.08 requires any new or revised forms resulting from rule changes to be utilized within 90 days after adoption of the rule changes. Such provision simply provides a reasonable time for the industry to develop, print and distribute needed forms.

Fiscal Estimate

The substantive changes made in this proposal are designed to identify and/or clarify business relationships between a) manufacturer or distributor and motor vehicle dealers and b) dealers and retail buyers of motor vehicles. No substantive procedural or responsibility changes will be required in either the Department of Transportation or the Transportation Commission. Therefore, there will be no measurable fiscal effect from this proposal on state or local government.

Forms

Although some of the provisions will require modifications on some forms used by dealers, such as purchase contracts, there are no new or revised state forms as a result of these proposed rule amendments.

A copy of the proposed rule can be obtained upon request from the Wisconsin Department of Transportation, Division of Motor Vehicles, Room 255, Hill Farms, State Office Building, 4802 Sheboygan Avenue, Madison, Wisconsin, 53702, (608) 266-2233.

Pursuant to authority vested in the Department of Transportation by Sections 110.06, 218.01(5) and 227.014, Wis. Stats., the Department proposes to renumber, amend and adopt rules interpreting ss. 218.01(3)(a)6., 9., 14., 18., 19., 22. and 27., 218.01(5m), 218.01(7a) and 342.16(lm), Stats., as follows:

Chapter TRANS 139

MOTOR VEHICLE TRADE PRACTICES

Trans 139.01	Purpose and Scope	Trans 139.05	Motor Vehicle Purchase Contract
Trans 139.02	Definitions	Trans 139.06	Warranties
Trans 139.03	Advertising & Sales Representations	Trans 139.07	Waiver
Trans 139.04	Disclosure of The Condition of The Motor Vehicle	Trans 139.08	Forms

SECTION 1. Section TRANS 139.01 is created to read:

TRANS 139.01 PURPOSE AND SCOPE. (1) STATUTORY AUTHORITY. As authorized by ss. 110.06, 218.01(5) and 227.014, Stats., the purpose of this chapter is to establish the department's administrative interpretation of ss. 218.01(3)(a)6., 9., 14., 18., 19., 22., and 27., 218.01(5m), 218.01(7a) and 342.16(lm), Stats., relating to motor vehicle trade practices.

(2) APPLICABILITY. This chapter applies to any person applying for or holding a Wisconsin motor vehicle manufacturer, distributor, dealer or salesperson license.

SECTION 2. Section MVD 24.01 of the Wisconsin Administrative Code is repealed.

SECTION 3. Section TRANS 139.02 of the Wisconsin Administrative Code is created to read:

TRANS 139.02 DEFINITIONS. In this chapter:

(1) "Cash price" means manufacturer's suggested retail price, or dealer asking price, including manufacturer installed options and accessories and manufacturer transportation charges, plus dealer installed options and accessories and additional dealer markup, profit and transportation charges, minus the dollar value of cash discounts.

(2) "Damage" means defects caused by reasons other than normal wear through vehicle age and usage.

(3) "Demonstrator" means any untitled or non-privately titled motor vehicle which was used primarily for the purpose of demonstration to the public.

(4) "Executive" means any untitled or non-privately titled motor vehicle which was used primarily by executives of licensed manufacturers, distributors or dealers and not used for demonstration to the public.

(5) "Insurance service plan" means a repair agreement issued by an insurance company and sold by a dealer.

(6) "Licensee" means any motor vehicle manufacturer, distributor, dealer, or salesperson, or any combination thereof, licensed by the department.

(7) "Manufacturer" includes distributor.

(8) "New" means any untitled or non-privately titled motor vehicle of the stated model year which has not been operated more miles than required for manufacturer's tests, pre-delivery test, dealer exchange or delivery.

(9) "Private retail purchaser" or "retail purchaser" means any purchaser not licensed as a motor vehicle manufacturer, distributor, dealer, or wholesaler.

(10) "Privately driven" means any privately owned, non-lease motor vehicle.

(11) "Privately titled vehicle" means a vehicle titled by a private individual or any party other than a licensed motor vehicle manufacturer, distributor, or dealer.

(12) "Sale" includes lease with the option of purchase when the option is exercised.

(13) "Service agreement" means any repair agreement sold by a dealer.

(14) "Used" means any motor vehicle other than a new motor vehicle and includes executive or demonstrator.



SECTION 4. Section MVD 24.02 of the Wisconsin Administrative Code is renumbered Trans 139.03 and, as renumbered, is amended to read:

TRANS 139.03 ADVERTISING AND SALES REPRESENTATIONS. (1) TRUTHFUL. The use of false, deceptive or misleading advertising or representations by any licensee to induce the purchase of a motor vehicle constitutes an unfair practice and is prohibited.

(2) FACTUAL. (a) Any licensee, making any statement of fact to the public in any advertisement or written statement or representation concerning the motor vehicles it offers for sale, the services it provides or other aspects of its business operation, shall possess detailed evidence of the validity and accuracy thereof, which evidence shall be furnished to the ~~division~~ department upon request.

~~(a)~~ (b) Terms such as "largest" when referring to dealership size shall be based solely on vehicle sales volume and ~~must~~ shall clearly state the basis for the claim, including vehicle make, time period if other than entire prior 12 months and geographic area if other than statewide, in the advertisement. Each vehicle make shall be considered separately in determining new vehicle sales volume.

(3) DISCLOSURES REQUIRED WHEN ADVERTISING PRICE (a) When the price of a motor vehicle is advertised by a dealer licensee, or a group of dealer licensees are named in a joint advertisement, the advertised price ~~it~~ shall include all charges that ~~must~~ shall be paid by the ~~buyer~~ purchaser to acquire ownership of the vehicle with the exception of sales tax and title and registration fees. , the exclusion of which shall be disclosed in the advertisement.

~~The amount of down payment required may be advertised only in conjunction with the price.~~

A
M
E
N
D
E
D



(b) Use of terms such as "invoice", "cost", or similar terms, when advertising the price of a motor vehicle, and accessories, is an unfair practice and prohibited unless the advertisement discloses the dealer's actual cost is less because there are, or may be, factory holdbacks, rebates, incentives, or other discounts to the dealer, if that is the case.

(c) Whenever a dealer licensee has a promotion on a used motor vehicle and a sales price is stated in an advertisement, the sales price shall be disclosed on the vehicle during the sales promotion period.

(4) TRADE-IN ALLOWANCE. No specific price shall be stated in an advertisement as an offer for a trade-in, if the price so stated is contingent upon the condition, model, or age of the prospective ~~buyer's~~ purchaser's vehicle to be traded. Use of the phrases "up to", "as much as" or similar phrases regarding a trade-in allowance ~~are~~ is an unfair practice and prohibited.

(5) USED VEHICLE COMPARATIVE SAVINGS. The use of new motor vehicle list prices, wholesale or retail dealer pricing guides, or similar price guides to advertise comparative savings for used vehicles is an unfair practice and prohibited.

(6) REPOSSESSED. The term "repossessed" shall not be used in any public representation.

(7) FREE MERCHANDISE. It is an unfair practice to use the word "free" or any other word or words of similar import, ~~in advertisements or in other offers to the public, as descriptive of an article of~~ in any advertising, if receipt of the free merchandise, equipment, accessories or service which is not an unconditional gift, under the following circumstances: conditioned by purchase of a vehicle or related accessories.

~~(a) --When all conditions, obligations or other prerequisites to the receipt and retention of the "free" article of merchandise or service offered are not clearly and conspicuously set forth at the outset so as to leave no reasonable probability that the terms of the offer will be misunderstood; and, regardless of such disclosure;~~

~~(b) -- When, with respect to any article of merchandise, equipment, accessories, or service, the offerer~~

~~-1-- Increases the ordinary and usual price of such article or merchandise, equipment, accessory, or~~

~~-2-- Reduces its quality, or~~

~~-3-- Reduces the quantity or size thereof.~~

~~(c) -- The disclosure required by par. (a) of this rule shall appear in close conjunction with the word "free", or other words of similar import, whenever such the word first appears in each advertisement or offer. -- A disclosure in the form of a footnote, to which reference is made by the use of asterisk or other symbol placed next to the word "free" will not be regarded as compliance.~~

(8) ESTABLISHING PRICE. Use of phrases such as "write your own deal", "name your own price", "appraise your own vehicle", and similar phrases is an unfair practice and prohibited.

(9) SALES. (a) Use of phrases such as "last of the remaining", "close-out", "final clearance", "clearance", and similar phrases when used in reference to used motor vehicles, other than demonstrator and executive vehicles, is an unfair practice and prohibited, unless the dealer licensee is actually discontinuing business.

(b) Use of phrases such as "last of the remaining", "close-out", "final clearance", "clearance" and similar phrases when used in reference to demonstrator, executive and new motor vehicles is an unfair practice and prohibited, unless the dealer licensee is not replacing the vehicles with similar vehicles of the same model year, or is actually discontinuing business.

(10) VEHICLE AVAILABILITY. It is an unfair practice for a licensee to advertise motor vehicles or types of motor vehicles for sale unless the licensee has available; for delivery within a reasonable time; a quantity of said the advertised vehicles sufficient to meet reasonably anticipated demands, unless the advertisement clearly and specifically discloses any limitations as to the quantity available or time of delivery.

(11) NAME AND ADDRESS. Dealer and ~~salesman~~ salesperson licensees are prohibited from advertising motor vehicle sales at an address or from listing a phone number other than that of either the licensed business premises, or temporary locations as authorized by s. TRANS 138.08, Wis. Adm. Code.

Advertisements shall include the business name.

(12) NEW VEHICLES. Franchised new vehicle dealers, distributors and manufacturers are the only licensees permitted to advertise or sell new vehicles.

(13) MODEL YEAR AND IF USED. When advertising any motor vehicle, a dealer or ~~salesman~~ salesperson licensee ~~must~~ shall state the vehicle's model year and, if the vehicle is of the current or previous model year, ~~must~~ shall designate the vehicle as used if ~~such~~ that is the fact. Reference to "low mileage", "X-miles", "one-owner", "demonstrator", "executive" or other words of similar meaning shall serve to designate the vehicle as used. If all vehicles in an advertisement are used, one reference to designate that they are used is sufficient.

(14) EXPIRATION TERMS OF SALES OR PROMOTIONS. Whenever a sale or promotion offering free gifts, merchandise, equipment, accessories, service, discounts, price reductions, or cash is advertised, ~~any-such~~ the advertisement shall also specifically disclose the expiration terms or date of ~~such~~ the sale or promotion.

(15) TWO OR MORE DAMAGED VEHICLES. Whenever a promotion or sale involving 2 or more vehicles damaged by the same cause as a result of the same incident is offered by a dealer licensee, all accompanying advertising ~~must~~ shall disclose the cause of damage, regardless of the extent of ~~such~~ damage.

(16) FLOOD DAMAGED VEHICLES. Whenever a dealer licensee offers, promotes the sale of, or sells a flood damaged vehicle, all advertising relating to that vehicle ~~must~~ shall disclose that the vehicle has been flood damaged regardless of the extent of such damage.

SECTION 5. Section MVD 24.03 of the Wisconsin Administrative Code is renumbered Trans 139.04 and, as renumbered, is amended to read:

Trans 139.04 DISCLOSURE OF THE CONDITION OF THE MOTOR VEHICLE. (1) MODEL YEAR DESIGNATION. (a) Changing the model year of a motor vehicle with a ~~manufacturer's specified gross vehicle weight of more than 1,000 pounds or less than 10,000 pounds from that originally designated by the manufacturer~~ is an unfair practice and prohibited. If no model year is designated, the year of manufacture applies.

~~(b) Changing the model year of a motor vehicle with a manufacturer's specified gross vehicle weight of 1,000 pounds or less or of 10,000 pounds or more from that originally designated by the manufacturer is an unfair practice and prohibited; except that the model year of such a vehicle may be redesignated no more than once providing 1. the manufacturer redesignates all like motor vehicles of the same series; and 2. the manufacturer continues to manufacture new vehicles of the same series after such redesignation; and 3. such vehicles of the same series are identical in all respects; and 4. the customer is informed of the redesignation in writing on the purchase contract. If no model year is originally designated, the year of manufacture shall be deemed the "originally designated" model year.~~

(b) Both the chassis model year and the finished vehicle model year shall be stated on the motor vehicle purchase contract if the model year of a new motor

vehicle chassis is different than the model year of the new finished vehicle, as designated by the converter-manufacturer or final stage manufacturer under the provisions of s. TRANS 137.06(5)(a), Wis. Adm. Code.

(2) NEW MOTOR VEHICLE DISCLOSURE. (a) The dealer and salesman salesperson licensees must shall disclose to the prospective buyer purchaser of any new motor vehicle when any parts, equipment or accessories originally installed have been removed or replaced by a dealer licensee prior to sale, if the replacement items are not of equal quality, and shall disclose all dealer installed options or accessories and whether or not warranted. The disclosures shall be in writing on the face of the motor vehicle purchase contract as required by s. Trans. 139.05 (2)(f) and (h).

~~(3)~~(b) Prior to delivery of a new motor vehicle, the dealer licensee shall furnish to the customer purchaser a copy of the predelivery test and inspection report made pursuant to the manufacturer's specifications filed under section s. 218.01(3)(a)22, Wis. Stats. The manufacturer shall file with the motor-vehicle division department a copy of any amended delivery and preparation obligations of its dealers at least 30 days prior to adoption of such changes.

(3) NEW MOTOR VEHICLE WINDOW STICKER AND DEALER SUPPLEMENTAL PRICE

LABEL (a) Manufacturer's suggested retail price labels shall remain affixed to motor vehicles as required by federal law, until sold and delivered to the ultimate purchaser.

(b) Any additions to or deletions from items contained on the label in par. (a) shall be identified by both description and retail price on a dealer supplemental price label affixed to the motor vehicle in a clear and conspicuous location. Items to be disclosed on dealer supplemental labels include, but are not limited to, dealer installed optional equipment or accessories, products or services performed by the dealer beyond the manufacturer's pre-sale delivery obligations, and final dealer asking price.

A
M
E
N
D
E
D

(4)--Except-as-provided-in-(g)-following;-each-used-motor-vehicle-displayed or-offered-for-sale-by-a-dealer-licensee-shall-have-attached-to-the-vehicle-in-a conspicuous-place;-a-writing-(window-sticker)-clearly-informing-the-buyer;-prior to-sale;-in-simple-and-concise-language:

(a)--That-the-vehicle-is-used;--In-addition-to-being-designated-as-"Used"; vehicles-which-were-known-to-be-previously-privately-driven-executive; demonstrator;-taxi-driven;-police-vehicle;-driver-education;-lease;-rental; public-vehicle;-company-vehicle;-municipal-owned;-or-flood-damaged-regardless-of the-extent-of-such-damage-shall-be-clearly-and-specifically-identified-as-such. Disclosure-of-the-prior-use-and-flood-damage-is-limited-to-that-which-the-dealer could-ascertain-with-reasonable-diligence:

(b)--The-odometer-reading-at-time-the-vehicle-was-obtained-by-the-dealer and-disclosure-that-such-reading-is-known-to-be-actual-mileage;-or-that-such reading-is-known-to-be-inaccurate-in-which-case-actual-mileage-shall-be disclosed-if-known;-or-that-such-reading-is-not-known-to-be-actual-mileage;-as corroborated-by-the-prior-owner's-mileage-statement;-available-and-subsequently shown-to-the-purchase;-in-accordance-with-section-MVD-24:03(7)(8);-Wis.-Admin. Code;--Such-writing-shall-further-disclose-that-the-name-and-address-of-the vehicle's-prior-owner-is-available-upon-request:

(c)--The-vehicle-asking-price;-make;-year-model;-identification-number; engine-type-(V8;-6)-and-type-of-transmission-(standards;-four-speed;-automatic);:

(d)--The-basic-terms-and-conditions-of-warranty;-if-offered:

(e)--That-the-vehicle-is-being-sold-on-an-"as-is"-or-"with-all-faults" basis-if-such-is-the-fact;--In-such-event;-the-writing-shall-further-state-in bold-faced-type-that-"Except-for-any-manufacturer's-or-other-express-warranty which-exists-on-this-vehicle;-the-entire-risk-as-to-the-quality-and-performance



of-the-vehicle-is-with-the-buyer;-and-should-the-vehicle-prove-defective following-the-purchase;-the-buyer-will-assume-the-entire-cost-of-all-servicing and-repair:u

(f)--That-the-condition-of-the-vehicle-for-sale-is-such-that-it-cannot-be legally-operated-at-all-times-on-Wisconsin-highways;-if-such-is-a-fact--The language-shall-state:

uWARNINGu+

This-vehicle-may-not-be-operated-or-licensed-and-must-be-towed-or-hauled from-this-location-if-purchased-in-its-present-condition;-if-all-defects-which prohibit-its-legal-operation-are-not-corrected-prior-to-your-accepting-delivery of-the-vehicle;-it-must-be-inspected-and-approved-by-a-certified-law-enforcement officer-before-it-can-be-licensed-and-operated-on-Wisconsin-highways;-Such inspection-certification-and-the-title-must-be-submitted-by-the-owner-to-the division-together-with-proper-registration-fee:u

(g)--Such-written-disclosure-as-required-by-(4)-preceding-does-not-apply to:

1.--Each-used-motor-vehicle-prior-to-being-offered-for-sale;-providing-a written-statement-uNot-for-saleu-is-displayed-on-each-such-motor-vehicle:

2.--Each-executive-or-demonstrator-displaying-a-new-vehicle-price-label until-such-time-as-offered-for-sale:

(5) (4) USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE. Dealer and salesman salesperson licensees must shall inform prospective retail purchasers of used motor vehicles in writing before purchase contract execution, in the manner and on the form prescribed by-the-division in sub. (6) of all significant existing mechanical and structural defects and damage. (a)

Disclosure of information required-on-the-prescribed-form-is-limited-to shall be that which the licensee could can ascertain as a result of reasonable diligence,

A
M
E
N
D
E
D

which shall consist of but is not limited to an inspection of all used motor vehicles; in the manner and on the form prescribed by the division. Such inspection shall consist of but is not limited to a walk-around and interior inspection, under-hood inspection, under-vehicle inspection and a test drive. Such form; disclosing existing defects and damage shall be completed in duplicate; the original of which shall be retained by the dealer for 3 years and a copy of which shall be reviewed with and furnished to the purchaser prior to execution of the vehicle purchase contract; whether or not there are existing significant defects or damage:

(b) -- An inspection shall be made and findings disclosed on the inspection form prior to affixing the window sticker to the vehicle and displaying the vehicle for sale as required by subsection (4) and the inspection form shall be retained by the dealer for review with the purchaser prior to contract execution:

(c) -- Unless otherwise agreed to in the written purchase contract; the use of the inspection form provided for herein shall neither create any warranties; express or implied; nor affect warranty coverage provided for in the purchase contract:

(6)(5) ~~Illegal; inoperable or junk condition.~~ USED MOTOR VEHICLE SAFETY EQUIPMENT DISCLOSURE. (a) ~~Prior to execution of a vehicle Dealer and sales-~~ person licensees shall inform prospective retail purchasers of used motor vehicles in writing before purchase contract; if the execution, in the manner and on the form prescribed in sub. (6), whether or not the condition of a vehicle for sale is such that it cannot can be legally operated at all times in accordance with chapter ch. 347, Wis. Stats., and Wis. Adm. Code chapter MVB-5; ch. MVD 5, Wis. Adm. Code. ~~or if~~ Disclosure of information shall be that which the licensee can ascertain as a result of reasonable diligence, which shall consist of but is not limited to a walk-around and interior inspection, under-hood inspection, under-vehicle inspection, and a test drive.

A
M
E
N
D
E
D

(b) If a vehicle is inoperable in such a manner as to make compliance impossible to determine, of if the dealer licensee does not correct all defects which prohibit its legal operation prior to delivery of the vehicle to a retail purchaser, the dealer and salesman salesperson licensee must: shall:

1. Disclose that fact to all retail purchasers in conspicuous contrasting bold faced type on the face of the vehicle purchase contract prior to its execution in the following language:

"WARNING !

This vehicle may not be operated or licensed and must shall be towed or hauled from this location if purchased in its present condition. If all defects which prohibit its legal operation are not corrected prior to your accepting delivery of the vehicle, it must shall be inspected and approved by a certified law enforcement officer before it can be licensed and operated on Wisconsin highways. Such Inspection certification and the title must shall be submitted by the owner to the division department together with proper registration fee." and

2. Specify for the retail purchaser the defects which are in violation of chapter ch. 347, Wis. Stats., and Wis.-Adm.-Code-chapter ch. MVD 5, Wis. Adm. Code, on-the-vehicle-purchase-contract-or-on-the-form-prescribed-by-the-division as prescribed in sub. (6)(b).

~~(b)--If the dealer licensee does not correct all defects which prohibit its legal operation, as required to be specified in (a)2, preceding, prior to delivery of the vehicle to a retail purchaser:~~

~~4-3. The Advise the purchaser that the vehicle must shall be towed or hauled from the dealer's premises; and,~~

A
M
E
N
D
E
D

~~2.4. The application for~~ After making a notation on the face of the title transfer application form, MV1, stating shall be marked "THIS VEHICLE MAY NOT BE LEGALLY OPERATED ON WISCONSIN HIGHWAYS AND NO REGISTRATION WILL BE ISSUED", and forward the title transfer application form, MV1, forwarded by the dealer licensee to the division department on behalf of the purchaser, to the following address:

Division of Motor Vehicles

Wisconsin Department of Transportation

P.O. Box 7949

Madison, Wisconsin 53707

(c) Prior to issuance of registration plates, the final vehicle equipment inspection referred to in paragraphs par. (a) and (b) may shall be made by a certified law enforcement officer or an employe of division of motor vehicles; appointed as an authorized agent by the administrator; the department.

(d) If because of the general condition of a vehicle, it is such that it is considered by the dealer licensee to be a junk vehicle; at time of sale, the purchase contract shall state "Sold as junk vehicle"; and the dealer licensee shall ~~so~~ notate the title and forward same it to the division department. Such The purchaser shall be advised that such the vehicle may subsequently be re-titled and operated only after it has been inspected and approved by a certified law enforcement officer, the statutory \$25 inspection fee paid and such the certification and inspection fee is submitted to the division department together with title and registration application and appropriate fee.

~~(7) -- Use of previously distributed forms -- Warning statements required to be included on the window sticker or in a vehicle purchase contract under this section which were printed and distributed to dealers prior to the effective date of this rule 5-1-77 and which conform to all requirements of this chapter~~



~~in-effect-prior-to-that-date-may-be-used-until-the-supply-is-exhausted:--All such-forms-printed-and-distributed-after-the-effective-date-of-this-rule-shall comply-with-the-provision-of-this-chapter:~~

(6) USED MOTOR VEHICLE LABEL (a) Except as provided in par. (c), each used motor vehicle displayed or offered for sale by a dealer licensee shall display a label as prescribed by the department. The label shall be completed in duplicate. The original shall be displayed within the vehicle and shall be readable from the outside, or attached to motor driven cycles, and it shall become the possession of the purchaser upon delivery. The copy shall be signed by the purchaser prior to execution of the motor vehicle purchase contract and shall be retained by the dealer licensee for 4 years. The label shall clearly state in simple and concise language:

1. That the vehicle is used. Vehicle must be designated as "Used", and the prior use must be clearly and specifically disclosed, for example, privately driven, executive, demonstrator, taxi-driven, police vehicle, driver-education, lease, rental, public vehicle, company vehicle, municipally owned, or unknown. If a vehicle had been previously junked or flood damaged, regardless of the extent of damage, that shall be clearly disclosed. Required disclosure of the prior use and flood damage is limited to that which the dealer licensee could ascertain with reasonable diligence.

A
M
E
N
D
E
D

2. As required by s. 342.16(1m), Stats., the odometer reading at the time the vehicle was obtained by the dealer licensee and a disclosure that either the reading is known to be actual miles/kilometers, or the reading is not the actual miles/kilometers, or the reading is in excess of 99,999 miles/kilometers, or the odometer was repaired or replaced and calibrated to a reading identical to the odometer before service, or the odometer was repaired or replaced and was reset or installed at zero and the original miles/kilometers were _____, as corroborated by the prior owner's mileage statement available and subsequently shown to the purchaser, in accordance with sub. (7). The window sticker or disclosure card shall further disclose that the name and address of the vehicle's prior owner are available upon request.

3. The vehicle asking price, make, model year, identification number, engine type, for example, V-8, 6, rotary, and type of transmission, for example, standard, four-speed, automatic.

4. The basic terms and conditions of warranty, if offered.

5. That the vehicle is being sold on an "AS IS-NO WARRANTY" basis if that is the fact. If so, it shall be further stated in bold faced type that "Except for any express or implied warranty by the manufacturer or other third party which exists on this vehicle, the entire risk as to the quality and performance of the vehicle is with the purchaser and should the vehicle prove defective following the purchase, the purchaser will assume the entire cost of all servicing and repair."

6. The inspection disclosures required in subs. (4) and (5). Unless otherwise agreed to in the purchase contract, the inspection disclosures shall neither create any warranties, express or implied, nor affect warranty coverage provided for in the purchase contract.

(b) In addition to the used vehicle label required by par. (a), if the condition of the vehicle for sale is such that it cannot be legally operated at all times on Wisconsin highways, an additional notice in writing shall be displayed on the vehicle stating: "WARNING !

A
M
E
N
D
E
D

A
M
E
N
D
E
D

This vehicle may not be operated or licensed and shall be towed or hauled from this location if purchased in its present condition. If all defects which prohibit its legal operation are not corrected prior to your accepting delivery of the vehicle, it shall be inspected and approved by a law enforcement officer before it can be licensed and operated on Wisconsin highways. The inspection certification and the title shall be submitted by the owner to the department together with proper registration fee."

(c) The written disclosures required by pars. (a) and (b) shall not apply to:

1. A used motor vehicle prior to being displayed or offered for sale, providing a written statement "Not inspected for sale" is conspicuously displayed on each vehicle.

2. A demonstrator or executive vehicle until removed from executive or demonstrator service and displayed or offered for sale on the sales lot.

3. A used motor vehicle which is operated from point of purchase to the licensee's business premises by the licensee or agent if a valid dealer registration plate is affixed to the vehicle.

A
M
E
N
D
E
D

(8)(7) MILEAGE DISCLOSURE. (a) Paragraphs Pars. (b) and (c) following do not apply to a motor vehicle with a gross weight rating of more than 16,000 pounds, or a motor vehicle 25 years old or older, or a moped or any other vehicle with a maximum design speed not exceeding 30 mph.

(b) For each motor vehicle offered for sale by a dealer licensee, the dealer licensee shall:

1. Have on file an odometer statement signed by the prior owner, except for new vehicles obtained by such the dealer licensee direct from the manufacturer or distributor, and.

2. Show such that prior owner's statement to each prospective retail purchaser; prior to sale, and ~~3. Retain-such~~ retain that statement ~~in-his~~ records for ~~3~~ 4 years. and

~~4. 3.~~ Furnish a new, current odometer statement to the purchaser, and ~~5. Retain~~ retain a copy of such that statement ~~in-his-records~~ for ~~3~~ 4 years.

(c) ~~Such~~ The prior owner's and dealer's odometer statements shall contain:

1. A pre-printed statement "Federal regulations and Wisconsin statutes require you to state the odometer mileage before upon transfer of ownership. An inaccurate or untruthful statement may make you liable for damages to your transferee (purchaser), pursuant to ~~Section-409-(a)-of~~ the Motor Vehicle Information and & Cost Savings Act of 1972, Public-Law-92-513 15 U.S.C. ss. 1981-1991 (1980)." and

2. A description of the vehicle; and.

3. ~~His~~ The seller's name, and address, and signature and.

4. ~~His-signature,~~ and The date of ownership transfer.

~~5. The-date-of-ownership-transfer,-and~~ 65. The odometer reading, qualified by a statement that either such the reading is known to be actual mileage miles/kilometers, or ~~that the~~ reading is ~~known-to-be-inaccurate-in~~ which-case-actual-mileage-shall-be-disclosed-if-known,-or-that-such-reading-is not-known-to-be-actual-mileage- not the actual miles/kilometers, or the reading is in excess of the designed mechanical limit of 99,999 miles/kilometers, or the odometer was repaired or replaced and calibrated to a reading identical to the odometer before service, or the odometer was repaired or replaced and reset or installed at zero at which time the original mileage was miles/kilometers.

SECTION 6. Section MVD 24.04 of the Wisconsin Administrative Code is renumbered TRANS 139.05 and, as renumbered, is amended to read:

TRANS 139.05 MOTOR VEHICLE PURCHASE CONTRACTS.

(1) USAGE. All dealer and salesperson licensees shall furnish retail purchasers with a copy of a document clearly entitled "Motor Vehicle Purchase Contract" that clearly notifies the prospective retail buyer purchaser on its face that he the purchaser is making an offer to purchase that ~~will~~ shall become a binding motor vehicle purchase contract if accepted by the dealer licensee, that the dealer licensee ~~must~~ shall accept or reject the offer within 2 working hours or the offer is automatically voided and that the offeror may rescind the offer unless and until accepted by the dealer licensee. ~~All-conditions-precedent-to-the-acceptance-of-the-purchaser's-offer-by-the-licensee-shall-be-clearly-set-forth-in-the-contract:~~ Until acceptance or rejection of the offer, the licensee shall be prohibited from selling the vehicle to any other party.

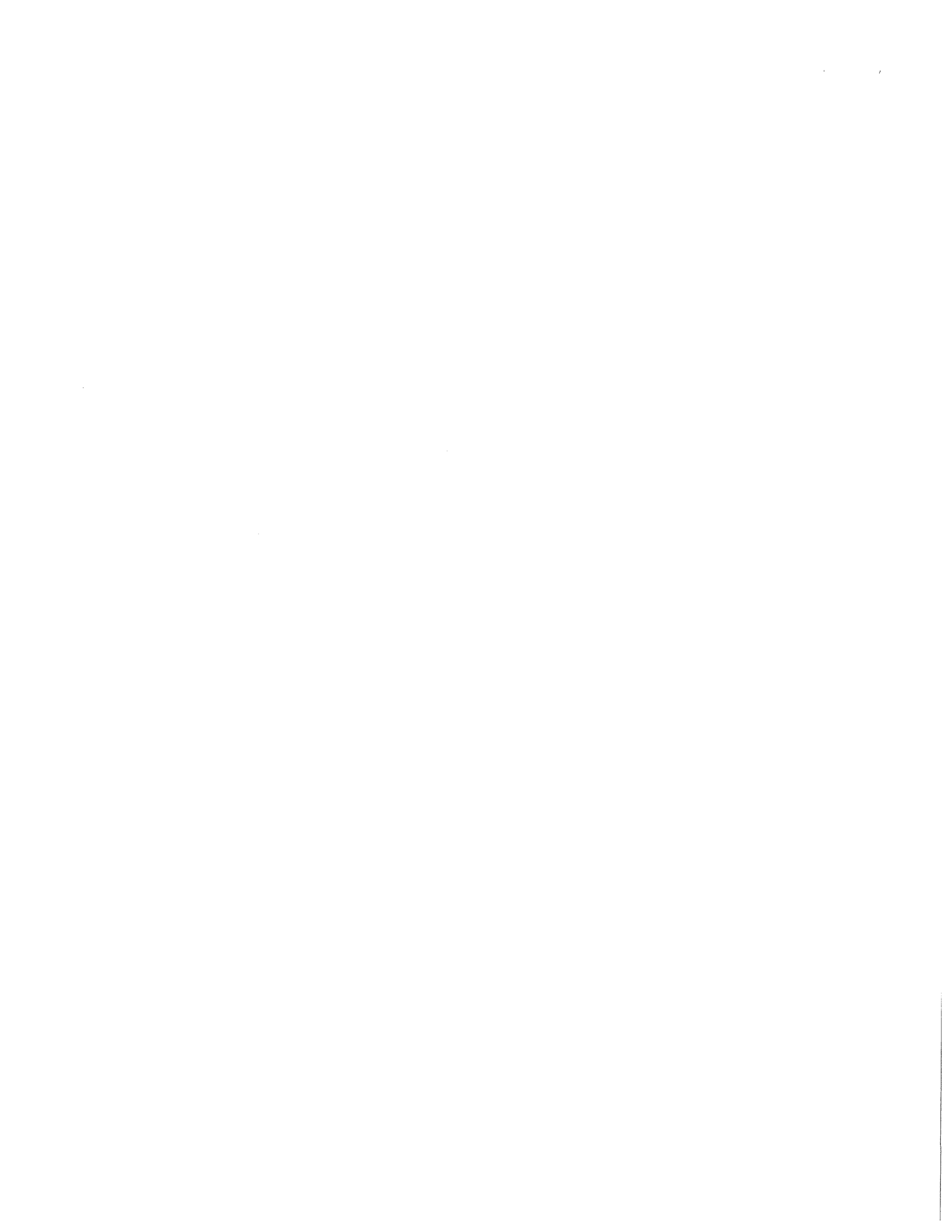
A
M
E
N
D
E
D

(a) An exact copy of the motor vehicle offer to purchase shall be provided to the purchaser at the time the offer is signed by the purchaser except in the case where the offer has not left the presence of the purchaser and is accepted by the dealer licensee in the presence of the purchaser. In addition, whenever a motor vehicle offer to purchase is signed and accepted by a dealer licensee, becoming a binding motor vehicle purchase contract, an exact copy of the purchase contract shall be provided to the purchaser. Any changes to the offer to purchase after signing by the purchaser, or to the purchase contract subsequent to dealer acceptance, shall be notated and initialed by all parties on all copies.

(b) A motor vehicle offer to purchase or purchase contract shall be executed whenever the dealer licensee accepts a down payment, deposit or title for trade-in unit from a prospective retail purchaser.

~~(2)--A-retail-contract-to-purchase-must-be-executed-and-must-be-clearly entitled-"MOTOR-VEHICLE-PURCHASE-CONTRACT"-to-clearly-disclose-the-nature-of-the contract-the-buyer-is-signing:--An-exact-copy-of-such-contract-shall-be-provided to-the-buyer-prior-to-or-at-the-time-of-sale-~~

(3) (2) CONTRACT FACE REQUIREMENTS. A contract or offer to purchase shall, on its face: (a) Clearly identify the names and addresses of the dealer licensee and purchaser.



(b) Describe both the motor vehicle purchased and the trade-in vehicle by year, make, model, and identification number and specify whether the purchased vehicle is new, used, or executive or demonstrator.

(c) State the date and time each necessary signature is affixed.

(d) Include the ~~salesman's~~ salesperson's name and license number in an area other than where signed by the purchaser and dealer or authorized representative.

(e) Specify a an anticipated delivery date on the face of the contract and state further in bold face type next to the anticipated delivery date that:

"REGARDLESS OF REASON, IF THE VEHICLE ORDERED BY THE BUYER PURCHASER ~~CANNOT BE DELIVERED~~ IS NOT AVAILABLE FOR DELIVERY WITHIN 15 CALENDAR DAYS OF AFTER THE SPECIFIED ANTICIPATED DELIVERY DATE, THE BUYER PURCHASER MAY CANCEL THE THIS ORDER AND SHALL WITHIN ONE BUSINESS DAY, RECEIVE A FULL REFUND OF ANY DOWN PAYMENT, AND RETURN OF TRADE-IN VEHICLE, OR TITLE FOR TRADE-IN VEHICLE, OR BOTH. ~~OR TRADE-IN ALLOWANCE-ONLY-IF~~ IF THE TRADE-IN IS NOT AVAILABLE," THE PURCHASER SHALL RECEIVE THE TRADE-IN ALLOWANCE. UNLESS DELIVERY DATE IS OTHERWISE QUALIFIED ON THE PURCHASE CONTRACT BY THE PURCHASER, IF THE ORDERED VEHICLE BECOMES AVAILABLE FOR DELIVERY PRIOR TO THE STATED ANTICIPATED DELIVERY DATE, THE DEALER LICENSEE MAY REQUIRE ACCEPTANCE NOT LESS THAN 21 CALENDAR DAYS AFTER HAVING NOTIFIED THE PURCHASER OF AVAILABILITY OF DELIVERY AND MAY SUBSEQUENTLY VOID THE CONTRACT IF THE PURCHASER REFUSES TO TAKE DELIVERY, IN WHICH CASE NO PENALTY SHALL BE ASSESSED BY THE DEALER LICENSEE FOR NON-ACCEPTANCE OF DELIVERY PRIOR TO THE STATED ANTICIPATED DELIVERY DATE." Notification of availability of delivery and penalty for non-acceptance by the dealer licensee to the purchaser shall be by registered or certified mail, return receipt required.

(f) Make-specific-reference-to Reference all express warranties, warranty disclaimers, service agreements, and insurance service plans which are part of the transaction at the time of contract execution. For example, "service agreement, 15% discount for 60 days for repair at our shop." Additional information shall be provided as described in sub. (10)(b), (c) and (d), Wis. Adm. Code.

~~(g) -- Clearly inform the prospective purchaser in bold-faced type whether or not there is a remaining new vehicle warranty which will be honored by the manufacturer if such is known by the dealer: -- If, and only if, such fact is not known by the dealer, the contract shall state in bold-faced type that: -- "The selling dealer has not determined whether the manufacturer shall honor any remaining new vehicle warranty on this vehicle and the buyer, not the seller, assumes the risk that no new vehicle warranty may be applicable."~~

~~If a dealer licensee states that there is a remaining new vehicle warranty on a vehicle which will be honored by the manufacturer and warranty transfer is subsequently rejected, the selling dealer shall be obligated to honor the warranty.~~

~~(h) -- In the event the sale is made on an "as-is" or "with all faults" basis, state such fact in bold-faced type and further state in bold-faced type that: "Except for any manufacturer's or other express warranty which exists on this vehicle, the entire risk as to the quality and performance of the vehicle is with the buyer, and should the vehicle prove defective following the purchase, the buyer will assume the entire cost of all servicing and repair."~~

(g) Reference price due on delivery and the known components of that price, including but not limited to, cash price, sales tax, license and title fees, down-payment, and trade-in allowance. Rebates shall be referenced separately by dollar amount and assignment.

(h) Specify all disclosures required in ss. TRANS 139.04(1)(b), (2)(a), and (5)(b), Wis. Adm. Code.

(i) Make specific reference to any penalty which may be assessed to the purchaser for non-acceptance of the vehicle. The penalty shall not exceed 5% of the cash price as provided by s. 218.01(5m), Stats.

(j) Clearly state whether or not the contract is subject to the purchaser obtaining acceptable financing through the dealer or at the creditor of the purchaser's choice and how long the purchaser has to obtain financing. If the purchaser is unable to obtain acceptable financing, the purchaser may cancel the contract and shall, within one business day, receive a full refund of any down-payment, and return of trade-in vehicle, or title for trade-in vehicle, or both, and no penalty shall be assessed. If the trade-in vehicle is not available, the purchaser shall receive the trade-in allowance.

(k) Specify all other separately negotiated conditions of sale not stated elsewhere on the contract.

~~(4)~~(3) RETURN OF DEPOSIT MONIES OR TRADE-IN TITLE. ~~A-dealer-licensee-may request-a-down-payment;-deposit;-or-title-for-trade-in-unit-from-a-prospective retail-buyer-at-the-time-the-offer-to-purchase-or-purchase-contract-is-being negotiated;-provided-that-the~~ Any down payment, deposit, or title is shall be returned to the prospective retail buyer purchaser within ~~two~~ 2 working hours from the time the offer to purchase was made if the ~~contract~~ offer to purchase is not accepted by the dealer licensee. If the prospective ~~buyer~~ purchaser is not present or available during ~~such~~ the 2 hour period, ~~such~~ those items ~~must~~ shall be returned in person or be mailed during the following business day.

~~(5)--Any-increase-in-price;-to-a-retail-customer;-after-having-accepted-an order-of-purchase-or-a-contract-from-a-buyer;-is-prohibited-except-that-(a)-a trade-in-vehicle-may-be-reappraised-if-it-subsequently-suffered-damage;-or-parts or-accessories-have-been-removed;-or-(b)-as-provided-in-(6)-following:~~

~~(6)~~(4) MOTOR VEHICLE PRICE PROTECTION. ~~(a)~~ A motor vehicle manufacturer, importer, or distributor which accepts dealer orders placed on behalf of private retail customers purchasers shall furnish ~~motor-vehicle-dealers~~ dealer licensees with price lists upon which retail motor vehicle purchase contracts may be executed. ~~Such~~ Price lists shall set forth the base prices of the various models along with the prices of all optional equipment, accessories and destination or transportation charges. The prices set forth in ~~such~~ the price lists shall remain in effect until receipt by the ~~dealers~~ dealer licensees of written official price change notification which shall contain the specific dollar amounts of increases or revised prices applicable to the various models, optional equipment, accessories and destination or transportation charges.

(a) Price increases imposed by these motor vehicle manufacturers, importers or distributors, are prohibited on those vehicles for which dealers had orders written with private retail purchasers prior to the dealer's receipt of the written official price change notification.

(b) A motor vehicle purchase contract signed by a private retail purchaser and accepted by a dealer licensee shall constitute evidence of an existing order written with a private retail purchaser.

(c) Price increases in instances cited in sub. (5)(b) and (c) 1., Wis. Adm. Code, shall not be subject to the provisions of this subsection.

~~(6)~~~~(b)~~(5) MOTOR VEHICLE PRICE CHANGES. ~~Unless-a~~ A motor vehicle manufacturer, importer, or distributor which has adopted a formal policy of not accepting dealer orders placed on behalf of private retail customers purchasers shall notify franchised dealer licensees and the department of that fact in writing. ~~and-such~~ If the policy is not clearly set forth to franchised dealer licensees, price increases imposed by ~~such~~ the motor vehicle manufacturer,

importer, or distributor are prohibited on those vehicles for which dealers had orders written with private retail customers purchasers prior to the dealer's receipt of the official price change notification referred to in ~~(a)~~ sub. (4) preceding.~~---A-sales-contract-signed-by-a-private-retail-customer-shall constitute-evidence-of-each-such-order.~~

(a) In the event of motor vehicle manufacturer, importer, or distributor price reduction the amount of any such reduction received by a dealer licensee shall be passed on to the private retail customer purchaser by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer. ~~Price-difference-applicable-to-new-models-or-series-motor-vehicles-at the-time-of-the-introduction-of-new-models-or-series-shall-not-be-considered-a price-increase-or-decrease.~~

(b) Price increases ~~caused-by-any-of~~ in the following reasons instances shall not be subject to the price protection and price change provisions of sub. (4) and this subsection:

1. The addition of new equipment as required by state or federal law.
2. In the case of foreign make vehicles, revaluation of the U.S. dollar by the U.S. government.
3. State or federal tax rate changes.

~~(c)---The-provisions-of-sections-MVD-24.04(5)-and-24.04(6);-Wis.-Adm.-Code shall:~~

~~1.--Be-suspended-during-periods-in-which-the-federal-government-has-imposed controls-on-the-prices-of-motor-vehicles;-and~~

~~2.--Not-apply-to-motor-vehicles-with-a-gross-weight-rating-of-more-than 16,000-pounds.~~

(c) Any increase in price to a retail purchaser after the dealer has accepted an offer to purchase from the purchaser is an unfair practice and prohibited except as follows:

1. Motor vehicle dealer licensees who accept offers to purchase from private retail purchasers for new vehicles not yet in the dealer's inventory for which a specific price is not stated on the contract because the manufacturer's suggested retail price is unknown or because the manufacturer, importer or distributor has a formal policy of not accepting retail orders as described in this subsection, shall indicate on the purchase contract, as a condition of sale, the following statement: "The maximum cash price shall not exceed \$ _____, and shall be $\frac{\quad}{\quad}$ the same as, or $\frac{\quad}{\quad}$ \$ _____ or _____ % more than, or $\frac{\quad}{\quad}$ \$ _____ or _____ % less than the manufacturer's suggested retail price as indicated on the label affixed to the vehicle. If the final cash price exceeds the originally agreed upon maximum cash price, the dealer is not obligated to deliver at the stated maximum cash price, and the purchaser may cancel the contract and not be subject to any penalty."

2. A trade-in vehicle may be reappraised if it suffers damage as defined by s. TRANS 139.02(2), or parts or accessories have been removed after purchase contract execution. Reappraisal by the dealer licensee shall be limited to an amount equal to the retail repair costs of damages incurred, or to the value of parts or accessories removed. Reappraisal for mileage/kilometers is not allowed unless the dealer has stated on the contract that "The appraisal is based on an odometer reading of up to _____ miles/kilometers, and the trade-in vehicle may be reappraised if it exceeds this limit."

(7)(6) DAMAGE DISCLOSURE. On any new; vehicle or demonstrator; or executive vehicle, ~~and uncorrected damage or~~ any corrected damage exceeding 6% of the manufacturer's suggested retail price, as measured by retail repair costs, and all uncorrected damage must shall be disclosed in writing to the purchaser prior to delivery. Damage to glass, tires, ~~and or~~ bumpers ~~are~~ is excluded from the 6% rule when replaced by identical manufacturer's original equipment.

(7) ORDER LIMITATIONS. It is an unfair practice and prohibited for a dealer licensee to execute a purchase contract for a vehicle or type of motor vehicle unless the dealer licensee reasonably expects to have the ordered vehicle available for delivery by the anticipated delivery date.

(8) SERVICE FEES. A dealer licensee shall not assess a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or forms which are required by law or rule.

(9) WAIVER. The use of a motor vehicle purchase contract which requires the purchaser to waive any claims the purchaser may have for breach of contract by the licensee is an unfair practice and prohibited.

(10) ADDITIONAL DISCLOSURES. The motor vehicle purchase contract shall:
(a) Clearly state "Motor vehicle dealer sales are governed by ch. 218, Stats., and ch. TRANS 139, Wis. Adm. Code, administered by the Motor Vehicle Dealer License Section, Wisconsin Department of Transportation, P.O. Box 7909, Madison, Wisconsin 53707."

(b) Clearly describe type of warranties, insurance service plans, service agreements or warranty disclaimers which apply to the vehicle. Actual warranty, insurance service plan, and service agreement documents shall be provided separately.

(c) Clearly inform the prospective purchaser in bold faced type whether or not there is a remaining new vehicle warranty which will be honored by the manufacturer. If, and only if, manufacturer warranty status is unknown by the dealer, the contract shall state in bold faced type that: "THE SELLING DEALER HAS NOT DETERMINED WHETHER THE MANUFACTURER SHALL HONOR ANY REMAINING NEW VEHICLE WARRANTY ON THIS VEHICLE, AND THE PURCHASER, NOT THE SELLER, ASSUMES THE RISK THAT NO NEW VEHICLE WARRANTY MAY BE APPLICABLE." If a dealer licensee

states that there is a remaining new vehicle warranty on a vehicle which will be honored by the manufacturer and warranty transfer is subsequently rejected, the selling dealer shall be obligated to honor the warranty.

(d) In the event the sale is made on an "AS IS - NO WARRANTY" basis, clearly state that fact in bold faced type and further state in bold faced type that: "Except for any express or implied warranty by the manufacturer or other third party which exists on this vehicle, the entire risk as to the quality and performance of the vehicle is with the purchaser, and should the vehicle prove defective following the purchase, the purchaser shall assume the entire cost of all servicing and repair."

(11) CONTRACT PROHIBITED. A purchase contract for a used motor vehicle shall not be executed with the retail purchaser until the vehicle has been inspected and findings disclosed as required by s. TRANS 139.04(4) and (5) Wis. Adm. Code.

(12) ORDER CHANGES. A dealer licensee shall notify a retail purchaser of any information changing the order or delivery of a vehicle, such as a change in options, equipment, price, or anticipated assembly and delivery date. Notification shall be within 3 business days from the date the dealer receives the information.

SECTION 7. Section MVD 24.05 of the Wisconsin Administrative Code is renumbered Trans 139.06 and, as renumbered, is amended to read:

TRANS 139.06 WARRANTIES. {†} For the purpose of this chapter, service agreements are not considered warranties, but for the purposes of disclosure and performance as provided in subs. (1) through (7) and in sub. (10) the term "warranty" shall include service agreements.

(1) CONTENTS. If a sale of a motor vehicle by a licensee is made subject to a warranty, ~~such~~ the warranty must shall be in writing and ~~must shall~~ be provided to the ~~buyer purchaser~~ prior-to-or at the time of ~~sale~~ delivery of the vehicle and ~~must shall~~ include the following items:

- (a) Clear identification of the names and addresses of the warrantors.
- (b) Clear identification of the ~~party-or-parties~~ purchaser to whom the warranty is extended.
- (c) Parts covered.
- (d) Exceptions and exclusions from the terms of the warranty.
- (e) A statement of what the warrantor ~~will~~ shall do in the event of a defect or malfunction, at whose expense, and for what period of time.
- (f) A statement of what the ~~person-guaranteed-must~~ purchaser shall do and expenses ~~he-must~~ the purchaser shall bear.
- (g) The procedure ~~which~~ the ~~person-guaranteed~~ purchaser should take in order to obtain performance of any obligation under the warranty, including the identification of any class of persons authorized to perform the obligations set forth in the warranty.

(2) DISCLOSURE. The elements of the warranty shall be stated in words or phrases which clearly disclose the nature or scope of the warranty.

(3) IMPLIED WARRANTY. No implied warranty of merchantability or fitness shall be excluded ~~or-modified~~ in the sale of a motor vehicle unless the sale is explicitly negotiated between the ~~buyer purchaser~~ and dealer licensee on an "~~as-is~~"-~~or-~~"~~with-all-faults~~" "AS IS - NO WARRANTY" basis and is in conformity with ~~Sections-MVB-24-03(4)(e)~~ ss. TRANS 139.04(6)(a)5 and ~~24-04(3)(h)~~ 139.05(10)(d), ~~of-this-code~~ Wis. Adm. Code. No implied warranty of merchantability or fitness shall be modified or limited, except that implied warranties may be limited to the duration of a written limited warranty of reasonable duration.

(4) ADVERTISING. Warranties shall not be advertised unless the basic terms and conditions of the warranty are disclosed in the advertisement.

(5) WITHOUT CHARGE. The use of the words "without charge" and other similar words or phrases in connection with the warrantor's services or responsibilities under a warranty constitutes an unfair practice and is prohibited unless the warrantor does not assess any costs or charges in connection with the required repair or replacement of a warranted item or services.

(6) EXTENDED WARRANTY. If a valid warranty claim made during the warranty period, as evidenced by a dealer repair order indicating date and mileage, cannot be remedied until after expiration of the warranty period, the warrantor shall continue to be obligated for ~~such~~ the claim until properly remedied.

(7) REPLACEMENT PARTS. Parts repaired or replaced by a dealer licensee on a new vehicle which was received from the manufacturer or distributor in a damaged condition shall carry the same warranty as the original parts, provided the parts are approved for use by the vehicle manufacturer or distributor for repair or replacement.

(8) WARRANTY REIMBURSEMENT. (a) Manufacturers shall reimburse dealers for warranty repairs at ~~a reasonable~~ the dealer's effective labor rate charged all customers as required by s. 218.01(3)(a)22., Stats., and at a reasonable allowance for parts replaced. Manufacturers shall notify dealers of the acceptance or denial of a warranty claim within 30 days of receipt of the claim, and shall make payment to the dealer within 30 days of acceptance of the claim, except for instances beyond the manufacturer's control.

(b) The "effective labor rate charged all customers" by the dealer is determined by dividing the total non-warranty charges by the total non-warranty repair hours billed by the dealership for each class of repairs for same make vehicles during the same period.

(c) Manufacturers may audit a dealer's non-warranty repair records for various classes of repairs for same make vehicles to determine the "effective labor rate charged all customers". In the event an audit by the manufacturer reveals an actual labor rate at variance with the labor rate established by the dealer, any liability of the dealer to the manufacturer is limited to the period of time covered by the audit.

(d) Manufacturers may not:

1. Audit dealer repair records written more than two years prior to the audit, unless there is evidence of criminal fraud.

2. Require the dealer to perform geographic or other surveys of hourly labor rates charged or received by other dealers.

(e) The same labor time computations shall be used, for example, Chilton's, the manufacturer's guidelines, straight time averages, for both warranty and non-warranty repairs for same make vehicles. Same make vehicles which are being compared for labor time computations may be up to 5 years old or have been driven up to 50,000 miles.

(f) Manufacturers shall increase a dealer's warranty labor reimbursement rate not later than 30 days following a dealer's notifying the manufacturer of a repair labor rate increase, unless an audit discloses the dealer's claimed labor rate is not the "effective labor rate charged all customers."

~~(9)--Repair-service-agreement-is-not-considered-a-warranty,-but-for-the purposes-of-disclosure-and-performance-as-provided-in-section-MVD-24:05(1) through-(6);-Wis.-Adm.-Code;-the-term-warranty-shall-include-repair-service agreement:~~

(9) WARRANTY LABOR REIMBURSEMENT COMPLAINTS. Any department determination or licensing action based on a warranty labor complaint shall be based upon the information submitted to the department by the parties involved. The department

shall not be required to conduct any on-site investigations or informational hearings.

(10) WARRANTOR BASIC OBLIGATION. It is an unfair practice and prohibited for a warrantor to fail to service or repair a motor vehicle in accordance with the terms and conditions of the warranty or service agreement.

SECTION 8. Section MVD 24.06 of the Wisconsin Administrative Code is renumbered TRANS 139.07, and as renumbered, is amended to read:

Section 139.07 WAIVER. Waiver of any requirements of this chapter MVD-24, except as specifically provided for in this chapter, MVD-24 is prohibited and void.

SECTION 9. Section TRANS 139.08 of the Wisconsin Administrative Code is created to read:

Section TRANS 139.08 FORMS. Any new or revised dealer forms resulting from these rule changes shall be utilized beginning no later than 90 days following the effective date of this chapter.

SECTION 10. In the section of the Wis. Adm. Code listed in Column A, the cross references shown in Column B are changed to the cross references shown in Column C:

<u>A</u>	<u>B</u>	<u>C</u>
Trans 137.03(7)	MVD 24.01(2)(a)	Trans 139.02(4)
Trans 137.03(7)	MVD 24.01(2)(b)	Trans 139.02(3)
Trans 138.04(1)(c)	MVD 24.03(5)	Trans 139.04(4)
Trans 138.04(1)(d)	MVD 24.03(8)	Trans 139.04(7)
Trans 138.04(1)(e)	MVD 24.04	Trans 139.05

(END OF TEXT)

The rules contained in this order shall take effect upon publication as provided in s. 227.026(1), Stats.

Signed at Madison, Wisconsin
this 12 day of March, 1982.

Marvin Schaffer

for
Owen Ayres, Secretary
Wisconsin Department of Transportation

WISCONSIN LEGISLATIVE COUNCIL

LCRC
FORM 2

RULES CLEARINGHOUSE

DAVID J. STUTE
DIRECTOR
(Phone 266-2984)

RON SKLANSKY
ASSISTANT DIRECTOR
(Phone 266-1946)



ROOM 147 NORTH, STATE CAPITOL
MADISON, WI 53702
PHONE 608-266-1304

CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.029, WIS. STATS., AS CREATED BY CH. 34, LAWS OF 1979. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 80-203

A RULE to renumber Ch. MVD 24; to amend Trans 139.01 to 139.06, as renumbered; and to create Trans 139.07, relating to motor vehicle trade practices.

Submitted by DEPARTMENT OF TRANSPORTATION.

10-14-80.
11- 5-80.

Received by Legislative Council.
Report sent to Agency.

RS:DS:kja;wbs

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

(Pursuant to s. 227.029, Wis. Stats.)

1. REVIEW OF STATUTORY AUTHORITY [s. 227.029 (2) (a)]

- a. Rules appear to be within the agency's statutory authority
- b. Rules appear to be unsupported by statutory authority, either in whole or in part
- c. Comment attached yes no

2. REVIEW OF RULES FOR FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.029 (2) (c)]

- a. Rules satisfactory
- b. Rules unsatisfactory
- c. Comment attached yes no

3. REVIEW OF RULES FOR CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.029 (2) (d)]

- a. Conflict or duplication not noted
- b. Conflict or duplication noted
- c. Comment attached yes no

4. REVIEW OF RULES FOR ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS [s. 227.029 (2) (e)]

- a. References appear to be adequate
- b. References appear to be inadequate
- c. Comment attached yes no

5. REVIEW OF LANGUAGE OF RULES FOR CLARITY, GRAMMAR, PUNCTUATION AND PLAINNESS [s. 227.029 (2) (f)]

- a. Rules satisfactory
- b. Rules unsatisfactory
- c. Comment attached yes no

6. REVIEW OF RULES FOR POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL REGULATIONS [s. 227.029 (2) (g)]

- a. No problems noted
- b. Problems noted
- c. Comment attached yes no

WISCONSIN LEGISLATIVE COUNCIL

RULES CLEARINGHOUSE

DAVID J. STUTE
DIRECTOR
(Phone 266-2984)

RON SKLANSKY
ASSISTANT DIRECTOR
(Phone 266-1946)



ROOM 147 NORTH, STATE CAPITOL
MADISON, WI 53702
PHONE 608-266-1304

BONNIE REESE
EXECUTIVE SECRETARY

November 5, 1980

CLEARINGHOUSE RULE 80-203

COMMENTS

2. Form, Style and Placement in Administrative Code

a. The format used by the Department in renumbering and amending sections of the Wisconsin Administrative Code are technically correct. However, the method of repealing and creating various divisions of the Code through the amendment process is unnecessarily cumbersome. The process could be made straightforward simply by repealing Ch. MVD 24 and creating Ch. Trans 139 in two sections of the rule-making order. The substance of Ch. Trans 139 then could be presented completely without interruption caused by stricken or underscored material.

b. Trans 139.01: The definitions should be placed in alphabetical order.

c. Trans 139.02 (7) (b) 1 and 139.03 (8) (b): In proposed s. Trans 139.02 (7) (b) 1, the second "or" is unnecessary. Similarly, in proposed s. Trans 139.03 (8) (b) 1 to 3, the word "and" which concludes each subdivision is unnecessary.

d. Trans 139.03 (8) (c): This paragraph states that the "prior owner's and dealer's odometer statements shall meet the requirements of the Federal Odometer Mileage Statement requirements set forth in the Motor Vehicle Information and Cost Savings Act of 1972, 15 U.S.C. ss. 1981-1991 (1980)."

This paragraph attempts to incorporate federal laws by reference. There are some significant problems and concerns involved in the adoption of federal laws or regulations by reference, especially since art. VII, s. 21, Wis. Const., has been viewed as requiring full text publication of all general laws and administrative laws having the effect of law [OAG 6-79]. Of course, s. 227.025, Wis. Stats., does permit incorporation by reference under limited circumstances. I refer the Department to the following

paragraph on page 27 of the Administrative Rule Drafting and Procedure Manual, prepared by the Assistant Revisor of Statutes (1980):

A recent attorney general's opinion discusses the question of incorporating by reference United States Code or federal regulations. The opinion seems to move away from the blanket prohibition of incorporating federal material contained in 59 Atty. Gen. 31. Crucial factors considered are whether there is an attempt to incorporate future amendments of the federal material, whether the material is of limited public interest and whether in fact the material is readily available to the public. (OAG 6-79). If an agency is planning to incorporate federal regulations in state administrative rules, it should contact the attorney general's office for an opinion on the validity of its intended action. [Emphasis added.]

I also refer the Department to the above-cited Attorney General's Opinion [OAG 6-79] for a more complete discussion of the problems of incorporation by reference. Is there a good reason why the requirements cannot be listed in the proposed rules?

e. The proposed rules use the following form for citing references to other paragraphs and subsections within the rules: "paragraph (b) of this subsection" or "subsection (4) of this section." Where the paragraph being referred to is in the same subsection or the subsection being referred to is in the same section, the cite should just read "par. (b)" or "sub. (4)." For example, on page 11 of the text, s. Trans 139.03 (6) (a) should read: "The disclosures required by subs. (4) and (5) shall be made...as required in sub. (7)." Subsections (4), (5) and (7) are all in the same section as sub. (6). The entire rule should be reviewed to correct these references.

Also note that it is not necessary to write out "subsection" or "paragraph"; for brevity's sake, "sub." or "par." are proper and preferred.

Further, a reference to the statutes in the Administrative Code should be noted by the term "Stats." instead of the term "Wis. Stats." [For all citation and referencing questions, see the Administrative Rule Drafting and Procedure Manual, page 8 (1980).]

f. Proposed s. Trans 139.07 complies with the requirement of s. 227.024 (1) (f), Wis. Stats. However, s. 227.024 (4) (a), Wis. Stats., also requires that if a proposed rule requires a new or revised form, the agency either must attach a copy of the form or a description of how a

free copy may be obtained. Proposed s. Trans 139.07 should be appropriately amended.

5. Clarity, Grammar, Punctuation and Plainness

a. The proposed rules frequently use the word "such" instead of "the." For example, in s. Trans 139.02 (3) (b) and (c), reference is made to "such vehicles" and "such charges." The entire rule should be reviewed and, where appropriate, the word "such" should be replaced by "the."

Another word that should be eliminated in the rules, where appropriate, is "so." For example, in s. Trans 139.02 (3) (b) and (c), the phrase "so stated" is used; just say "stated."

b. There are several spelling errors in the draft. In s. Trans 139.02 (4) and (5), "regarding" and "comparative" are misspelled. In s. Trans 139.02 (16), the title should be "Flood damaged vehicles," not "damage."

c. Trans 139.03 (5) (b): Reference is made to "sub-paragraph (5) (a) 2"; "2" is a subdivision, not a subparagraph.

d. Trans 139.03 (7) (a) 1: The first sentence of this subdivision should be rewritten for clarity. For example, the phrase "...vehicles which are known to be previously...lease..." does not make grammatical sense.

e. Trans 139.03 (7) (c) 3: This is apparently a new subdivision. It would be clearer if it read as follows:

3. A used motor vehicle which is operated from point of purchase to the licensed business premises or his or her agent if a valid dealer registration plate is affixed to the vehicle.

Note that the entire rule should be reviewed for any references to "he," "his" or "him"; non-sexist language is required by statute. [See Administrative Rule Drafting and Procedure Manual, pages 9-10 (1980).]

f. Trans 139.04 (2) (1): Although not indicated as such, this appears to be a new paragraph. The last phrase would be clearer if it read "...if the penalty does not exceed 5% of the cash price, as provided by s. 218.01 (5m), Stats."

g. Trans 139.04 (5) (c): This paragraph is grammatically incorrect. It should read: "Any increase in price to a retail purchaser after the

dealer licensee has accepted an offer to purchase from the purchaser is an unfair practice...."

In par. (c) 3, first line, "suffered" should be "suffers." Also, the term "subsequently" is unclear; "subsequent" to what?

h. Trans 139.05 (intro.): The first line should read "of this chapter," not "of this rule." In the fourth line, the term "warranty" should be in quotation marks.

i. Trans 139.05 (1): In proposed s. Trans 139.05 (1) (e) to (g), the words "will," "must" and "should" should be replaced with the word "shall."

j. Trans 139.05 (3): The references to the Code in the last line are incorrect and incomplete. It should read: "with ss. Trans 139.03 (7) (a) 5 and 139.04 (2) (h)." The entire proposed rule should be reviewed for similar citation problems.

k. Trans 139.05 (8) (a): The cite in line 3 should read "s. 218.01 (3) (a) 22, Stats."

l. Trans 139.05 (8) (b): The word "currently" in line 3 is ambiguous at best. This paragraph should be revised for clarity. Also, the notation "(s)" is unnecessary since in construing Wisconsin laws, the singular includes the plural and the plural includes the singular. [See s. 990.001 (1), Wis. Stats.]

m. Trans 139.05 (8) (c): For clarity, in line 2 of subd. 1, put a period after "dealer" and replace "provided that when such..." with "If the...."

In subd. 3 on page 25, the parenthetical part should read "(e.g., Chilton's, the manufacturer's guidelines, straight time averages)." Delete "etc." Also, delete "etc." in s. Trans 139.05 (8) (d) 4 and revise the sentence since "etc." adds little to its meaning (e.g., "based on a dealer's overhead costs or on similar ____").

n. Trans 139.05 (9) (b): In the third line, the phrase "about whom the complaint speaks" is awkward; just state "against whom the complaint is filed."

SECTION III

1. TRANS 139.02(1)--previously numbered 139.01(1). Public testimony: It was suggested that selling price, which is part of the definition of cash price, be defined.

Departmental response: The term selling price has been eliminated and the definition of cash price reworded. A definition of "cash price" has been included in TRANS 139.02(1) to clarify what amount is used by a dealer when applying a 5% penalty and for calculating the price of orderouts. Rebates are not addressed in the cash price definition (as discounts are) consistent with the tax policy that the rebate amount is subject to sales tax, thus also subject to the 5% penalty.

2. TRANS 139.02(2). Public testimony: Definition of damage should have "normal" inserted before wear.

Department response: Suggested change has been made.

3. TRANS 139.02(5). Public testimony: Include a definition of insurance service plans.

Department response: Suggested change has been made.

4. TRANS 139.02(8)--previously numbered 139.01(6). Public testimony: Opposition expressed to change in definition of "new" motor vehicle because it would more readily permit titling new vehicles to sell them as used.

Department response: The modification was proposed to attempt to prohibit, as required by s. 218.01(3)(a)27, Stats., the non-franchised dealer from selling vehicles which he or she is not franchised to sell by titling and selling new vehicles as used. Public testimony indicated the change would not necessarily accomplish that goal. It would not prohibit dealer titling, but would reclassify the dealer titled vehicle as a used vehicle. Thus, the

proposed change to the definition has not been included. As in present MVD 24, dealer titled vehicles will continue to be considered new vehicles if the other conditions of the definitions are met.

5. TRANS 139.02(8)--previously numbered 139.01(6). Public testimony: Change definition of "new" vehicle to allow mileage on a new vehicle for federal emission control tests performed by the manufacturer.

Department response: Suggested change has been made.

6. TRANS 139.02(9). A definition of "private retail purchaser" has been included to clarify questions about Trans 139.05 and other areas in the rule.

7. TRANS 139.02(13). Public testimony: Include a definition of service agreement and clarify whether agreements issued by third parties and sold by dealers are covered.

Department response: Suggested change has been made. Any service agreements sold by dealers are covered.

8. TRANS 139.03(3)(a)--previously numbered 139.02(3)(c). Public testimony: Concern was expressed that allowing joint advertising by dealers that included price would encourage price fixing in violation of anti-trust law.

Department response: The provision allowing two or more dealers to jointly advertise a price has been removed. A manufacturer with a dealer or dealers may still include price in an advertisement if other conditions are met.

9. TRANS 139.03(3)(a)--previously numbered 139.02(b) and (c). Public testimony: The intent of the last sentence in each of these paragraphs is unclear.

Department response: The last sentences have been eliminated.

10. TRANS 139.03(3)(a)--previously numbered 139.02. Public testimony: Some manufacturers reimburse dealers for handling and vehicle preparation and, therefore, these items are included in the advertised price and should not be required to be identified separately in the advertisement.

Department response: This section requires only those items not included in the advertised price to be identified separately. The provision has been modified to clarify this. Transportation charges must be disclosed because these charges can be very high and if not disclosed, the buyer would be deceived about the price of the vehicle. In a joint ad, the possible range of transportation charges must be disclosed.

11. TRANS 139.03(3)(b)--previously numbered 139.02(3)(d). Public testimony: It was suggested that language be added to this section to clarify the rule does not waive the requirements of s. 100.30, Stats.

Department response: The proposed change was not made because it is unnecessary. A rule cannot supersede or waive statutory requirements.

12. TRANS 139.03(5)--previously numbered 139.02(5). Public testimony: Opposed because Ch. Ag 124, Wis. Adm. Code, already addressed the use of former used vehicle asking prices for comparative purposes. Shouldn't prohibit using "former used vehicle asking price" for comparative purposes.

Department response: Reference to former used vehicle asking price has been eliminated.

13. TRANS 139.03(7)--previously numbered 139.02(9). Public testimony: According to FTC guidelines, free merchandise can't be advertised or offered as part of a negotiated sale. Rule should be modified to conform to this regulation.

Department response: Suggested change has been made. The department has authority under s. 218.01(3)(a)19, Stats. to monitor dealer advertising.

14. TRANS 139.03(7)(c)--previously numbered 139.02(7)(c). Public testimony: As worded, this is directed only to print ads, what about TV and radio?

Department response: The section has been eliminated as a result of change discussed in #13.

15. TRANS 139.03(9)--previously numbered 139.02(9). Public testimony: Title is inappropriate. Par. (a) should be rewritten to clarify exclusion of demonstrator and executive vehicles.

Department response: Suggested changes have been made. Demonstrator and executive vehicles have been excluded because the sale of these types of vehicles can be a legitimate clearance.

16. TRANS 139.03(13)--previously numbered 139.02(13). Public testimony: Adding "used" to each individual vehicle when advertising many vehicles is too expensive.

Department response: This section does not require "used" by each vehicle. If all vehicles are used, a single reference is adequate.

17. TRANS 139.03(15). Public testimony: Disclosure of two or more damaged vehicles should be made consistent with 6% damage rule.

Department response: This situation is not analgous to TRANS 139.05(6) in which damage on new vehicles is being disclosed. In TRANS 139.03(15) the vehicle is being advertised for sale as a "damaged" vehicle, thus the cause and extent of the damage should be disclosed.

18. TRANS 139.03(16). Public testimony: Flood damaged vehicles should read "known to be flood damaged."

Department response: This language is the same as that in present MVD 24 and the department is not aware of any problems it has caused dealers. In

addition, inserting "known to be" puts the burden of proving the dealer knew about the damage on the customer.

19. TRANS 139.04--previously numbered 139.03. Public testimony: Concern was expressed that if the Federal Trade Commission promulgates a used vehicle safety and warranty disclosure rule, it may conflict with department rules.

Department response: If a federal regulation is promulgated the department will review the requirements of this rule for conflicts and appropriate modifications.

20. TRANS 139.04(1)(b). Public testimony: Why isn't the year model of the vehicle chassis of converted vehicles being put on the titles so purchasers, in addition to the original purchaser, will have this information?

Department response: The department has been doing this since August, 1980.

21. TRANS 139.04(1)(b)--previously numbered 139.03(1)(b). Public testimony: There is no objection to the requirement that the model year of both the chassis and finished vehicle be disclosed by the dealer if the manufacturer is also required to disclose this information.

Department response: TRANS 137 requires manufacturers to disclose this information on the manufacturer's statement of origin and a reference to that rule has been included in TRANS 139.04(1)(b).

22. TRANS 139.04(2)(a)--previously numbered 113.3(2). Public testimony: Not sufficient space on the face of the contract for warranty disclosure for non-manufacturer equipment. Federal warranty disclosure requirements should be sufficient. Rule should be left as presently is to require only the manufacturer warranty on the face of the contract.

Department response: The requirement to disclose dealer installed options and accessories, and whether or not warranted, is a result of complaints

received by the department. It remains in the rule because this will indicate to the purchaser what equipment has or does not have warranties. Presently if there is no warranty, there is no requirement to disclose this to the purchaser; thus, the purchaser might assume there is a warranty or that it was installed by the manufacturer and is covered by that warranty. Under the provisions of Trans 139.05(2)(f) and 139.05(10)(b), recognizing contract space concerns, a short reference to warranties may be included on the face of the contract and more detailed information included on the back side of the contract. The sample contract attached includes this requirement and is not longer than the present contract.

23. TRANS 139.04(3)(a)--previously numbered 139.03(3). Public testimony: Concern was expressed that "retail" purchaser was included in the new vehicle sticker requirements and is not required in the federal law upon which it is modeled. Also inclusion of this provision is duplicative and unnecessary because it is federal law.

Department response: The department has included this provision to allow state enforcement of sticker requirements. The language has been modified to be consistent with federal regulations.

24. TRANS 139.04(3)(b). Public testimony: Object to requirement of detailing dealer markup on supplemental stickers. Also, rule should require stating "price" of options, not "cost".

Department response: Suggested changes have been made. This dealer supplemental label is an extension of the manufacturer's label required by the federal government so that the purchaser knows what options and accessories the dealer has added.

25. TRANS 139.04(3). Public testimony: How do the requirements for affixing manufacturer's labels to the vehicle apply when the manufacturer or dealer changes the price?

Department response: This new section has been added for clarity. Federal law requires the manufacturer's suggested retail price label to remain on the vehicle until sold. However, the dealer can charge more than the amount shown on the label by identifying charges on a dealer supplemental label. Bulletins from the dealer association (WATDA) of December 27, 1977 and May 31, 1979 have suggested including this information on the dealer supplemental window sticker (WATDASI 18).

26. TRANS 139.04(3) and (6). Public testimony: The sticker on the window of demos is dangerous in test driving.

Department response: The rule requires new vehicle window stickers to remain on the vehicle to conform with federal law. Used vehicle stickers must be affixed in a conspicuous place. They should be located in a place that does not interfere with the operator's vision, or if that is not possible, removed during test driving. The used vehicle sticker does not have to be affixed to a demonstrator or non-titled executive vehicle until the vehicle is actually removed from executive or demonstrator service and displayed for sale on the sales lot.

27. TRANS 139.04(4)(b) and 139.04(6)(b) have been modified to combine the used vehicle condition disclosure form with the window sticker form in TRANS 139.04(6)(b). Combining these forms has been requested previously by the Wisconsin Automobile and Truck Dealers Association, the Center for Public Representation and the University of Wisconsin (see attached clipping). There have also been consumer complaints about the disclosure statement not being shown prior to purchase, and no permanent record of the window sticker

information available to the buyer. A sample mockup of the new combined form is attached which shows that the new form is not much larger than the previous form and, thus, should not cause vision or safety problems. Federal regulations require two stickers (and a dealer supplemental label may also be affixed) on new cars by comparison with this requirement for only one sticker for used cars.

28. TRANS 139.04(5)(a) and (b)--previously numbered 139.03(5)(a) have been reworded for clarity.

29. TRANS 139.04(3) and (7). Public testimony: Explain what provisions do not apply to two wheeled vehicles, and exempt two wheeled vehicles from odometer requirements.

Department response: New vehicle window stickers are affixed by manufacturers and cycle manufacturers are exempt from federal requirements. Mileage disclosure requirements have been modified to be consistent with federal regulations, which means that mopeds and other vehicles with a design speed not exceeding 30 mph are exempt from mileage disclosure.

30. TRANS 139.04(6)(a)2. Public testimony: Disagree with elimination of "not known to be actual mileage" statement on window stickers.

Department response: Change was made to conform to federal requirements and revised state law.

31. TRANS 139.04 (6)(d)--previously numbered 139.03(6)(c). Public testimony: This provision requires a "not for sale" sticker in vehicles prior to completion of inspection and disclosure forms. However, all vehicles are offered for sale regardless of whether an inspection has been performed. A sticker disclosing that a vehicle is "not inspected for sale" should be allowed and the purchase contract should be contingent upon purchaser acceptance of the required disclosures.

Department response: This section has been changed to allow a sticker stating "not inspected for sale" on vehicles which have not been inspected to

allow dealers to show these vehicles if a customer is interested. A new provision, s. TRANS 139.05(11), has been added to prohibit a purchase contract from being negotiated or executed until the required inspection and disclosures are made. This is preferable to executing a purchase contract with a contingency clause because once a contract is executed there can be pressure placed on the purchaser to negotiate a settlement for any defects, forfeit the downpayment, accept the vehicle as is, etc. There would also be less reason for the dealer to perform the inspection and disclosures in a timely manner. Purchasers should not execute a vehicle purchase contract until the vehicle condition and odometer mileage have been disclosed.

Concern was also expressed by the Department of Justice, Office of Consumer Protection, that this change not be interpreted to allow dealers to post "not inspected for sale" on all vehicles and make the disclosures only at the time of execution of the purchase contract. If the department finds inspections are not being made promptly and prior to displaying and offering the vehicle for sale, this provision will be reviewed for further changes.

32. TRANS 139.04(6)(d)2. Public testimony: Needs to be clarified so that titled executive vehicles can be operated without any window stickers.

Department response: No change made as federal law requires the new car sticker to remain on executive and demonstrator vehicles which are offered for sale.

33. TRANS 139.04(7)(c)5. Public testimony: Oppose elimination of "not known to be actual mileage" statement on odometer form.

Department response: This change is being made to conform to federal requirements and revised state law.

34. TRANS 139.05(1)(a). Public testimony: Oppose giving 2 copies of contract to every customer.

Department response: This section has been added as a result of complaints received by the department that the offer signed by the purchaser had been altered after the purchaser signed it. Since the purchaser does not receive a copy of the offer he or she signed, it is not possible to prove this accusation. Receiving a copy of the offer at the time it is signed is particularly important since the dealer has 2 working hours in which to make a decision. The signed offer may even be out of the purchaser's sight overnight, although the possibility for alterations exists even when the transaction takes place within sight of the purchaser. With automobile purchases representing a very significant investment, it appears reasonable that purchasers should immediately have a copy of the signed offer as proof of the terms they have agreed to, as well as a second copy after the dealer has signed the contract.

35. TRANS 139.05(1) and (3)--previously numbered 139.04. Public testimony: Objection to the proposed change that an offer to purchase must be accepted or rejected or deposits returned by a dealer within 2 hours instead of 2 working hours.

Department response: The rule has been changed back to language presently in MVD 24 to allow acceptance, rejection or return of deposit money within 2 working hours. The change was originally proposed as a result of complaints received by the department from prospective purchasers whose contracts were rejected the morning after execution. However, we are also aware that the 2 hour limitation might place a burden on small dealerships where the owner has sole contract authority and would have to be available during some non-working hours for contract approval.

36. TRANS 139.05(1)--previously numbered 139.04. Public testimony: The rule should state that after 2 hours the contract is voidable by the purchaser, rather than automatically voided.

Department response: The rule continues the provision that contracts are automatically voided if not accepted or rejected within 2 hours. The department believes it serves a useful protection to the purchaser. If the contract were not automatically voided, there could be instances where purchasers would not be aware of whether the contract was accepted or not, the right to void, or the obligation to notify the dealer if they choose to use this option.

37. TRANS 139.05(1)(b) and 139.05(3)--previously numbered 139.04. Public testimony: Change these sections to say that a contract must be executed by a purchaser whenever the dealer accepts a deposit.

Department response: The language in these two sections has been changed to clarify contract execution requirements.

38. TRANS 139.05(1)(b)--previously numbered 139.04(1)(b). Public testimony: Is a vehicle priority worksheet used by some dealers to obtain a commitment to purchase in conjunction with a downpayment considered a purchase contract? May a dealer accept a cash deposit from a prospective purchaser without at the same time entering into a written purchase contract?

Department response: As long as the vehicle priority worksheet is not binding in any way on either party, it is not a purchase contract. Since there have been a number of problems associated with accepting cash without a purchase contract, the requirement remains in the proposed rule that a contract be executed whenever cash is accepted.

39. TRANS 139.05(2)(e)--previously numbered 139.04(2)(e). Public testimony: Oppose provision that allows customer to wait 30 days after notification by a dealer that an ordered vehicle has arrived early and does not allow dealers to assess damages if the purchaser does not take possession prior to the anticipated delivery date. Dealer knows allotment 30 days in advance,

customer should sign contract to accept early. 15 days notice is more reasonable. The Attorney General's Office of Consumer Protection expressed concern that the alternative suggested of 15 days is not enough time to arrange financing. Suggestion was also made that the rule include a range for the delivery date, e.g., "anticipated delivery date of _____, but not before." The 5% penalty should be only if within delivery date range, not apply if before earliest date. Should be able to notify customer that vehicle will be here before earliest date.

Department response: The department is concerned that when a vehicle is available prior to the delivery date specified by the dealer, the purchaser has adequate time to arrange for financing and sell any vehicle the new one might be replacing. This provision has been reduced to 21 calendar days, which should usually be a reasonable time for the purchaser to arrange for financing, etc., while not requiring the dealer to hold the vehicle for a long period.

The provision for not allowing the dealer to assess a penalty for non-acceptance prior to the anticipated delivery date remains in the case where the dealer uses the 21-day notice. When vehicles are delivered prior to the anticipated delivery date, and the customer will not take possession within the 21 day notice, the dealer can either hold the vehicle until the anticipated delivery date, or void the contract and find a new customer. Allowing the 5% penalty after the 21 day notice instead of the anticipated delivery date would remove the incentive for dealers to use realistic anticipated delivery dates and would be unfair to purchasers. Dealers are required to return any downpayment, title, or trade-in vehicle within one business day of a cancelled order.

40. TRANS 139.05(2)(e)--previously numbered 139.04. Public testimony: Concern was expressed about the additional language required on the face of the purchase contract because contract getting too long.

Department response: Trans 139.05(2)(f) and 139.05(10)(b) allows warranty information on the back of the contract with only a brief reference on the front. Actual warranty documents are provided separately.

For example, the face of the contract could say "This vehicle covered by warranties described in #'s 1 and 3 on reverse side." Also TRANS 139.05(10)(a) is created to allow DMV information on the reverse side of contract. As can be seen from the sample contract attached, the contract can include all the requirements of this rule and not be any longer than the present contract.

41. TRANS 139.05(2)(f)--previously numbered 139.04. Public testimony: Rule should be clarified to state that insurance service plans, etc. need only be referenced on the contract if sold prior to or at the time of contract execution. Clearly state the manner or extent such plans must be referred to. Contributes to confusion of disclosures on the face of the purchase agreement. Reference to all service agreements and plans is not practical because not generally sold until after purchase contract is signed.

Department response: The rule has been modified to make clear that only service plans sold prior to or at the time of contract execution need be referenced on the contract. The plans can be briefly referenced on the face of the contract under "warranties and/or representations-other". More detail can be provided on the back, but actual documents are provided separately. Only those service agreements and plans which are part of the purchase contract need to be referenced on it.

42. TRANS 139.05(2)(g)--previously numbered 139.04(2)(c). Public testimony: The department should consider defining "selling price," "trade-in allowance," and "dealer discounts."

Department response: This section has been reworded to clarify the requirement that price information be included in the contract, including whatever components make up the price paid by the purchaser.

43. TRANS 139.05(2)(h)--previously numbered 139.04(2)(h). Public testimony: This provision is redundant and should be left out of the rule.

Department response: While the disclosures referred to in this provision are included elsewhere in the rule, referring to them in the section on information which must be on the purchase contract consolidates all contract disclosure requirements in one section and clarifies what warranties are part of the purchase agreement. Renumbered for clarity.

44. TRANS 139.05(2)(j). Public testimony: Need clarification of manner of disclosure of non-dealer financing.

Department response: This is a new provision included as a result of complaints received by the department that if the purchase is subject to buyer obtaining financing, that condition be stated on the purchase contract. How this is to be disclosed is shown on the draft of a new purchase contract attached.

45. TRANS 139.05(2)(k)--previously numbered 139.04(1). Public testimony: This provision requiring disclosure in the contract of conditions precedent to dealer's acceptance should be eliminated because it is vague and unnecessary. Suggest language read "Specify all separately negotiated conditions of sale."

Department response: Suggested change has been made.

46. TRANS 139.05(2)(i)--previously numbered 139.04(2)(1). Public testimony: Not enough room on the face of the contract to include information on 5% penalty assessed purchaser for non-acceptance of an ordered vehicle.

Department response: Contract requirements have been modified to allow more space (see sample). See also discussion for 139.05(2)(e) and (f).

47. TRANS 139.05(3)--previously numbered 139.04(3). See discussion for 139.05(1). Change was made back to two working hours instead of two hours, and downpayment provisions deleted because they have been included in 139.05(1).

48. TRANS 139.05(4) and (5)--previously numbered 139.04(4) and (5). Public testimony: Change rule to price protect dealers from increases in manufacturer's invoice price or dealer cost, as well as the present price protection of base or sticker price.

Department response: Requested change was not made. The department has no authority to regulate wholesale prices. The present price protection provisions are intended to protect consumers from changes in prices after contracts have been negotiated, and require fulfillment of a written contract.

49. TRANS 139.05(4)--previously numbered 139.04(5). Public testimony: Submission of a revised price list should be allowed to meet the intent of price change notification to the dealer.

Department response: Suggested change has been made.

50. TRANS 139.05(5)(a)--previously numbered 139.04(5)(a). Public testimony: Sentence deleted at the end of this section should remain or it should be clarified elsewhere that price differences for these types of vehicles are not considered price changes.

Department response: This provision was deleted because it is unnecessary. An anticipated price is not an established price and should not be quoted to purchasers or included on contracts. Thus, it is not necessary

for price protection provisions to deal with anticipated prices or changes in anticipated prices prior to the initial price list. An initial price list is required to be provided to the dealer under 139.05(4). If a dealer wishes to negotiate a contract prior to receipt of the initial price list, the provisions of 139.05(5)(c)1. apply.

51. TRANS 139.05(b)--renumbered from 139.04(c)2. Public testimony: Trucks in excess of 16,000 lbs. gross vehicle weight should be included in price protection in this section.

Department response: Historically trucks were excluded because it was suggested that trucks were purchased by businesses and did not need protection provisions. However, this proposed change has been made because individuals (farmers, independent haulers, etc.) also purchase trucks and should not be denied consumer protections afforded other vehicle purchasers.

52. TRANS 139.05(5)(c)1.--previously numbered 139.04(c)1. and 2. Public testimony: Object to stating maximum price on purchase contracts for ordered vehicles. The stated maximum price should be clarified so that a purchaser may rescind the order if the price goes beyond that stated. The dealer should in no way be obligated to deliver at the previously stated maximum price.

Department response: This provision was intended to protect purchasers from contracting to purchase a vehicle at whatever price is the "manufacturer's suggested retail price." This puts the purchaser in the position of agreeing to buy a vehicle without knowing what he or she will have to pay. The department concurs with the comment that the dealer should not be required to deliver at the estimated price and that the buyer should be able to cancel the contract without penalty if the price of the vehicle is more than the maximum price stated. This provision has been reworded to clarify this intent.

53. TRANS 139.05(c)1.--previously numbered 139.04(c)1. and 2. Public testimony: If a price is stated on a contract which contains the price increase provision, the customer should be required to separately sign an acknowledgment that he or she is aware of this provision in the contract.

Department response: The price increase information and purchaser's option to cancel if the vehicle exceeds the maximum price stated is included on the face of the contract. This should be adequate notification to the purchaser.

54. TRANS 139.05(c)2--previously numbered 139.04(5)(c)3. Public testimony: WATDA testified that it has understood the present rule to allow excessive mileage to be considered grounds for reappraisal of a trade-in vehicle. The new language appears to prohibit this. The Attorney General's Office of Consumer Protection testified that it has never interpreted this provision to allow excessive mileage to be treated as damage, and it should not be treated as such. If the dealer is not willing to take the risk of excessive mileage because of delay in delivery, the dealer should not write up the contract with a trade-in.

Department response: It has not been the intent of the present rule to allow reappraisal for excess mileage, or reappraisal for mechanical problems due to usage. However, the department recognizes the potential for purchaser abuse by excessive use. Also, the department has had complaints about dealers who use mileage or mechanical problems as an excuse to reappraise a trade-in vehicle when the new vehicle is available for delivery. This is "bushing" or failure to perform contract as prohibited by ss. 218.01(3) (a) 6. and 18., Stats.

This provision has been rewritten so that reappraisal for mileage is allowed only if the dealer has stated on the contract that the appraisal is valid up to a certain number of miles (odometer reading) and the

trade-in vehicle may be reappraised if it exceeds that mileage. The number of miles should be that amount the purchaser expects to drive until the anticipated delivery date of the new vehicle.

55. TRANS 139.05(4) and (5)--previously numbered 139.04(4) and (5).

Public testimony: Can fleet purchasers be excluded from price protection provisions?

Department response: These rule provisions apply to contracts with private retail customers. Since a fleet purchaser is normally the ultimate customer and would normally privately title the vehicles, it is intended that these provisions also apply to orders from fleet purchasers. A definition of "private retail purchaser" has been included as s. Trans 139.02(9) to clarify this.

56. TRANS 139.05(6)--previously numbered 139.04(6). Public testimony:

Proposed rule requires vehicle damage to be disclosed on the purchase contract instead of in writing as is presently required. Sometimes vehicles are not available when the contract is written and the dealer does not know what the damage might be. Damage disclosure should apply to all "known" or "significant" uncorrected damage.

Department response: Suggested change that damage disclosure be required in writing, not on the contract, was made. Suggestion to modify current rule language to add "known" was not done because the purchaser would be placed in the difficult position of proving the dealer knew about the damage. In addition, this damage disclosure applies to new cars which are checked by the manufacturer and shipper for damage and that information is made known to the dealer. Damage information is also available from the required pre-delivery dealer inspection.

57. TRANS 139.05(7)--previously numbered 139.05(7). Public testimony: Clarify that this section only applies to dealer licensees, not manufacturers.

Department response: Proposed change has been made.

58. TRANS 139.05(7)--previously numbered 139.04(7). Public testimony: A standard of reasonableness should be imposed on dealers, such as adding the word "reasonably" before "expects."

Department response: Suggested change has been made.

59. TRANS 139.05(8)--previously numbered 139.04(8). Public testimony: Dealers should have the right to make a separate charge for inspection, titling, registration, etc. and not be forced to hide these costs in the price of vehicles.

Department response: This provision is part of the present rule. If dealers were allowed to charge for the slight additional work required for titling and registration, purchasers could be charged varying amounts, not necessarily reflecting costs. Vehicle safety inspections should be considered part of the cost of selling used vehicles and additional charges should not be assessed for this. The requested change in present policy was not made. The section has been modified to clarify the prohibition applies only to purchasers, and that a seller may be charged inspection fees as part of a consignment sale.

60. TRANS 139.05(10)(a)--previously numbered 139.04(2)(k). Public testimony: Not room on the face of the contract for information that sales are regulated by the Division of Motor Vehicles. Department could print this information on its MV-1 form. Would like elimination of the word "practices" because of negative connotations.

Department response: The MV-1 form is not completed until delivery of the vehicle. If a purchaser is questioning purchase order requirements, for

example, the MV-1 form would not yet have been made out and the person would not have the information at the time he or she may need it. However, recognizing the problem with space on the face of the purchase contract, the rule has been modified to allow this information on the back of the contract. The word "practices" has been eliminated.

61. TRANS 139.05(10)(d)--previously numbered 139.04(2)(h). Public testimony: Language may conflict with that proposed by the Federal Trade Commission in its pending used car rule.

Department response: If the FTC adopts any rules in this area, the department will review its rules for conflicts and appropriateness.

62. TRANS 139.05(11) is a new provision. See discussion for Trans 139.04(6)(d).

63. TRANS 139.05(12). Public testimony: Dealers should be required to notify a customer that the vehicle the customer ordered will not be delivered as ordered as soon as the dealer obtains this information. A customer should not be placed in a vulnerable position where the customer is more likely to accept unordered options because the dealer does not supply this information promptly.

Department response: This new section has been added to require dealers to notify the purchaser within 3 business days of any known conditions which would affect the vehicle order.

64. TRANS 139.06(1) and (2)--previously numbered 139.05(1) and (2). Warranty service agreements and insurance service plans used in these sections should be defined.

Department response: These definitions have been added in Trans 139.02(5) and (15).

65. TRANS 139.06(1)--previously numbered 139.05(1). Public testimony: Providing copies of warranties at "time of sale" or contract execution is impractical because they are not necessarily part of the initial transaction and are often purchased after the execution of a purchase contract, or in the case of insurance service plans, after the delivery of the vehicle. The Federal Trade Commission has warranty predisclosure requirements so this rule is unnecessary.

Department response: This section has been rewritten to provide that copies of warranties be provided at the time of delivery of the vehicle, rather than contract execution. The department cannot enforce Federal Trade Commission regulations; thus, there are a number of provisions included in this rule which are similar to or duplicative of federal regulations. However, these are necessary to adequately carry out department dealer licensing and consumer protection responsibilities.

66. TRANS 139.06(1)(a)-(g) and (2)--previously numbered 139.05. Public testimony: These provisions are unnecessary because of federal regulations. To avoid confusion and inconsistencies with federal law, these should be eliminated.

Department response: Again, the department has included these provisions in order to be able to enforce regulations which relate to dealer licensing. The department is unaware of any conflict with federal requirements.

67. TRANS 139.06(7)--previously numbered 139.05(7). Public testimony: As presently written, requires the manufacturer to warrant any part replaced or repaired on a new vehicle, not just those parts manufactured and supplied by the manufacturer. Should be clarified.

Department response: Suggested change has been made.

68. TRANS 139.06(8)--previously numbered 139.05. Public testimony: WATDA would like the department to adopt WATDA's proposed rules on warranty labor reimbursement, rather than those proposed in 139.06(8). WATDA does not believe the statute requires the department to mandate the same labor rate manual must be used for both warranty and non-warranty work. Manufacturers should not be able to tell dealers what book has to be used for non-warranty work. The department should not become involved in what book should be used for warranty work. This section should be changed to prohibit manufacturers from requiring the use of a specific labor time guide for non-warranty repairs. This grants manufacturers the right to make otherwise illegal computations in order to determine whether a reasonable rate is being charged by the dealer. Manufacturers should not have the option to refuse to pay a dealer's "effective labor rate charged all customers" by rejecting a rate that is unreasonable. The standard for judging the rate should be "unconscionable" rather than "unreasonable." Dealer should have the right to file a complaint with the department or Transportation Commission.

Manufacturers testified they opposed provisions because they wished to continue to be able to require use of their time guides for warranty repair work. Not doing so would result in extra cost and paperwork.

Department response: The department was petitioned by the Wisconsin Automobile and Truck Dealer's Association to clarify by rule the meaning of s. 218.01(3)(a)22, Stats. relating to warranty labor reimbursement. Basically the department's interpretation of this statute that requires manufacturers "...shall reasonably compensate any authorized dealer...at a labor rate charged all customers..." is that the same amount shall be charged for the same work

regardless of who is paying the bill. In order to accomplish this both the hourly rate and the time factor must be included in the computation.

If the time factor is not included, dealers can charge different amounts for the same work depending upon whether or not it is warranty work. For example, for the same repair job a dealer could charge the same hourly rate (\$20), but apply one hour for the warranty work and two hours for the non-warranty work. The warranty repair would be \$20 and the same non-warranty work would be \$40. The rule requires the same time be applied when the vehicles are the same make and approximately the same age, Trans 139.06(8)(e), so that repair time should be nearly identical.

Provisions in this section which mandated how "equal pay for equal work" was to be achieved have been eliminated to allow the industry more flexibility in manufacturer-dealer working arrangements.

69. TRANS 139.06(8)(b)--previously numbered 139.05. Public testimony: "Effective labor rate" is improperly defined. Assembly Amendment 1 to SB 277, which authorized this program, eliminated the reference to retail rate and substituted the term "effective labor rate." By the department using the posted hourly rate to determine effective labor rate means the retail labor rate is being used.

Department response: The department did not intend this definition to refer to the retail rate. Suggested change has been made.

70. TRANS 139.06(8)(b)--previously numbered 139.05(8)(b). Public testimony: The proposal to tie the warranty reimbursement rate to the hourly rate charged all customers is inconsistent with the principle that the effective labor rate is a computed figure which may or may not be equal to the dealer's retail rate.

Department response: This provision has been changed to reflect the fact that the effective labor rate could change as a result of a change in the hourly labor rate OR in time required to make repairs, as the effective labor rate is a computed rate.

71. TRANS 139.06(8)(d)1--previously numbered 139.05(d)(1). Public testimony: Extend the period beyond 2 years if evidence of criminal fraud.

Department response. Suggested change has been made.

72. TRANS 139.06(8)(f)--previously numbered 139.05(8)(f). Public testimony: The requirement that dealers notify manufacturers 30 days in advance of any hourly rate increases is not enough time--should be 45 days.

Department response: One manufacturer indicated that this might become a problem. However, economic situations which might require an increase in labor rate are not always predictable by a dealer a long time in advance. It appears the 30 day requirement is not yet a problem. On the other hand, a 45 day notice could be difficult for dealers to comply with. Thus, the change was not made.

73. TRANS 139.06(10)--previously numbered 139.05(10). Public testimony: A dealer selling an insurance plan is not a "warrantor." The department does not have the authority to alter these plans. Third party warrantor insurer is the party who makes the decision as to what is covered and payable, not the dealer.

Department response: Suggested change has been made.

74. TRANS 139.08--previously numbered 139.07. Public testimony: Amount of time for forms implementation should be 180 days rather than 90 days.

Department response: The requirement to use new forms remains at 90 days from the effective date of the rule. Dealers know what the final rule will be once the legislature has approved it, which is approximately 2 months before

the published effective date. This 60 days plus the 90 days allowed in the rule will give dealers a total of approximately 150 days or 5 months to make forms changes.

75. Public testimony: There should be a penalty provision for dealers similar to the 5% assessed on purchasers in purchase contracts.

Department response: The 5% penalty is established by law, s. 218.01(5m) Stats., and any modifications to this provision should be statutory ones.

Milwaukee Administrative Rule Public Hearing - TRANS 139

R. L. Hall
Hall Chevrolet
11011 W. North Avenue
Milwaukee, WI 53226
414-778-1500

Newcar Dealers of Greater Milwaukee
James Holland
10012 W. Capital Drive
Milwaukee, WI 53222
414-463-9686

David L. Williams
Zimdars Motors, Inc.
78-1 W. Greenfield Ave.
Milwaukee, WI 53214
414-258-4448

Frank R. Sadlev
Sandlev's Motor
7169 W. Fond du Lac Ave.
Milwaukee, WI 53218
414-464-2233

John Kehl
Milwaukee Journal
333 W. State
Milwaukee, WI 53201
414-224-2085

Robert W. Braiger
Braeger Chevrolet, Inc.
4100 S. 27th St.
Milwaukee, WI 53221
414-281-5000

Carl L. Antoniewicz
Wis. Auto & Truck Dealers Assn.
P. O. Box 5345
Madison, WI 53705
608-251-5577

J. T. McCaughey
Inland Toyota
1620 Silver Spring
Milwaukee, WI 53209
414-228-1450

William J. Schwister
Schwister Ford
10136 W. Fond du Lac Ave.
Milwaukee, WI 53005
414-353-4500

Matthew Lofton
Lofton Bros. Garage Inc.
1819 W. North Ave
Milwaukee, WI 53205
414-264-3310

Thomas J. Skrentny
Wis. Automobile Truck Dealers Assn.
P. O. Box 6345
Madison, WI 53705
608-251-5577

Larry R. Goldstein
Ross, Hardies, O'Keefe, Babcock & Parsons
One IBM Plaza - 3100
Chicago, Ill. 60611
312-467-9300

Harvey Schaefer
Milwaukee Journal
Journal Square 333 W. State St.
Milwaukee, WI 53201
414-224-2515

Leonard A. LeMay
Leonard LeMay & Sales Inc.
5419 Wash Road
Kenosha, WI 53142

Charles D. LeMay
Leonard LeMay & Sons, Inc.
5419 Wash Road
Kenosha, WI 53142
414-654-0481

Lyle LeMay
Leonard LeMay & Sons Sales Inc.
5419 Wash Road
Kenosha, WI 53142
414-654-0481

Harold V. Zimdars
Zimdars Motors, Inc.
7801-W. Greenfield Ave.
West Allis, WI 53214
414-258-4448

Madison Administrative Rule Public Hearing - TRANS 139

F. H. Wheller
Hartnell Chevrolet, Inc.
7800 Antioch Road
P. O. Box 68
Salem, WI 53168
414-843-2361

Ed Haack
Tom McGann
6509 Odana Road
Madison, WI 53719
608-274-5100

Pat Finnerty
Finnerty Lincoln Mercury
6601 Odana Road
Madison, WI 53719
608-273-2300

Owen Finnerty
Finnerty Lincoln Mercury
6601 Odana Road
Madison, WI 53719
608-272-2300

Gary D. Williams
Wis. Automobile Truck Dealers Assn.
P. O. Box 5345
Madison, WI 53705
608-251-5577

Gary L. Antoniewicz
Wis. Automobile Truck Dealers Assn.
P. O. Box 5345
Madison, WI 53705
608-251-5577

Jim Baxter
Wis. Motorcycle Dealers Assn.
6678 Pertzborn Road
Dane, WI 53529
608-849-4054

Charles Herman
Ford Motor Company
200 E. Randolph #7938
Chicago, Ill. 60601
312-861-0644

A. J. Thomas
Gen. Motors Corp., 13-100 GM Building
Detroit, Michigan 48202
313-556-2957

Jim Kilroy
Chrysler Corp.
P. O. Box 1919
Detroit, Michigan 48288
313-956-53±6

William C. Wolford
Wis. Dept. of Justice
123 W. Washington Ave.
Madison, WI 53702
608-266-7427

Stewart Francke
General Motors Corporation
508 Michigan National Tower
Lansing, Michigan 48933
517-372-0270

Thomas J. Skrentny
Wis. Automobile Trucks Dealer Assn.
P. O. Box 5345
Madison, WI 53705
608-251-5577

Richard Warsinski
Wis. Automobile Trucks Dealers Assn.
P. O. Box 5345
Madison, WI 53705
608-251-5577

Larry R. Goldstein
Ross, Hardies, O'Keefe, Babcock & Parsons
One IBM Plaza
Room 3100
Chicago, Ill. 60611
312-467-9300

Gary Engel
Tom McGann
6509 Odana Road
Madison, WI 53719
608-274-5100

James S. Peterson
Dept. of Transportation
Hill Farms State Office Bldg.
Madison, WI 53707
608-266-1425

Response to Legislative Council Recommendations

2. Form, Style and Placement in Administrative Code

The Council suggested the department consider repealing and recreating MVD 24, rather than renumbering and amending, as a less cumbersome method. While it would be less cumbersome, members of the public have expressed that they prefer amending as it allows them to more easily see what changes are being made.

The Council states that if a proposed rule requires a new or revised form, the agency must attach a copy of the form or a description of how a free copy may be obtained in s. Trans 139.07. This rule does not involve department forms, but prescribes certain requirements for forms prepared and distributed by the motor vehicle industry.

All other suggested changes in this section have been made.

5. Clarity, Grammar, Punctuation and Plainness

All suggested changes have been made.

Disclosure Law Helps Buyer of Used Cars

MADISON — Would you buy a used car from a Wisconsin auto dealer?

You might get a better deal than you'd expect, suggest the findings of a recent University of Wisconsin-Madison study of the state's used car disclosure law.

The 1974 law, unique in Wisconsin, requires used car dealers to inspect and fill out disclosure statements regarding an auto's condition, and to correct faults that pose safety hazards.

"Our survey of car prices indicated Wisconsin consumers actually paid less in relation to Blue Book value after the law went into effect than before," said business Prof. John R. Nevin, who co-authored the study with law Prof. David M. Trubeck.

"After-purchase car repair costs were lower as a result of the law, and the disclosure statement was often effectively used in getting dealers to make repairs after a sale was completed.

"The Wisconsin law works well to improve consumer decision-making," he concluded.

However, Nevin also feels the regulation in forcing some car dealers out of business:

"The law has made it virtually impossible for reputable

dealers to sell cars older than four or five years with any kind of profit potential. Since the law does not extend to private auto sales, it has forced prices down, and many cars onto the private market. Over time, many dealers will probably be forced out of used car sales."

Nevin noted that private transactions have jumped from about 45 to near 60 percent of all used car sales in Wisconsin since the law went into effect.

"A dealer disclosure statement won't substitute for a safety inspection of all cars," he said. "There are no safety regulations in Wisconsin covering private car sales or licensing of cars, therefore safer used cars do not necessarily result from such a law as Wisconsin's."

Nevin's main criticism of the current law is the fact that dealers are not required to post the disclosure statement on the automobile's window, as he feels they should.

We found that the disclosure statement is almost always used as a bargaining tool after the sale has been made, instead of before. The dealer usually does not present the disclosure statement until the contract is ready to be signed, and consumers rarely ask to see it before then," he said.

Use car shell

USED VEHICLE WINDOW STICKER

Dealer Name			Vehicle Stock No.	Asking Price
Vehicle Year	Make	Identification No.	Engine Type	Transmission

VEHICLE USE: This vehicle was previously used as a:

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> Privately driven vehicle | <input type="checkbox"/> Police Vehicle | <input type="checkbox"/> Company Vehicle | <input type="checkbox"/> Flood damaged Vehicle |
| <input type="checkbox"/> Leased vehicle | <input type="checkbox"/> Public Vehicle | <input type="checkbox"/> Demonstrator | <input type="checkbox"/> Unknown |
| <input type="checkbox"/> Rental Vehicle | <input type="checkbox"/> Junked Vehicle | <input type="checkbox"/> Executive driven | |
| <input type="checkbox"/> Municipal owned | <input type="checkbox"/> Taxi - driven | <input type="checkbox"/> Driver Education vehicle | |

DISCUSSION DRAFT

Vehicle has limited warranty as follows: (Ask salesperson to see a copy of warranty) _____

AS IS - No warranty, express or implied EXCEPT FOR ANY MANUFACTURER'S OR OTHER EXPRESS WARRANTY WHICH EXISTS ON THIS VEHICLE, THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE VEHICLE IS WITH THE BUYER, AND SHOULD THE VEHICLE PROVE DEFECTIVE FOLLOWING THE PURCHASE, THE BUYER WILL ASSUME THE ENTIRE COST OF ALL SERVICING AND REPAIR.

- Service Agreement available, ask salesperson for details.
 Mechanical Breakdown Insurance available, ask salesperson for details.

ODOMETER read _____ miles/kilometers at the time of trade-in or purchase, which is corroborated by the prior owner's statement which will be shown to you, the purchaser, and: (CHECK ONE)

The reading is known to be actual mileage/km. The reading is not actual mileage/km.
 The odometer was repaired or replaced and calibrated to a reading identical to the odometer before service.
 The odometer was repaired or replaced and was reset or installed at zero and the original miles/km were _____
 The reading is in excess of 99,999 miles/km.

See salesperson for name and address of prior owner.

DISCLOSURE STATEMENT -- I have exercised reasonable diligence in inspecting this vehicle, including at least a review of my repair records, the prior owner's disclosure, a walk-around and interior inspection, an under-hood inspection, an under-vehicle inspection, and a test drive. On the basis of such inspection, I declare the apparent existing condition to be as indicated in the boxes below. (REQUIRED BY TRANS. 139.04(4), (5))

	GENERAL CONDITION	SAFETY EQUIPMENT CONDITION
YES NO	<p>FRAME & BODY</p> <input type="checkbox"/> Apparent cracks or corrective welds on frame <input type="checkbox"/> Dogtracks - bent or twisted frame <input type="checkbox"/> Inoperative doors <p>ENGINE</p> <input type="checkbox"/> Known or visible oil leakage, excluding normal seepage <input type="checkbox"/> Cracked block or head <input type="checkbox"/> Belts missing or inoperative <input type="checkbox"/> Knocks or misses <input type="checkbox"/> Abnormal visible exhaust discharge <p>TRANSMISSION & DRIVE SHAFT</p> <input type="checkbox"/> Improper fluid level or visible leakage, excluding normal seepage <input type="checkbox"/> Cracked or damaged case, which is visible <input type="checkbox"/> Abnormal noise or vibration <input type="checkbox"/> Improper shifting into or functioning in all gears <input type="checkbox"/> Manual clutch slips or chatters <p>DIFFERENTIAL</p> <input type="checkbox"/> Improper fluid level or visible leakage, excluding normal seepage <input type="checkbox"/> Cracked or damaged housing, which is visible <input type="checkbox"/> Abnormal noise or vibration <p>COOLING SYSTEM</p> <input type="checkbox"/> Improper fluid level or visible leakage <input type="checkbox"/> Leaky radiator <input type="checkbox"/> Improperly functioning water pump <input type="checkbox"/> Inadequate antifreeze strength for season of year <p>ELECTRICAL SYSTEM</p> <input type="checkbox"/> Improper fluid level or visible leakage of battery <input type="checkbox"/> Battery fails to start engine <input type="checkbox"/> Improperly functioning alternator, generator, or starter <p>FUEL SYSTEM</p> <input type="checkbox"/> Visible leakage <p>ACCESSORIES - INOPERATIVE</p> <input type="checkbox"/> Gauges and warning devices <input type="checkbox"/> Radio <input type="checkbox"/> Heater & Defroster <input type="checkbox"/> Air conditioner <input type="checkbox"/> Dash lights <input type="checkbox"/> Windows	<p>ALL REQUIRED safety equipment items below, except those marked "Not OK", are in legal operating condition. If the dealer does not correct all such defects prior to delivery of the vehicle to the retail purchaser, the required warning statement must be made on the contract, the vehicle must be towed or hauled, the title application shall be marked "THIS VEHICLE MAY NOT BE LEGALLY OPERATED ON WISCONSIN HIGHWAYS AND NO REGISTRATION WILL BE ISSUED" and sent by the dealer to the Division of Motor Vehicles on behalf of the purchaser.</p> <p>NOT OK</p> <input type="checkbox"/> Headlamps and Aim <input type="checkbox"/> Parking Lamps <input type="checkbox"/> Directional Lamps <input type="checkbox"/> Flashing Warning Lamps <input type="checkbox"/> Sidemarker Lamps and Reflectors <input type="checkbox"/> Tail Lamps <input type="checkbox"/> Back Up Lamps <input type="checkbox"/> Brake Lamps <input type="checkbox"/> License Plate Lamp <input type="checkbox"/> Steering and Suspension <input type="checkbox"/> Front Bumper and Fenders <input type="checkbox"/> Hood and Trunk Latches <input type="checkbox"/> Emission System <input type="checkbox"/> Door Latches <input type="checkbox"/> Tires <input type="checkbox"/> Exhaust and Fuel System <input type="checkbox"/> Rear Bumper and Fenders <input type="checkbox"/> Rear Suspension <input type="checkbox"/> Windshield <input type="checkbox"/> Other Windows <input type="checkbox"/> Windshield Wipers <input type="checkbox"/> Horn <input type="checkbox"/> Mirror <input type="checkbox"/> Speed Indicator <input type="checkbox"/> Odometer <input type="checkbox"/> Restraining Devices and Seats <input type="checkbox"/> Service Brake <input type="checkbox"/> Parking Brake <input type="checkbox"/> Floor and Trunk Pans

Explain probable cause for malfunction on items marked "YES" and explain items marked "NOT OK"

NOTE: Unless otherwise agreed to in the written purchase contract, this form shall neither create any warranties, express or implied, nor affect warranty coverage provided for in the purchase contract.

_____ X _____
 (Authorized Dealer Inspection Agent) (Date)

I certify that I have read, understood and have been given a copy of this disclosure statement _____ X _____

USED VEHICLE WINDOW STICKER

Model Year 19 ____ Make _____

Identification Number _____

Engine Type _____ Transmission _____

Stock # _____ Asking Price \$ _____

VEHICLE USE: This vehicle previously was used as a

- | | |
|---|---|
| <input type="checkbox"/> Privately driven vehicle | <input type="checkbox"/> Taxi-driven |
| <input type="checkbox"/> Leased vehicle | <input type="checkbox"/> Company vehicle |
| <input type="checkbox"/> Rental vehicle | <input type="checkbox"/> Demonstrator |
| <input type="checkbox"/> Municipal owned | <input type="checkbox"/> Executive driven |
| <input type="checkbox"/> Police vehicle | <input type="checkbox"/> Driver education vehicle |
| <input type="checkbox"/> Public vehicle | <input type="checkbox"/> Flood damaged vehicle |

ODOMETER: The Odometer Reading at time of trade-in or purchase was _____ ODOMETER READING miles which is corroborated by the prior owners statement and is (CHECK ONE)

- the actual mileage not known to be the actual mileage
 known to be inaccurate and known actual mileage was _____ miles.

Name, address and mileage (odometer) statement of prior owner available upon request.

This vehicle is for sale:

- With limited warranty as follows: _____

Ask salesperson to see copy of warranty.

- AS IS. No warranty, express or implied.

EXCEPT FOR ANY MANUFACTURER'S OR OTHER EXPRESS WARRANTY WHICH EXISTS ON THIS VEHICLE, THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE VEHICLE IS WITH THE BUYER, AND SHOULD THE VEHICLE PROVE DEFECTIVE FOLLOWING THE PURCHASE, THE BUYER WILL ASSUME THE ENTIRE COST OF ALL SERVICING AND REPAIR.

- Service agreement available, ask salesperson for details.
 Mechanical Breakdown Insurance available — ask sales person for details.

WATDASI #4 10/78

DISCLOSURE STATEMENT FOR USED MOTOR VEHICLES

Original — Dealer Retain
Duplicate — Customer Copy

DEALERSHIP	VEHICLE STOCK NO.	YEAR — MAKE	
IDENTIFICATION NUMBER			
AUTHORIZED DEALER INSPECTION AGENT			DATE

"I have exercised reasonable diligence in inspecting this vehicle, including at least a review of my repair records, the prior owner's disclosure, a walk-around and interior inspection, an under-hood inspection, an under-vehicle inspection, and a test drive. On the basis of such inspection, I declare the apparent existing condition to be as indicated in the boxes below."

**Disclosure of general condition
as required by MVD 24.03(5)**

- | YES | NO | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | FRAME & BODY |
| <input type="checkbox"/> | <input type="checkbox"/> | Apparent cracks or corrective welds on frame |
| <input type="checkbox"/> | <input type="checkbox"/> | Dogtracks - bent or twisted frame |
| <input type="checkbox"/> | <input type="checkbox"/> | Inoperative doors |
| | | ENGINE |
| <input type="checkbox"/> | <input type="checkbox"/> | Known or visible oil leakage, excluding normal seepage |
| <input type="checkbox"/> | <input type="checkbox"/> | Cracked block or head |
| <input type="checkbox"/> | <input type="checkbox"/> | Belts missing or inoperative |
| <input type="checkbox"/> | <input type="checkbox"/> | Knocks or misses |
| <input type="checkbox"/> | <input type="checkbox"/> | Abnormal visible exhaust discharge |
| | | TRANSMISSION & DRIVE SHAFT |
| <input type="checkbox"/> | <input type="checkbox"/> | Improper fluid level or visible leakage, excluding normal seepage |
| <input type="checkbox"/> | <input type="checkbox"/> | Cracked or damaged case, which is visible |
| <input type="checkbox"/> | <input type="checkbox"/> | Abnormal noise or vibration |
| <input type="checkbox"/> | <input type="checkbox"/> | Improper shifting into or functioning in all gears |
| <input type="checkbox"/> | <input type="checkbox"/> | Manual clutch slips or chatters |
| | | DIFFERENTIAL |
| <input type="checkbox"/> | <input type="checkbox"/> | Improper fluid level or visible leakage, excluding normal seepage |
| <input type="checkbox"/> | <input type="checkbox"/> | Cracked or damaged housing, which is visible |
| <input type="checkbox"/> | <input type="checkbox"/> | Abnormal noise or vibration |
| | | COOLING SYSTEM |
| <input type="checkbox"/> | <input type="checkbox"/> | Improper fluid level or visible leakage |
| <input type="checkbox"/> | <input type="checkbox"/> | Leaky radiator |
| <input type="checkbox"/> | <input type="checkbox"/> | Improperly functioning water pump |
| <input type="checkbox"/> | <input type="checkbox"/> | Inadequate antifreeze strength for season of year |
| | | ELECTRICAL SYSTEM |
| <input type="checkbox"/> | <input type="checkbox"/> | Improper fluid level or visible leakage of battery |
| <input type="checkbox"/> | <input type="checkbox"/> | Battery fails to start engine |
| <input type="checkbox"/> | <input type="checkbox"/> | Improperly functioning alternator, generator, or starter |
| | | FUEL SYSTEM |
| <input type="checkbox"/> | <input type="checkbox"/> | Visible leakage |
| | | ACCESSORIES - INOPERATIVE |
| <input type="checkbox"/> | <input type="checkbox"/> | Gauges and warning devices |
| <input type="checkbox"/> | <input type="checkbox"/> | Radio |
| <input type="checkbox"/> | <input type="checkbox"/> | Heater & Defroster |
| <input type="checkbox"/> | <input type="checkbox"/> | Air Conditioner |
| <input type="checkbox"/> | <input type="checkbox"/> | Dash Lights |
| <input type="checkbox"/> | <input type="checkbox"/> | Windows |

**Disclosure of safety equipment defects
as required by MVD 24.03(6)(a) 2.**

ALL REQUIRED safety equipment items below, except those marked "Not OK", are in legal operating condition. If the dealer does not correct all such defects prior to delivery of the vehicle to the retail purchaser, the required warning statement must be made on the contract, the vehicle must be towed or hauled, the title application shall be marked "THIS VEHICLE MAY NOT BE LEGALLY OPERATED ON WISCONSIN HIGHWAYS AND NO REGISTRATION WILL BE ISSUED" and sent by the dealer to the Division of Motor Vehicles on behalf of the purchaser.

- | NOT OK | OK | |
|--------------------------|--------------------------|----------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Headlamp and Aim |
| <input type="checkbox"/> | <input type="checkbox"/> | Parking Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | Directional Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | Flashing Warning Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | Sidemarkers Lamps and Reflectors |
| <input type="checkbox"/> | <input type="checkbox"/> | Tail Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | Back Up Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | Brake Lamps |
| <input type="checkbox"/> | <input type="checkbox"/> | License Plate Lamp |
| <input type="checkbox"/> | <input type="checkbox"/> | Steering and Suspension |
| <input type="checkbox"/> | <input type="checkbox"/> | Front Bumper and Fenders |
| <input type="checkbox"/> | <input type="checkbox"/> | Hood and Trunk Latches |
| <input type="checkbox"/> | <input type="checkbox"/> | Emission System |
| <input type="checkbox"/> | <input type="checkbox"/> | Door Latches |
| <input type="checkbox"/> | <input type="checkbox"/> | Tires |
| <input type="checkbox"/> | <input type="checkbox"/> | Exhaust and Fuel System |
| <input type="checkbox"/> | <input type="checkbox"/> | Rear Bumper and Fenders |
| <input type="checkbox"/> | <input type="checkbox"/> | Rear Suspension |
| <input type="checkbox"/> | <input type="checkbox"/> | Windshield |
| <input type="checkbox"/> | <input type="checkbox"/> | Other Windows |
| <input type="checkbox"/> | <input type="checkbox"/> | Windshield Wipers |
| <input type="checkbox"/> | <input type="checkbox"/> | Horn |
| <input type="checkbox"/> | <input type="checkbox"/> | Mirror |
| <input type="checkbox"/> | <input type="checkbox"/> | Speed Indicator |
| <input type="checkbox"/> | <input type="checkbox"/> | Odometer |
| <input type="checkbox"/> | <input type="checkbox"/> | Restraining Devices and Seats |
| <input type="checkbox"/> | <input type="checkbox"/> | Service Brake |
| <input type="checkbox"/> | <input type="checkbox"/> | Parking Brake |
| <input type="checkbox"/> | <input type="checkbox"/> | Floor and Trunk Pans |

Explain probable cause for malfunction or defect on all items marked "Yes".

Explain all items marked "Not OK".

NOTE: Unless otherwise agreed to in the written purchase contract, this form shall neither create any warranties, express or implied, nor affect warranty coverage provided for in the purchase contract.

I certify that I have read, understood and have been given a copy of this vehicle disclosure statement.

BUYER'S SIGNATURE

DATE

WARRANTIES AND/OR REPRESENTATIONS

1. NEW	THE VEHICLE OR CHASSIS COVERED BY THIS ORDER IS NEW AND THE WRITTEN MANUFACTURER'S WARRANTY DELIVERED TO THE PURCHASER WITH SUCH VEHICLE OR CHASSIS SHALL APPLY. *
2. QUALIFIED	THE VEHICLE OR CHASSIS COVERED BY THIS ORDER IS A DEMONSTRATOR, EXECUTIVE DRIVEN, DRIVER EDUCATION, OR OTHER QUALIFIED VEHICLE OR CHASSIS AND THE BALANCE OF MANUFACTURER'S WARRANTY IS STILL IN FORCE. THE WRITTEN MANUFACTURER'S WARRANTY DELIVERED TO THE PURCHASER WITH SUCH VEHICLE OR CHASSIS SHALL APPLY. *
3. NOT QUALIFIED	THE SELLING DEALER HAS NOT DETERMINED WHETHER THE MANUFACTURER SHALL HONOR ANY REMAINING NEW VEHICLE WARRANTY ON THIS VEHICLE AND THE PURCHASER, NOT THE SELLER, ASSUMES THE RISK THAT NO NEW VEHICLE WARRANTY MAY BE APPLICABLE. *
4.	THERE IS NO REMAINING NEW VEHICLE WARRANTY WHICH WILL BE HONORED BY THE MANUFACTURER.

5. AS IS NO WARRANTY: THIS VEHICLE IS SOLD "AS IS" BY THE DEALER

THE DEALER HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY WARRANTY LIABILITY IN CONNECTION WITH THE SALE OF THIS VEHICLE.

EXCEPT FOR ANY EXPRESS OR IMPLIED WARRANTY BY THE MANUFACTURER OR OTHER THIRD PARTY WHICH EXISTS ON THIS VEHICLE, THE ENTIRE RISK AS TO QUALITY AND PERFORMANCE OF THE VEHICLE IS WITH THE PURCHASER, AND SHOULD THE VEHICLE PROVE DEFECTIVE FOLLOWING THE PURCHASE, THE PURCHASER WILL ASSUME THE ENTIRE COST OF ALL SERVICING AND REPAIR.

*Options if checked carry a manufacturer's warranty. The dealer is not a party to such warranty by the option manufacturer. The sale of dealer installed options is "AS IS" - "NO WARRANTY" by the dealer unless otherwise stated.

*The dealer is not a party to any manufacturer's or other third party warranty applicable to the vehicle but may be a representative for purposes of services or repairs under such warranty.

IT IS FURTHER UNDERSTOOD AND AGREED

This Purchase Contract is subject to the following terms and conditions which have been mutually agreed upon:

That the Purchaser, before or at the time of delivery to him of the motor vehicle covered by the Purchase Contract, will execute such other forms of agreements or documents as may reasonably be required by the Dealer.

If the Manufacturer makes any changes in the model or design of any accessories and/or parts of any new motor vehicles at any time, it does not create any obligation on the part of the Dealer to make corresponding changes in the vehicle covered by this order either before or subsequent to the delivery of such vehicle to the Purchaser.

The Dealer shall have the right to re-appraise the motor vehicle to be traded in and modify accordingly the delivery price of the motor vehicle purchased herein, if the said trade-in vehicle is subsequently damaged or parts and/or accessories thereon have been removed or replaced, or if it exceeds any mileage limitation stated on the face of this contract.

Any increase in price, to a retail customer, after having accepted an order of purchase or a contract from a buyer, is prohibited except that (a) a trade-in vehicle may be reappraised if it subsequently suffered damage, or parts and/or accessories have been removed or replaced, or (b) as provided in (6) following.

SECTION 24.04 (6) provides: "Motor vehicle price changes. (a) A motor vehicle manufacturer, importer, or distributor which accepts orders placed on behalf of private retail customers shall furnish motor vehicle dealers with price lists upon which retail motor vehicle purchase contracts may be executed. Such price lists shall set forth the base prices of the various models along with the prices of all optional equipment, accessories and destination or transportation charges. The prices set forth in such price lists shall remain in effect until receipt by the dealers of written official price change notification which shall contain the specific dollar amounts of increases applicable to the various models, optional equipment, accessories and destination or transportation charges. (b) Unless a motor vehicle manufacturer, importer, or distributor has adopted a formal policy of not accepting orders placed on behalf of private retail customers and such policy is clearly set forth to franchised dealers, price increases imposed by such motor vehicle manufacturer, importer, or distributor are prohibited on those vehicles for which dealers had orders written with private retail customers prior to the dealer's receipt of the official price change notification referred to in (a) preceding. A sales contract signed by a private retail customer shall constitute evidence of each such order. In the event of motor vehicle manufacturer, importer, or distributor price reduction the amount of any such reduction received by a dealer shall be passed on to the private retail customer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer. Price differences applicable to new model or series motor vehicles at the time of the introduction of new models or series shall not be considered a price increase or decrease. Price increases caused by any of the following reasons shall not be subject to the provision of this section: 1. the addition of new equipment as required by state or federal law; 2. in the case of foreign make vehicles, revaluation of the U. S. dollar by the U. S. government; 3. state or federal tax rate changes. (c) The provisions of sections 24.04 (5) and 24.04 (6) shall 1. be suspended during periods in which the federal government has imposed controls on the prices of motor vehicles, and 2. not apply to motor vehicles with a gross weight rating of more than 16,000 pounds."

THE DEALER SHALL NOT BE LIABLE TO THE BUYER FOR ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR INCOME, OR ANY OTHER INCIDENTAL DAMAGES ARISING OUT OF THE SALE OR USE OF THE PURCHASED VEHICLE.

"MOTOR VEHICLE DEALER SALES PRACTICES ARE GOVERNED BY CHAPTER 218 STATS. AND CHAPTER TRANS 139 WIS. ADM. CODE, ADMINISTERED BY THE MOTOR VEHICLE DEALER LICENSE SECTION, WISCONSIN DEPARTMENT OF TRANSPORTATION, P.O. BOX 7909, MADISON, WISCONSIN 53707.

IT IS FURTHER UNDERSTOOD AND AGREED

This Purchase Contract is subject to the following terms and conditions which have been mutually agreed upon:

1. As a deterrent to purchaser failing to take delivery of the vehicle as herein provided, the purchaser agrees that if he does not accept delivery, he shall at Dealer's option, forfeit to dealer, as a penalty, 5% of the cash price of the vehicle as authorized by Section 218.01 (5m) Wisconsin Statutes.

2. That the Purchaser, before or at the time of delivery to him of the motor vehicle covered by the Purchase Contract, will execute such other forms of agreements or documents as may reasonably be required by the Dealer.

3. If the Manufacturer makes any changes in the model or design of any accessories and/or parts of any new motor vehicles at any time, it does not create any obligation on the part of the Dealer to make corresponding changes in the vehicle covered by this order either before or subsequent to the delivery of such vehicle to the Purchaser.

4. The Dealer shall have the right to re-appraise the motor vehicle to be traded in and modify accordingly the delivery price of the motor vehicle purchased herein, if the said trade-in vehicle is subsequently damaged or parts and/or accessories thereon have been removed or replaced.

5. Any increase in price, to a retail customer, after having accepted an order of purchase or a contract from a buyer, is prohibited except that (a) a trade-in vehicle may be reappraised if it subsequently suffered damage, or parts and/or accessories have been removed or replaced, or (b) as provided in (6) following.

6. SECTION 24.04 (6) provides: "Motor vehicle price changes. (a) A motor vehicle manufacturer, importer, or distributor which accepts orders placed on behalf of private retail customers shall furnish motor vehicle dealers with price lists upon which retail motor vehicle purchase contracts may be executed. Such price lists shall set forth the base prices of the various models along with the prices of all optional equipment, accessories and destination or transportation charges. The prices set forth in such price lists shall remain in effect until receipt by the dealers of written official price change notification which shall contain the specific dollar amounts of increases applicable to the various models, optional equipment, accessories and destination or transportation charges. (b) Unless a motor vehicle manufacturer, importer, or distributor has adopted a formal policy of not accepting orders placed on behalf of private retail customers and such policy is clearly set forth to franchised dealers, price increases imposed by such motor vehicle manufacturer, importer, or distributor are prohibited on those vehicles for which dealers had orders written with private retail customers prior to the dealer's receipt of the official price change notification referred to in (a) preceding. A sales contract signed by a private retail customer shall constitute evidence of each such order. In the event of motor vehicle manufacturer, importer, or distributor price reduction the amount of any such reduction received by a dealer shall be passed on to the private retail customer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer. Price differences applicable to new model or series motor vehicles at the time of the introduction of new models or series shall not be considered a price increase or decrease. Price increases caused by any of the following reasons shall not be subject to the provision of this section: 1. the addition of new equipment as required by state or federal law; 2. in the case of foreign make vehicles, revaluation of the U. S. dollar by the U. S. government; 3. state or federal tax rate changes. (c) The provisions of sections 24.04 (5) and 24.04 (6) shall 1. be suspended during periods in which the federal government has imposed controls on the prices of motor vehicles, and 2. not apply to motor vehicles with a gross weight rating of more than 16,000 pounds."

7. THE DEALER SHALL NOT BE LIABLE TO THE BUYER FOR ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR INCOME, OR ANY OTHER INCIDENTAL DAMAGES ARISING OUT OF THE SALE OR USE OF THE PURCHASED VEHICLE.

8. The Purchaser hereby agrees to accept delivery of the ordered vehicle prior to the specified delivery date if the vehicle is available for delivery by the Dealer prior to the specified delivery date.