



## Automobile Dealers Association of Indiana

# “VOLUNTARY ADVERTISING STANDARDS”



The purpose of these standards is to provide for truthful and accurate practices in the sale of new and used vehicles for the benefit of the citizens of this State.

### GENERAL PROHIBITION

Licensed dealers shall not use false, deceptive, unfair or misleading advertising. The term “advertising” includes any form of public notice or statement however disseminated or utilized.

### MANUFACTURER SALES; WHOLESALE PRICES

Dealers shall not advertise the sale of vehicles in any manner that conveys to the public, either directly or by implication, that the vehicles advertised are being offered for sale by the manufacturer or distributor of the vehicles. Advertisements by dealers shall not contain terms such as “factory sale”, “wholesale prices”, or any other similar terms which indicate sales other than retail sales.

### BAIT ADVERTISING

“Bait” advertising is an unfair and deceptive practice and shall not be used by any licensee. Bait advertising is an alluring but insincere offer to sell a product, the primary purpose of which is to obtain leads to persons interested in buying merchandise of the type advertised and to switch consumers from buying the advertised product in order to sell some other product at a higher price or on a basis more advantageous to the advertiser. Advertising a new motor vehicle at a price which does not include all equipment listed as standard equipment by the manufacturer, distributor or dealer, or eliminating any such equipment for the purpose of advertising a low price and “baiting” the customer into charges above the advertised price is prohibited as misleading and deceptive.

### ACCURACY

All advertised statements, including those specifying year, make, engine size, model, type, equipment, price, trade-in allowance, terms, or other claims or conditions pertaining to the offer for sale of any vehicle, or to the vehicle itself, shall be accurate and clear.

### UNTRUE CLAIMS

The following statements shall not be used in any advertising by any dealer:

- 1) Statements such as “write your own deal”, “name your own price”, “name your own monthly payments”, or statements with similar meaning.
- 2) Statements such as “everybody financed”, “No credit rejected”, “we finance anyone”, and other similar statements representing or implying that no prospective credit purchaser will be rejected because of his/her inability to qualify for credit.
- 3) Statements representing that no other dealer grants greater allowances for trade-ins, however stated, unless such is the case.
- 4) Statements representing that because of its large sales volume, a dealer is able to purchase vehicles for less than another dealer selling the same make of vehicles, unless such is the case.

### MANUFACTURER’S SUGGESTED RETAIL PRICE

The suggested retail price of a new motor vehicle when advertised by a manufacturer or distributor shall include all costs and charges for the vehicle advertised, except that destination and dealer taxes, title, and license fees may be excluded from such price, provided the advertisement conspicuously states that such costs and charges are excluded.

### LEASE, BALLOON OR RESIDUAL ADVERTISEMENTS

Vehicle lease advertisements shall clearly and conspicuously disclose that the advertisement is for the lease of a vehicle. Statements such as “alternative financing plan”, “drive away for \$ per month”, or other terms or phrases that do not use the term “lease”, do not constitute adequate disclosure of a lease. Lease advertisements shall not contain the phrase “no down payment” or words of similar import if any outlay of money is required to be paid by the customer to lease the vehicle. Lease terms that are not available to the general public shall not be included in advertisements directed at the general consuming public, or all limitations and qualifications applicable to the lease terms advertised shall be clearly and conspicuously disclosed.

### ADVERTISING AT COST

The term “dealer’s cost”, or other reference to the cost of the vehicle to the dealer shall not be used in advertising since the actual net cost to the dealer for the vehicle is dependent upon a number of variables not known to the dealer at the time the advertisement is placed.

### ADVERTISING AT INVOICE

The use of term “invoice” or “invoice price” in advertising must be in reference to the manufacturer’s or distributor’s total invoice price on a vehicle, and such advertisement shall clearly and conspicuously include the following disclosure: “The invoice may not represent actual dealer cost”.

**OVER →**

## **UNFAIR PRACTICE**

A dealer may not require a purchaser of a motor vehicle, as a condition of sale and delivery thereof, to purchase any equipment, part, or accessory not ordered by the purchaser unless such equipment, part, or accessory is already installed on the motor vehicle when received by or offered for sale by the dealer or is required by law. (This standard is a part of Indiana Law and can be found under I.C. 9-23-3-1).

## **TRADE-IN ALLOWANCES**

Since the amounts of trade-in allowances will vary depending on the condition, model, mileage, or age of a buyer's vehicle, no specific trade-in amount or range of amounts shall be featured in advertising.

## **DEMONSTRATORS, EXECUTIVES', AND OFFICIALS' VEHICLES**

The word "demonstrator" shall be understood to refer to a vehicle which has never been sold or leased to a member of the public. This term shall include vehicles used by new vehicle dealers or their personnel for demonstrating performance ability but not vehicles purchased or leased by such dealers. Demonstrators may be advertised for sale as such only by a dealer franchised for the sale of such make of new vehicles. "Executives" and "officials" vehicles, when so advertised, shall have been used exclusively by executives of the dealer's franchising manufacturer or distributor, or by an executive of the franchised dealership. These vehicles, so advertised, shall not have been sold or leased to a member of the public prior to the appearance of the advertisement. "Demonstrators", "executives", and "officials" vehicles shall be clearly and prominently qualified as such in immediate conjunction with the year, make, and model offered.

## **AUCTION**

Terms such as "auction" or "auction special" and other terms of similar import shall be used only in connection with vehicles offered or sold at a bona fide auction as defined in I.C. 9-13-2-7.

## **FREE OFFERS**

No equipment, accessory, or other merchandise shall be described as "free" if the vehicle can be purchased for a lesser price without such equipment, accessory, or merchandise, or if the price of the vehicle has been increased to cover the cost or any part of the cost of such equipment, accessory, or merchandise.

## **AUTHORIZED DEALER**

The term "authorized dealer" or similar terms shall not be used in any way so as to mislead as to the make or makes of vehicles for the sale or service of which the advertising dealer is franchised.

## **BUY-DOWN INTEREST RATES**

No buy-down interest rate may be advertised if any of the costs of securing the buy-down are passed on to the customer in any way, unless the dealer discloses that contribution by the dealership may increase the negotiated price of the vehicle to the consumer. All buy-down interest rate ads shall be in compliance with Regulation Z of the Federal "Truth in Lending" Act.

## **CREDIT TERMS**

When credit terms are advertised, they must comply with the specific disclosure requirements of the credit advertising provisions of the "Truth in Lending" Act and Regulation Z.

## **LEASE TERMS**

When lease terms are advertised, they must comply with the specific disclosure requirements of the lease advertisement provisions of the "Truth in Leasing" Act and Regulation M.

## **TELEVISION DISCLOSURES**

Any disclosure appearing in television advertisements must clearly and conspicuously feature all necessary information in a manner that can be read and understood (if type is used) or which can be heard and understood (if audio is used) without unreasonable extra effort.

On May 17, 2007 the Board of Directors of the Automobile Dealers Association of Indiana, Inc. approved these recommended guidelines, as originally drafted May 18, 1990, for your voluntary compliance in order to "police" ourselves and avoid having mandated and far more restrictive advertising standards imposed upon our industry.