Driven

NADA MANAGEMENT SERIES L55

A Dealer Guide to

FEDERAL ADVERTISING REQUIREMENTS



NADA
NATIONAL AUTOMOBILE DEALERS ASSOCIATION

Driven

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A Dealer Guide to FEDERAL ADVERTISING REQUIREMENTS

Introduction

Advertising is an important activity in the operation of an automobile dealership. Advertising vehicles and other products and services typically involves the dealership and media personnel, third-party internet platforms, websites, media outlets, and others.

The purpose of this *Driven Guide* is to provide dealers and related personnel with a foundational understanding of the federal laws that apply to dealer advertising, including the Federal Trade Commission Act (FTC Act); the Truth in Lending Act (TILA) and its implementing regulation, Regulation Z; the Consumer Leasing Act (CLA) and its implementing regulation, Regulation M; and other requirements. These federal statutory guidelines provide numerous binding requirements on dealers (and others) engaged in advertising and marketing activity.



In particular, Section 5 of the FTC Act prohibits unfair or deceptive acts or practices that affect commerce in any medium, including television, radio, newspapers, magazines, signs, banners, the Internet or direct mail. The FTC is the federal agency that is primarily responsible for overseeing and regulating advertising activities of U.S. businesses, such as automobile dealerships, for legal compliance purposes. Under the FTC Act, the FTC is authorized to:

- Prevent unfair methods of competition;
- Prevent unfair or deceptive acts or practices in or affecting commerce;
- Seek monetary redress and/or relief for conduct injurious to consumers in certain situations;
- Prescribe trade regulation rules defining with specificity acts that are unfair or deceptive, and establish requirements designed to prevent such acts or practices; and
- Conduct investigations relating to the organization, business practices and management of entities engaged in commerce.

Consistent with this authorization, the FTC has developed and disseminated several guides (FTC Guides) that are designed to help advertisers avoid advertising practices that the FTC considers to be unfair or deceptive. The FTC Guides are then-current interpretations of federal laws and are extensively discussed in this *Driven Guide*. Unlike the federal statutory and regulatory requirements outlined above, however, the FTC Guides are not binding on either the FTC or the public. That said, they are important in providing context on how FTC Staff interpret and enforce laws.

The FTC Guides do not preempt federal, state or local laws, although compliance with state and local laws by an advertiser does not preclude the FTC from taking action independently under the FTC Act.

Keep in mind that certain regulations governing advertising are issued by the Consumer Financial Protection Bureau (CFPB) with respect to certain entities that are not motor vehicle dealers and to dealer operations that are not covered by the dealer exclusion from CFPB authority that is contained in section 1029 of the Dodd-Frank Act (such as "Buy Here Pay Here" operations). The dealer exclusion applies only to motor vehicle dealers predominantly engaged in sales and leasing; the exclusion may not include dealers who engage in financing activities beyond arranging third-party financing.

Additionally, the CFPB and FTC regularly coordinate – both with each other and with state attorneys general, meaning dealers may face scrutiny from multiple federal and state regulators for advertising and financing practices. The regulatory citations contained in this *Driven Guide* are those issued by the FTC that govern dealers who are excluded from CFPB authority.

Privacy and Data Considerations.

Dealer advertising increasingly involves the collection and use of consumer data through online lead forms, retargeting and behavioral advertising, and third-party data sharing with advertising platforms. Dealers must comply with the FTC's Safeguards Rule (16 C.F.R. Part 314) regarding the protection of customer information, including data collected through advertising channels. For more information on compliance with the Safeguards Rule, please refer to the *Driven Guide* "Dealer Guide to the Safeguards Rule." Additionally, state privacy laws impose disclosure and consent requirements for data collection and targeted advertising practices. While this *Driven Guide* focuses on federal advertising requirements, dealers should ensure their advertising practices, particularly digital advertising, include appropriate privacy disclosures and comply with applicable data protection requirements. This *Driven Guide* does not include a discussion of advertising law as it relates to marketing via telephone, and has only limited guidance regarding advertising via text message or fax communications. Dealers are directed to the NADA *Driven Guide* entitled "A Dealer Guide to Federal Email and Telemarketing Restrictions" and other *Driven Guides* for a discussion of those topics. This *Driven Guide* also does not discuss advertising issues under state law relating to brokering, the use of third-party lead/referral services or contractual restrictions that may be imposed on dealers by manufacturers, vendors or other third parties.

Caution Regarding State Law.

This *Driven Guide* also does not address specific individual state law requirements that apply to dealer advertising. Most states have laws that are either specifically or generally applicable to dealer advertising; statutes that prohibit unfair and deceptive acts and practices would be generally applicable, for example. In many cases, such state laws can be more prescriptive and can include far more detailed requirements or prohibitions than federal law. Dealers must take into account any state laws applicable to their advertising efforts as part of developing a comprehensive advertising law compliance strategy. As of 2026, the FTC has said that even if a state law permits advertising a documentation fee, it should still be included in the most prominent advertised price

This *Driven Guide* is divided into sections designed to allow easy reference to specific topics. In addition, specific hypothetical examples of bad and good advertising are included on pages 3-9 to help illustrate the applicable federal advertising laws. These examples do not address additional state or local advertising requirements that may apply.

Ad Examples

Example A

2026 Typhoon

4-door Hatchback

V6 • Automatic • Air Conditioning

1 ***We will pay off your trade, no matter what you owe.***

2 **1.9% Financing for 60 Months** (3, 4)



ABC Auto Dealership
1234 Main Street, Anytown USA

Offer expires 12/31/26

EXAMPLE

1. This is a deceptive statement. See Section 36 and Section 37.
2. Finance rate must be described as annual percentage rate. See Section 2.
3. No disclosure of material condition to financing (on approved credit). See Section 9.
4. 60 months is Regulation Z trigger term-additional disclosures required. See Section 29.

Example A

2026 Typhoon

4-door Hatchback

V6 • Automatic • Air Conditioning

1 ***We pay top dollar for your trade***

2 **1.9% APR Financing for 60 Months**



4 3

ABC Auto Dealership
1234 Main Street, Anytown USA

1.9% APR financing for 60 months on approved credit through ABC Financial Company at $17.48 per month per thousand financed with 10% down. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY

1. Statement is not misleading. See Section 36.
2. Finance rate described as APR. See Section 2.
3. Discloses financing is on approved credit, a material condition. See Section 9.
4. 60 months is Regulation Z trigger term-additional information disclosed. See Section 29.

Example B

2026 Cyclone
4-door SUV

4 Cylinder • Automatic • Air Conditioning

1 → ***New Year's Sweepstakes***
Buy a car in January for a chance to win a trip to Hawaii. See dealership for details.

2 → **$32,000**

4 → **Everybody Financed**



3

ABC Auto Dealership
1234 Main Street, Anytown USA

2 → *Price after $4,000 down payment. Tax, title and license fees extra. Offer on approved credit. Offer expires 12/31/26.

EXAMPLE

1. Illegal lottery. See Section 34.
2. Deceptive representation of price; amount is after $4,000 down payment as shown in fine print. See Sections 11, 28 and 37.
3. $4,000 down is Regulation Z trigger term-additional disclosures required. See Section 29.
4. Deceptive statement. See Section 9 and Section 37.

Example B

2026 Cyclone
4-door SUV

4 Cylinder • Automatic • Air Conditioning

1 → ***New Year's Sweepstakes***
Visit us online or in person and enter to win a trip for two to Hawaii. No purchase necessary. Must be 18 or older and enter by 12/31/26. See dealership for details and official rules

3 to choose from **$36,000** ← 2

4 → **Attractive Financing Available**
(on approved credit)



3 → VIN# 987653 VIN# 987654 VIN# 987652

ABC Auto Dealership
1234 Main Street, Anytown USA

Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY

1. Sweepstakes requires no purchase to enter, provides basic restrictions and indicates official rules are available for review. See Section 34.
2. Price is not after down payment. See Section 28.
3. Good practice to disclose how many vehicles are available at advertised price (if limited number) and to identify them by last 6 of the Vehicle Identification Number (VIN). See Section 28 and Section 39.
4. Statement not deceptive. See Section 9.

Example C

2026 Ocean
4-Door Sedan

V6 • Automatic • Air Conditioning

1 → **5 year/50,000 Mile Manufacturer Warranty**

NOW **$32,999** 3 to choose from

3 → ~~$35,999~~

2 → **Free $50 gas card with purchase**



VIN# 456124
VIN# 456123 VIN# 456125

ABC Auto Dealership
1234 Main Street, Anytown USA

Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE

1. Advertisement should disclose that warranty is limited and a copy is available for review. See Section 41.
2. Free gas card contingent on vehicle purchase should not be offered. See Section 18.
3. Claim of price reduction should be made only if former price was an actual price offered to public for significant period of time. See Section 17.

Example C

2026 Ocean
4-Door Sedan

V6 • Automatic • Air Conditioning

1 → **5 year/50,000 Mile Manufacturer Warranty**
See dealer for copy of limited warranty

2 → 3 to choose from **$32,999**

3 → **Free $10 gas card with any test drive**
No purchase necessary. Limit one per person. Must be licensed driver, 18 years or older.
Offer ends 12/31/26



VIN# 456124
VIN# 456123 VIN# 456125

ABC Auto Dealership
1234 Main Street, Anytown USA

Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY

1. Advertisement discloses warranty is limited and available for inspection. See Section 41.
2. Free $10 gas card offer based on test drive, not vehicle purchase. See Section 18 and Section 20.
3. No claim of unsubstantiated price reduction made. See Section 17.

Example D

2026 Storm
4-door SUV
V6 • Automatic • Air Conditioning

Factory-Authorized Sale

MSRP	$36,999
Dealer Discount	−$7,000
Yours for	**$29,999**

3 to choose from

Best-in-class leg room



VIN# 567891
VIN# 567890 VIN# 567892

ABC Auto Dealership
1234 Main Street, Anytown USA

Tax, title and license fees extra. Dealer discount includes all applicable offers. Offer expires 12/31/26.

EXAMPLE

1. Claim of "factory-authorized sale" should only be made if factory does authorize event. See Section 31.
2. Claim relating to competitor vehicles should not be made without substantiation. See Section 8 and Section 37.
3. Deceptive representation if discount includes multiple manufacturer rebates (for example, college graduate, military, loyalty and conquest) that have qualifications that are unlikely to be satisfied by most buyers. See Section 28.

Example D

2026 Storm
4-door SUV
V6 • Automatic • Air Conditioning

MSRP	$36,999
Documentation Fee	+500
Dealer Discount	−$2,000
$35,499	
Additional savings you may qualify for Captive Finance Company Rebate (requires financing through Captive Finance Company)	−$1,000

New Year's Sale

Spacious interior



3 to choose from

VIN# 567891
VIN# 567890 VIN# 567892

ABC Auto Dealership
1234 Main Street, Anytown USA

Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY

1. No unsubstantiated claim of "factory-authorized sale" is made. See Section 31. Note that if advertised price is not a reduction for New Year's sale, problem may exist. See Section 17.
2. No unsubstantiated comparison claim. See Section 8 and Section 37.
3. Rebate is separately disclosed with any material qualifications and limitations and not deducted from the most prominent price. In this example, the $2,000 Dealer Discount must be available to all customers. See Section 28.
4. Total price includes the mandatory documentation fee. See Section 12.

Example E

2026 Spike
4-door Sedan

Hybrid • Automatic • Air Conditioning

1 → *Made in the USA*

2 → **0% APR for 60 Months**



ABC Auto Dealership
1234 Main Street, Anytown USA

0% APR available up to $11,000 financed on approved credit through ABC Financial Co., at $16.67 per month per thousand financed. If more than $11,000 financed, APR is 1.9% per month per thousand financed. Example 10% down. Offer expires 12/31/26.

EXAMPLE

1 Deceptive representation unless all or virtually all of vehicle is made in USA. See Section 23.

2 Deceptive representation because fine-print disclosure limits 0% APR to up to $11,000 financed. See Section 2, Section 7 and Section 37.

Example E

2026 Spike
4-door Sedan

Hybrid • Automatic • Air Conditioning

1 → *Best-looking car anywhere!*

2 → **0% APR for 60 Months**



ABC Auto Dealership
1234 Main Street, Anytown USA

0% APR financing on approved credit through ABC Financial Co., at $16.67 per month per thousand financed. Example 10% down. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY

1 Subjective claim is "puffing." See Section 37.

2 Advertising a "0% APR" offer where there is a limitation on the amount that can be financed at 0% could be considered a deceptive advertisement. See Section 2, Section 7 and Section 37.

Example F

2026 Gazelle
Hybrid Van
Hybrid • Automatic • Air Conditioning

1 → **$399** per month

2 → **$999** down

3 to choose from

VIN# 999555 VIN# 999556 VIN# 999557



2 3

ABC Auto Dealership
1234 Main Street, Anytown USA

36-month lease. $4,499 due at lease signing.
Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE

1. Monthly payment amount is Regulation M trigger term. Additional disclosures must be made in clear and conspicuous manner. See Section 7 and Section 22.
2. Down payment amount that is component of amount due at lease signing must not be advertised more prominently than $4,499. See Section 22.
3. Not disclosed that a manufacturer rebate is part of amount due at lease signing. See Section 22.

Example F

2026 Gazelle
Hybrid Van
Hybrid • Automatic • Air Conditioning

$399 per month

1 → **36-Month Close-End Lease**
4 → **on Approved Credit**

3 to choose from



VIN# 999556 VIN# 999555 VIN# 999557

2 1 3

ABC Auto Dealership
1234 Main Street, Anytown USA

$5,499 due at lease signing ($4,499 out of pocket plus $1,000 manufacturer rebate).
$0 security deposit. Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY.

1. Monthly payment amount is Regulation M trigger term. Additional disclosures must be made in clear and conspicuous manner. See Section 7 and Section 22.
2. No component amount (other than monthly payment) of the total due at lease signing is shown in a more prominent manner than other components. See Section 22.
3. Good practice to disclose $1,000 manufacturer rebate is part of amount due at lease signing; See Section 22.
4. Discloses lease is on approved credit, a material condition. See Section 22.

Example G

2026 Primus
4-door SUV

V6 • Automatic • Air Conditioning

$0 due at lease signing **$0** security deposit

$0 down **$0** first month payment

$425 per month

Great fuel mileage and long range!



ABC Auto Dealership
1234 Main Street, Anytown USA

36-month closed-end lease on approved credit. $2,123 due at lease signing including acquisition fee. Offer expires 12/31/26.

EXAMPLE

1. General mileage and range claims aren't sufficiently clear and conspicuous. See Section 19.
2. Deceptive representation of $0 due at lease signing with fine-print disclosure showing $2,123 due at lease signing, including acquisition fee. See Section 22.

Example G

2026 Primus
4-door SUV

Great fuel mileage and long range!

EPA-estimated 25 mpg city/400 miles per tank
(your actual mileage and range may vary)

$425 per month

3 to choose from

V6 • Automatic • Air Conditioning



VIN# 444556
VIN# 444555 VIN# 444557

ABC Auto Dealership
1234 Main Street, Anytown USA

36-month closed-end lease on approved credit. $2,123 due at lease signing. $0 security deposit. Tax, title and license fees extra. Offer expires 12/31/26.

EXAMPLE DOES NOT INCLUDE ADDITIONAL STATE OR LOCAL ADVERTISING REQUIREMENTS THAT MAY APPLY.

1. Good practice to disclose how many vehicles are available at advertised lease offer (if number is limited) and to identify them by last six of VIN. See Section 28 and Section 39.
2. General mileage and range claims reference vehicle specific EPA estimates which the ad indicates may not actually be achieved in use. See Section 19.
3. No $0 due at lease signing representation made. See Section 22.

Section 1: Advertising Definition

GENERAL RULE

Under federal law and related guidance, the terms "advertising" or "advertisement" includes any message to the public, however communicated, which promotes a product or service. Federal authority to regulate and prohibit false or misleading advertising extends to all forms of media and even oral representations. Dealers may also be liable for advertisements they do not have sole control over, such as on third party platforms or OEM controlled advertisements on dealer websites.

DISCUSSION

In considering what is an "advertisement" under federal law, dealers should recognize that the term is broadly construed. The term "advertisement" is defined under Regulation Z (applicable to credit transactions) and Regulation M (applicable to lease transactions) as a "commercial message in any medium that directly or indirectly promotes" a consumer transaction. The FTC similarly interprets its authority to regulate unfair or deceptive acts or practices to encompass all forms of traditional and new media and advertising, as well as oral representations.

The Federal Reserve Board Official Staff Interpretations to Regulation M interprets the term "advertisement" to include messages in visual, oral, print or electronic media that invite, offer or otherwise generally announce to customers the availability of consumer lease transactions. This definition of "advertisement" basically mirrors the commentary relating to Regulation Z. Examples of advertisements include:

- Messages in newspapers, magazines, leaflets, catalogs and fliers.
- Messages on radio, television and public address systems.
- Direct mail literature.
- Printed material on any interior or exterior sign or display, any window display, in any point-of-transaction literature or price tag that is delivered or made available to a lessee or prospective lessee in any manner whatsoever.
- Telephone solicitations.
- Online messages, such as those on the Internet.

Examples of communications not considered advertisements include:

- Direct personal contacts, including follow-up letters, cost estimates for individual lessees, or oral or written communication relating to the negotiation of a specific transaction.
- Informational material distributed only to businesses.
- Notices required by Federal or state law, if the law mandates the specific information be displayed and only the mandated information is included in the notice.
- News articles controlled by the news medium.
- Market research or education materials that do not solicit business.

In the FTC's Guides Against Bait Advertising, the term "advertising" is defined to include "any form of public notice however disseminated or utilized." Other FTC Guides refer to advertising without any limitation on the media disseminating the advertising.

It is important to note that while oral or written communications made on behalf of a dealership to an individual consumer regarding a specific credit or lease transaction may not fall within the definition of advertising under certain federal laws and regulations, such communications are still subject to federal jurisdiction and may trigger adverse legal consequences if they are deceptive. Dealers should train sales personnel and other professionals with direct consumer engagement to ensure they are complying with advertising laws and best practices and periodically monitor their practices and remediate non-compliant conduct where necessary.

State Law Comment. A number of states have laws that define terms such as "advertising" or "advertisements."

KEY REMINDER

- A communication in any medium to the public offering a product or service should be considered advertising for legal compliance purposes.

REFERENCE MATERIALS

- Regulation Z, 12 C.F.R. § 226.2
- Regulation M, 12 C.F.R. § 213.2
- FTC Guides Against Bait Advertising, 16 C.F.R. Part 238
- Federal Reserve Board Official Staff Commentary to § 213.2(b), Regulation M

Section 2: Annual Percentage Rate

GENERAL RULE

Dealer advertising that includes a reference to a finance rate in connection with a financing offer for the purchase of a vehicle must describe the rate as an "annual percentage rate" or "APR."

DISCUSSION

Dealer advertising (in any medium) that makes reference to a rate of finance charge in connection with an offer to sell a vehicle must expressly describe the rate as an "annual percentage rate." The abbreviation "APR" may be used instead of the term "annual percentage rate." Additionally, if the annual percentage rate may be increased after sale of the vehicle, the advertisement is required to disclose that fact clearly and conspicuously. Note that this requirement applies to the advertisement of closed-end credit, and the term "annual percentage rate" or an equivalent term should not be used in connection with the advertisement of a lease rate.

Dealers should be aware that advertising an annual percentage rate or APR alone does not trigger the requirement to disclose information regarding any down payment amount or the terms of the repayment as required by Regulation Z. For example, a dealer advertisement of 0% APR limited term financing on a particular vehicle does not trigger further disclosures under Regulation Z. However, Regulation Z disclosures are required if the advertisement states the 0% APR financing is for 60 months. (See the Regulation Z Trigger Terms Section for a further discussion of this topic.)

An APR should be advertised only if it is generally available to consumers. In this regard, the best practice for dealers is to avoid advertising APR offers that are too restrictive (meaning few consumers will qualify). Any material restrictions or qualifications that apply to the APR offer should be clearly and conspicuously disclosed. Examples of such disclosures include an expiration date for the offer and that it is subject to credit approval by a specified financial institution. Disclosing that an APR offer requires a consumer to be well-qualified is a good advertising practice when a higher range of credit score or rating is required. Disclosing a particular credit score or tier-level requirement for an APR offer is another approach that may be followed, if the information is communicated in a manner meaningful to consumers. Also, it is a good practice to make a disclosure to the effect that a special APR offer is made in lieu of manufacturer rebates, if that is an accurate statement. In light of the FTC enforcement action discussed below, it is critical that any limit on the amount a consumer may finance at the advertised APR be disclosed clearly and conspicuously in the advertisement.

FTC Enforcement. The FTC has pursued numerous enforcement actions against dealers for deceptive APR advertising. In January 2014, as part of "Operation Steer Clear," the FTC targeted a dealer whose newspaper advertisement prominently displayed 0% APR financing that was only available up to a limited amount financed ($12,000). The FTC asserted the advertisement was deceptive because, in closed-end credit, there is only one APR in a particular transaction—if a 0% rate applies to amounts financed up to $12,000 but a higher rate applies to amounts exceeding that threshold, the true APR is higher than 0%, making

the ad deceptive. Additionally, such limitations are misleading because few vehicles would be available at that price point. More recently, in a July 2021 settlement, the FTC alleged deceptive practices including misrepresenting financing terms and APR availability. The FTC has continued to prioritize auto dealer advertising enforcement, including a October 2022 settlement action involving deceptive pricing and the March 2026 warning letters to 97 dealer groups addressing price transparency.

KEY REMINDERS

- If a finance charge rate is displayed or referred to in a dealer advertisement, it must be described as an annual percentage rate or APR.
- An annual percentage rate or APR reference in dealer advertising that does not include the specific term of financing (for example, 60 months) does not trigger the further disclosures required by Regulation Z.
- Any material restrictions or qualifications that apply to an APR offer included in dealer advertising must be clearly and conspicuously disclosed.

CROSS-REFERENCES

- Clear and Conspicuous Disclosures Section (p.17)
- Credit Advertising Section (p.21)

REFERENCE MATERIALS

- Truth in Lending Act, 15 U.S.C. § 1664(c)
- Regulation Z, 12 C.F.R. § 226.24(c)
- FTC Press Release dated January 9, 2014: "FTC Announces Sweep Against 10 Auto Dealers: 'Operation Steer Clear' Drives Home that Auto Ads Must Be Truthful"
- FTC Press Release dated July 29, 2021: re: Tate's Auto Group
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group

AD EXAMPLES

- Example A (p.3)
- Example E (p.7)

Section 3: Avoiding Advertising Law Violations

GENERAL RULE

The best approach for a dealer to avoid advertising law compliance problems is to have in place an advertising review process that involves dealership upper management.

DISCUSSION

Because dealer advertising is an activity that is heavily regulated at the federal and state level, and potentially involves a significant number of dealership personnel, dealers should give strong consideration to developing a detailed employee policy that sets forth the advertising review process that a dealership will follow and states that certain practices, such as deceptive advertising, are not acceptable. A key component of such a policy should be that if there are questions about the content of an advertisement, upper management and legal counsel should be consulted before an advertisement is released for publication. By having employees sign this type of policy, which may be included in an employee handbook, a dealer may help deter the development and dissemination of deceptive advertising.

Other matters that dealers should consider as part of a strategy to avoid advertising law compliance problems include:

- Encouraging dealership personnel involved in advertising to pursue educational opportunities relating to advertising law compliance. Such personnel should have a familiarity with the applicable state and federal laws, including

the various FTC Guides that are administrative interpretations of the federal laws.

- Developing a good system for tracking information relating to manufacturer incentive programs that may be featured in dealer advertising
- Taking advantage of advertising review programs available from manufacturers
- Being prepared to quickly address any consumer dispute relating to advertising issues, including advertising mistakes
- Developing an advertising review checklist (with input from legal counsel) for use in reviewing dealer advertising in any medium. (See Example Advertising Checklist.)
- Not relying on industry practices as a defense to deceptive advertising claims
- Retaining materials that support advertising claims
- Remembering that the rules apply to all advertising in whatever form or format, including digital advertising

Dealers should always be very cautious in relying on third parties, including manufacturer personnel, vendors or media representatives, for advertising law compliance purposes.

The basic rule is that advertisers, including dealers, are responsible for the content of their advertising. If a dealer uses advertising (for example, mailers) created by a third-party vendor, certain protective measures should be considered. For instance, due diligence should be performed to confirm that the vendor is reputable, and the vendor may be requested to confirm in writing or provide a legal opinion that the advertising provided is in compliance with applicable state and federal laws. Additionally, a dealer may request such a vendor to agree to indemnify the dealership in writing against claims that the advertising provided is not legally compliant. Note, however, that an obligation to indemnify may have limited benefit to a dealer given the financial wherewithal of the vendor involved (consider insurance requirements for your vendors) and also because the consequence of unlawful advertising activity may include administrative sanctions (for example, a license revocation).

KEY REMINDER

- Consistently following a well-thought-out advertising review process involving upper management is a best practice for a dealer to prevent advertising law violations.

Section 4: Bait Advertising

GENERAL RULE

Federal law prohibits dealer advertising designed to attract a consumer to purchase a vehicle (or other product or service) that the dealer does not have, or does not really want or intend to sell ("bait" advertising). This prohibition applies to advertising where a dealer's true intention is to switch the consumer into purchasing a different vehicle, or to add undisclosed fees or products that effectively change the terms of the advertised transaction. This prohibition applies equally to all advertising mediums, including online listings, third-party platforms, and social media.

DISCUSSION

Dealer advertising that does not represent a bona fide effort to sell the advertised product is deceptive and prohibited by Section 5 of the FTC Act. Consumers therefore should not be discouraged from purchasing advertised vehicles or services, and there should be no efforts made to "unsell" a consumer who has committed to purchasing an advertised product. "Unselling" refers to the deceptive business practice of disparaging or discouraging a consumer from buying an advertised product. However, this prohibition against "unselling" should be reasonably applied.

Reasonable, good-faith efforts by dealership personnel to match a consumer to a more suitable vehicle based on the consumer's stated needs are not unlawful "unselling."

The FTC's "Guides Against Bait Advertising" set out detailed guidelines, including that an advertisement should not be published unless it is a bona fide offer and that advertisers must avoid creating false impressions likely to switch purchasers to a different product. These FTC Guides define the term "advertising" to include "any form of public notice however disseminated or utilized." The term "bait advertising" is defined to mean: "an alluring but insincere offer to sell a product or service which the advertiser in truth does not intend or want to sell. Its purpose is to switch consumers from buying the advertised merchandise, in order to sell something else, usually at a higher price or on a basis more advantageous to the advertiser. The primary aim of a bait advertisement is to obtain leads as to persons interested in buying merchandise of the type so advertised."

The FTC Guides Against Bait Advertising direct that:

- An advertisement to sell a product should not be published unless it is a bona fide effort to sell that product.
- No statement or illustration should be used in an advertisement to create a false impression of the nature of the product, including its appearance, quality or value, in a manner that puts the purchaser in a position to be switched from the advertised product to another.

It is the FTC's position that a subsequent disclosure of the true facts regarding the product involved, or the actual sale of the advertised product does not necessarily cure the unlawful conduct if the first contact from a consumer is obtained by this type of bait advertising.

The bona fide nature of an advertised offer is questioned by the FTC when an advertiser engages in the following conduct:

- A refusal to show, demonstrate or sell a product consistent with the terms of the advertised offer
- The disparagement of the advertised product by acts or words (including the disparagement of credit terms or available service, repairs or parts that relate to the product)
- The failure to provide a sufficient quantity of the advertised product to meet the reasonably expected demand, combined with a failure to disclose that the supply is limited. In this regard, the best practice for dealers is to avoid advertising one or two vehicles (so called "loss leaders") at a low price when the supply of the featured vehicle is actually not limited.
- A refusal to take orders for the advertised product (with delivery to be within a reasonable time period)
- Showing or demonstrating that a product is defective, unusable, or impractical for the advertised purpose represented or implied
- Compensating salespersons (or otherwise penalizing them) in a manner designed to prevent or discourage the sale of the advertised product

Similarly, an advertiser should not engage in conduct after the sale that may be construed as "unselling" a product. Examples of such conduct include:

- Switching a purchaser to a product with a higher price, after receiving a deposit on an advertised product
- Failing to deliver an advertised product or to make a refund within a reasonable time period
- Disparaging an advertised product by words or acts or disparaging credit terms, availability of service or repairs pertaining to the product
- Delivering an advertised product that is defective, unusable or impractical for the advertised purpose represented or implied

State Law Comment. Note that a number of states have laws that prohibit dealers from engaging in "bait" or "bait and switch" advertising.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides Against Bait Advertising, 16 C.F.R. Part 238
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

CROSS-REFERENCES

- Truth in Advertising Section (p.66)
- Price Advertising Section (p.52)

KEY REMINDER

- Dealers should not advertise vehicles or other products or services without a bona fide intention to sell them.
- Online vehicle listings must accurately represent available inventory; sold or no longer available vehicles should be promptly removed from websites and third-party platforms.
- Advertised prices should reflect the actual transaction price, excluding only government-imposed fees and taxes; undisclosed mandatory add-ons or fees may constitute bait advertising.

Section 5: Banners, Billboards and Signs

GENERAL RULE

Dealer advertising communicated on banners, billboards or signs is subject to federal advertising laws, including the prohibition against deceptive advertising, and the applicable disclosure requirements of Regulation Z regarding credit offers and Regulation M regarding lease offers.

KEY REMINDERS

- Dealer advertising communicated on banners, billboards or signs is subject to federal advertising laws, including the prohibition against deceptive advertising.
- Dealer advertising on banners, billboards or signs that include Regulation Z or Regulation M "trigger terms" is not exempt from the applicable disclosure requirements.

DISCUSSION

Information promoting products or services that is displayed by dealers on banners, billboards (even electronic reader boards) or signs (including painted messages on showroom windows) is a communication to the public, and therefore it must comply with federal advertising laws. Dealers must be aware that such banner, billboard or sign advertising is not exempt from the federal advertising laws, even though the advertising involved is typically a static display of a very simple message. As with all dealer advertising, messages displayed on banners, billboards and signs should be communicated in a manner that is truthful and not misleading. Following the March 2026 warning letters, the FTC has stated that the all-in advertised price (including all mandatory charges except government fees) must be the one most prominently displayed. For legal compliance purposes, dealers should ensure that any banner, billboard or sign displaying advertising that includes an expired offer or is otherwise no longer accurate is changed or removed as soon as possible.

There is no exemption regarding the disclosure requirements of Regulation Z or Regulation M for advertising communicated on a banner, billboard or sign. If such advertising includes a credit term or lease payment relating to a vehicle that triggers Regulation Z or Regulation M disclosures, the required disclosures must be made clearly and conspicuously, so that the information is communicated in a manner understandable to a consumer. (See the Regulation Z Trigger Terms Section, the Leasing/Regulation M Trigger Terms Section and also the Clear and Conspicuous Disclosures Section for a further discussion of these topics.)

CROSS-REFERENCES

- Advertising Definition Section (p.10)
- Truth in Advertising Section (p.66)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226. 24(b) and (d)
- Regulation M, 12 C.F.R. § 213.7(b) and (d)
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

Section 6: Certified Pre-Owned Vehicles

GENERAL RULE

Dealer advertising relating to certified pre-owned vehicles is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Dealer advertising (in any medium) that describes vehicles as "certified pre-owned," "used certified" or words to that effect must be truthful and not misleading. A vehicle should not be described as certified pre-owned unless the vehicle has been inspected and satisfies all of the requirements of an applicable certification program. Dealers using non-manufacturer certification programs should avoid implying there is a manufacturer certification and should ensure that certification standards are documented and available to consumers upon request. Recent FTC enforcement has challenged practices where dealers advertised certified vehicles at specific prices but then added separate "certification" or "reconditioning" charges not disclosed as part of the price. Charging duplicative or mandatory add-on certification fees after advertising a specific certified price is likely deceptive.

State Law Comment. Several states have laws that specifically address dealer advertising that describes vehicles as certified. For example, some state laws prohibit a vehicle from being advertised as "certified" if the vehicle has a previous history of frame damage, flood damage, salvage title status, or an altered odometer. Dealers should consult applicable state law requirements, which may be more restrictive than federal law.

KEY REMINDER

- Phrases describing vehicles as "certified pre-owned" or "certified used" should only be used in dealer advertising in a manner that is accurate and not misleading.

CROSS-REFERENCES

- Vehicle History Section (p.69)
- Truth in Advertising Section (p.66)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Used Car Rule, 16 C.F.R. Part 455 (as amended January 2024)
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

Section 7: Clear and Conspicuous Disclosures

GENERAL RULE

Federal law requires dealer advertising to disclose important information to consumers in a clear and conspicuous manner that makes the information reasonably understandable.

DISCUSSION

Federal law requires that dealer advertising in any medium be truthful, accurate, and not misleading. To not be misleading, such advertising must often disclose information that is important ("material") to a reasonable consumer's buying or leasing decisions. When reviewing an advertisement, the FTC looks at the entire advertisement and considers the "net impression" of the advertisement, and not just portions of the advertisement standing alone. When certain "trigger terms" are used in advertisements, Regulation Z and Regulation M also require the disclosure of certain information important to consumers' understanding and evaluation of the advertised vehicle credit sale or lease offers. (See the Regulation Z Trigger Terms Section and the Leasing/Regulation M Trigger Terms Section for a discussion of these requirements.) To make this important information reasonably understandable to a consumer, federal law requires such disclosures to be made in a "clear and conspicuous" manner. Compliance with this disclosure standard is a challenge for all advertisers, including dealers, because there are no federally prescribed requirements or guidelines that address issues such as font, type size or placement. In its publication entitled "Advertising Consumer Leases," the FTC advises advertisers that "many factors, including the size, duration, and location of the required disclosures, and the background or other information in the ad, can affect whether the information is clear and conspicuous." Certainly, important information should be communicated using understandable language and syntax. As a practical matter, the more important the information is to a consumer (for example, price information) the more the disclosure should be emphasized so as to attract the attention of a consumer. Regardless of the advertising medium involved, a consumer should be able to see and read this important information or hear and understand it.

Several FTC publications, including one entitled ".com Disclosures: How to Make Effective Disclosures in Digital Advertising," provide guidance for dealers regarding how to comply with the prominence, presentation, placement and proximity requirements of the clear and conspicuous standard as it applies to different forms of advertising. Recent FTC consent orders entered into with dealers relating to deceptive advertising enforcement actions also are informative on this standard as they define the phrase "clearly and conspicuously." The basic compliance approach provided by the FTC for each advertising medium is summarized as follows:

Print Advertising. To be clear and conspicuous, print disclosures should be in a location and in print that contrasts with the background against which they appear, and in a type size sufficient for an ordinary consumer to notice, read and comprehend. Including such disclosures in fine print at the bottom of an advertisement (a significant distance from the offers being qualified) should be avoided.

Television/Video Advertising. To be clear and conspicuous, audio disclosures should be delivered at a volume and cadence sufficient for an ordinary consumer to hear and comprehend them. Video disclosures should be of a print size and color, and appear on the screen in a position and for a duration sufficient for an ordinary consumer to read and comprehend them. Making such disclosures in fine print or on a moving background should be avoided.

Radio Advertising. To be clear and conspicuous, radio disclosures should be delivered at a volume and cadence sufficient for an ordinary consumer to hear and comprehend them. The rapid reading of information in a manner that is difficult to understand should be avoided.

Internet/Electronic Advertising. To be clear and conspicuous in the context of Internet or other electronic advertising, audio disclosures should be

delivered at a volume and cadence sufficient for an ordinary consumer to hear and comprehend them. Video disclosures should be of a print size and color, and appear on the screen in a position and for a duration sufficient for an ordinary consumer to read and comprehend them. Consumer tendencies in viewing information on a monitor, mobile device, or other screen should be taken into account in designing this kind of advertising. In the previously mentioned ".com Disclosures" publication, the FTC provides numerous examples that illustrate inadequate methods of making disclosures. While technology has evolved since publication, the core principles remain applicable and should be applied to current platforms including social media, mobile apps, and streaming services. Initially, the FTC points out that dealers should include any material restrictions and conditions with the actual claim or offer, rather than including such information in a separate disclosure. To the extent an Internet advertiser elects to make separate disclosures, the FTC raises the following key points to be considered for compliance purposes:

- the placement of a disclosure in the advertisement and its proximity to the claim it is qualifying;
- the prominence of the disclosure;
- whether the disclosure is unavoidable;
- the extent to which items in other parts of the advertising might distract attention from the disclosure;
- whether the disclosure needs to be repeated several times in order to be effectively communicated, or because consumers may enter the site at different locations or travel through the site on paths that cause them to miss the disclosure;
- whether the disclosures in audio messages are presented in adequate volume and cadence and visual disclosures appear for a sufficient duration; and
- whether the language of the disclosure is understandable to the intended audience.

The FTC's position is that disclosures such as cost information, that are "an integral part of a claim or inseparable from it should not be communicated through a hyperlink." If a hyperlink approach is utilized to make other disclosures, the FTC gives the following direction:

- The hyperlink should be obvious.
- The hyperlink should be labeled in a manner that is appropriate to communicate the "importance, nature and relevance" of the information linked to.
- If multiple hyperlinks are used, they should be used in a consistent manner so as to not confuse a consumer.
- Any hyperlink used should be placed as near as possible to the claim or offer being qualified.
- Hyperlinks should take consumers directly to disclosure information on the click-through page.
- Click-through rates on hyperlinks should be assessed to determine their effectiveness and changes made to improve the effectiveness.

The FTC further takes the position that "scrolling" is not a preferred manner of having consumers find disclosures. In other words, the disclosures should appear on the screen at the same time as the trigger term and the customer should not have to move through the screen to see the disclosures. If a scrolling approach is utilized, the FTC directs that text or visual cues should be used to encourage consumers to locate and view the disclosures. The FTC does not deem it acceptable to place the required disclosures in a "terms of use" or other separate section of a website.

Social Media Advertising. Disclosures in social media advertising must meet the same clear and conspicuous standard as other digital advertising. Character limits on platforms such as X (formerly Twitter) do not excuse inadequate disclosures. If a platform does not allow adequate disclosure space, dealers should either modify the claim or use a different platform that can display the disclosure.

Device Advertising. Disclosures on mobile devices present particular challenges due to smaller screen sizes and different user interaction patterns. Dealers advertising on mobile platforms should ensure that disclosures are readable without zooming, are not obscured by other page elements, and do not require excessive scrolling to locate. The FTC's position is that if a disclosure cannot be made clearly and conspicuously on a particular platform

due to space limitations, that platform should not be used for claims requiring such disclosures, or the claim should be modified, or ensure the disclosure is immediately visible without additional clicks. For video content that may autoplay without sound, visual disclosures should not rely solely on audio. Ephemeral content (such as stories that disappear after 24 hours) is still subject to disclosure requirements. Dealers using influencer marketing or endorsements must ensure that material connections are clearly disclosed in compliance with the FTC's Endorsement Guides (16 C.F.R. Part 255, updated 2023).

Dark Patterns. The FTC has increasingly focused on "dark patterns"—user interface designs that obscure material information or manipulate consumers into making unintended choices. Practices that may constitute dark patterns include: pre-selecting options that add costs to a transaction; using visual design to draw attention away from material disclosures; burying important terms in lengthy text; and creating confusing interfaces that make it difficult for consumers to understand transaction terms. Dealers should ensure that their digital advertising and website interfaces do not employ design techniques that undermine clear and conspicuous disclosure requirements.

Foreign Language Advertising. The FTC guidance relating to making disclosures in foreign language advertising is that disclosures should be made in the same language as the language used to communicate any offers to the consumers being targeted by the advertisement. (See the Foreign Language Advertising Section for a further discussion of this topic.)

State Law Comment. Many states have laws that regulate how important information is disclosed in dealer advertising, including requiring such disclosures to be clear and conspicuous. In some instances, state laws have technical disclosure requirements involving specific type sizes for print advertising and even scanline sizes for television supers.

FTC Enforcement. The FTC has repeatedly pursued enforcement actions against dealers for failing to make required disclosures clearly and conspicuously. Allegations have included unwanted fees added to advertised prices and unauthorized add-ons. In 2014, several dealers targeted by the FTC in "Operation Steer Clear" were alleged to have violated Regulation Z and Regulation M by not making the required disclosures or failing to make them clearly and conspicuously.

KEY REMINDERS

- The disclosure of important information in any advertising medium must be accomplished in a manner that attracts the attention of a consumer and reasonably allows the consumer to see and read the information or hear and understand it.
- Making disclosures clear and conspicuous is one of the keys to ensuring advertising compliance, and failure to make an advertisement clear and conspicuous is one of the primary areas of enforcement against dealers. While it can sometimes be difficult to establish with certainty that a disclosure is clear and conspicuous, dealers are encouraged to use common sense when deciding whether an advertising disclosure meets the standard and to take a conservative approach to disclosing required information in advertisements.

CROSS-REFERENCES

- Foreign Language Advertising Section (p.34)
- Internet Advertising Section (p.40)
- Newspapers, Magazines, Flyers and Direct Mail Section (p.47)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)

REFERENCE MATERIALS

- Regulation Z, 12 C.F.R. § 226.24(b)
- Regulation M, 12 C.F.R. § 213.7(b)
- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Press Release dated January 9, 2014: "FTC Announces Sweep Against 10 Auto Dealers: 'Operation Steer Clear' Drives Home that Auto Ads Must Be Truthful"
- FTC Publication: "Advertising Consumer Leases"
- FTC Publication: ".com Disclosures: How to Make Effective Disclosures in Digital Advertising"

REFERENCE MATERIALS (cont'd)

- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Press Release dated October 24, 2023: re: Rhinelander Auto Center
- FTC Press Release dated August 19, 2026: re: Manchester City Nissan
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, 16 C.F.R. Part 255 (updated 2023)

AD EXAMPLES

- Example E (p.7)
- Example F (p.8)
- Example G (p.9)

Section 8: Comparison Advertising

GENERAL RULE

Dealer advertising that includes claims based upon a comparison of vehicles or other products or services is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Dealer advertising that includes claims based upon a comparison of vehicles or other products or services must be truthful and not misleading. The FTC defines "comparative advertising" to mean "advertising that compares alternative brands on objectively measurable attributes or price, and identifies the alternative brand by name, illustration or other distinctive information." Such advertising is considered by the FTC to be beneficial to consumers as it provides important information to be considered regarding purchase decisions. Examples of this type of comparison advertising include representations that a certain vehicle has "best-in-class fuel economy" or "a higher safety rating" than a competitor's vehicle. Such advertising may also involve vehicle price comparisons (underselling claims). (See the Former Price Comparisons/ MSRP/Invoice Advertising Section for a further discussion of this topic.)

For legal compliance purposes, the key concern regarding comparison advertising is that there is reasonable substantiation for any comparative claim. Dealers may advertise such claims based on information they receive from other sources, such as a vehicle manufacturer. However, before advertising such a claim, dealers should confirm there is substantiation for it. Certainly, it is prudent for dealers to review the status of such comparison claims to make sure they continue to be accurate and to withdraw any advertising that contains such a claim as soon as the claim becomes outdated or otherwise inaccurate (for example, after a model year change).

Digital Comparison Advertising. Comparison claims in digital advertising are subject to the same substantiation requirements as other media. Dealers should ensure that character limits on platforms such as social media do not result in misleading truncation of comparison claims or required qualifications. Price comparisons in digital advertising should be based on contemporaneous competitor pricing and updated promptly when prices change. Dealers using competitor brand names in search advertising (keyword bidding) should ensure that resulting ads are not misleading regarding the relationship between the dealer and the competitor brand.

State Law Comment. Most states have laws that generally prohibit false or misleading advertising, including such advertising that relates to product comparisons.

KEY REMINDER

- Dealers should have reasonable substantiation for any claims contained in their advertising based upon a comparison of vehicles or other products or services, and dealers should not rely solely on information received from third parties.

CROSS-REFERENCES

- Truth in Advertising Section (p.66)
- Former Price Comparisons/MSRP/Invoice Advertising Section (p.34)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Statement of Policy Regarding Comparative Advertising: August 13, 1979
- FTC Policy Statement Regarding Advertising Substantiation Appended to Thompson Medical Co., 104 F.T.C. 648, 839 (1984)

AD EXAMPLES

- Example D (p.6)

Section 9: Credit Advertising

GENERAL RULE

Dealer advertising (in any medium) that includes credit offers must comply with federal law that prohibits deceptive advertising and requires the disclosure of additional information about the credit offer under Regulation Z when any of several so-called "trigger terms" are advertised.

DISCUSSION

Dealer advertising that includes credit offers relating to the sale of vehicles must be true and not misleading and must disclose additional information about the offer as required by Regulation Z. The applicable federal laws are designed to ensure consumers are provided accurate, complete and understandable information regarding an advertised credit offer. Credit offers relating to vehicle sales typically contemplate a one-time transaction described as closed-end credit (as opposed to open-end credit that typically involves a credit line that a consumer may access multiple times). Credit terms that are advertised include, for example, the finance rate (which must be stated as an annual percentage rate or APR), the down payment (percentage or dollar amount), financing term (such as 60 months or 5 years), and payment amount (including any balloon payment). Dealers should advertise credit terms only if they are actually available. Dealers should also not charge a consumer making a purchase on advertised credit terms a higher price for a vehicle than a consumer paying cash; this practice in effect results in a hidden finance charge for the consumer and is in violation of TILA.

Monthly Payment Advertising. Any advertisement stating a specific periodic payment (e.g., a monthly payment) triggers the requirement to disclose, clearly and conspicuously, the terms of repayment, the APR (using that term or "annual percentage rate"), and the amount or percentage of the down payment. Disclosures must reflect repayment obligations over the full term, including any balloon payment. Burying critical qualifications or placing them in unreadable fine print is inadequate under the clear and conspicuous standard.

Dealer advertising focusing on credit status (e.g., "everybody financed," "no credit rejected," "pre-approved") must not be deceptive. As with any claim, the net impression controls. FTC enforcement actions, have included findings of TILA violations. Dealers should ensure that payment and term

representations are accurate and that required disclosures appear with prominence and proximity appropriate to the medium.

State Law Comment. Several states have specific laws that prohibit a dealer from requiring a consumer to pay a higher price for a vehicle in order to receive advertised credit terms than the same consumer would have to pay to purchase the same vehicle for cash.

If dealers advertise certain credit terms, the requirement to disclose additional information about the credit offer under Regulation Z is triggered. For example, advertising a monthly payment or down payment amount or even the financing term (for example, 36 months) triggers the requirement to disclose the repayment terms, the annual percentage rate and the down payment amount that applies to the offer. (See the Regulation Z Trigger Terms Section for a further discussion of this topic.)

Because of the importance of credit terms in connection with a consumer's decision to purchase a vehicle, any material terms, limitations and conditions relating to an advertised credit offer should be disclosed in a clear and conspicuous manner that makes them reasonably understandable. The more important such a term, limitation or condition is to a consumer, the more emphasis should be given to disclosing the relevant information clearly and conspicuously in the advertisement. Examples of such terms, limitations and conditions include the expiration date of the credit offer, that it is subject to credit approval and any limit to the amount that may be financed. An adequate disclosure of any financing amount limitation is especially important, given the FTC enforcement action in this area. Certainly any disclosure of repayment terms should clearly and conspicuously disclose whether an advertised payment amount is due on a monthly, bi-monthly or weekly (or other time period) basis. Identifying a lender involved in the credit approval process and that the credit offer is available to well-qualified buyers (when that is applicable) is a good practice.

State Law Comment. Note that some states have specific laws that regulate how dealers may advertise credit terms. For example, at least one state law prohibits the phrase "on approved credit" from being abbreviated as "OAC."

Representations in dealer advertising, either implied or expressed, that a dealership provides some sort of credit repair service to a consumer should also be avoided, unless the advertising has been approved by legal counsel taking into account the federal Credit Repair Organization Act that regulates credit repair organizations.

State Law Comment. A number of states have laws that specifically prohibit dealers from using phrases such as "everybody financed" or "no credit rejected" in their advertising.

FTC Enforcement. The FTC has pursued enforcement actions against numerous dealers relating to advertised credit terms. In January 2014, FTC enforcement actions as part of "Operation Steer Clear" targeted dealers whose advertisements featuring low monthly payments failed to clearly and conspicuously disclose key information such as balloon payments or that advertised payments applied only to initial months of the financing term. More recently, the FTC has expanded enforcement to address undisclosed fees.

KEY REMINDERS

- Credit terms must be advertised in a manner that is truthful and not misleading.
- Credit terms should be advertised only if they are actually available.
- Any material terms and conditions that apply to an advertised credit offer should be clearly and conspicuously disclosed.
- If a dealer advertisement includes a Regulation Z "trigger term," the required disclosures of the repayment terms, APR and down payment amount that apply to the credit offer must be made in a manner that is clear and conspicuous.

CROSS-REFERENCES

- Annual Percentage Rate Section (p.11)
- Down Payments for Sales Section (p.24)
- Regulation Z Trigger Terms Section (p.54)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226.24
- Truth in Lending Act, 15 U.S.C. § 1664
- Credit Repair Organization Act, 15 U.S.C. §§ 1679-1679j
- FTC Press Release dated July 29, 2021: re: Tate's Auto Group
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Press Release dated October 24, 2023: re: Rhinelander Auto Center
- FTC Press Release dated August 19, 2026: re: Manchester City Nissan
- Equal Credit Opportunity Act (ECOA), 15 U.S.C. § 1691 et seq.

AD EXAMPLES

- Example A (p.3)
- Example B (p.4)

Section 10: Dealer Advertising Associations

GENERAL RULE

Advertising by dealer associations is subject to the same federal advertising laws that apply to individual dealer advertising, including the law prohibiting deceptive advertising.

DISCUSSION

Dealers often participate in advertising associations that are formed as separate business entities comprised of competing dealerships of the same brand that collect a marketing fee on each vehicle purchased within the designated marketing area to pool for that brand. Just as with individual dealer advertising, the content of dealer association advertising in any medium—including digital platforms, social media, and co-op advertising programs—must be truthful and not misleading and comply with all other federal advertising laws, including the applicable disclosure requirements of Regulation Z regarding credit term offers and Regulation M regarding lease offers. To the extent dealer association advertising features manufacturer rebates or special APR programs, the information about those programs must be accurately disclosed. Any important qualifications and restrictions (for example, offer expiration dates or residency requirements) that apply to these programs or other offers included in the advertising should be clearly and conspicuously disclosed. Individual dealers who participate in regional advertising associations may face liability for deceptive association advertising and should implement appropriate review processes for association advertising content.

Caution Regarding Antitrust Compliance. Because federal antitrust law prohibits competing businesses such as dealers from engaging in price fixing, dealer association advertising should avoid price offers for vehicles or other products or services. Price fixing among competitors is a "per se" violation of antitrust law—meaning it is presumed illegal without analysis of competitive effects—and can result in criminal prosecution, substantial fines, and civil liability. Beyond price fixing, dealer associations should also avoid sharing competitively sensitive information among members (such as pricing

strategies, trade-in valuation approaches, or financing terms) and should not coordinate on terms of sale or advertising timing in ways that could restrain competition. (In addition, any association agreements should not limit the ability of association members to compete against one another.) Subject to review by legal counsel, a reference to the manufacturer's suggested retail price of a vehicle for informational purposes with a disclaimer to the effect that "dealer prices vary" is a message that dealer advertising associations could advertise. Dealers should consult with antitrust counsel regarding association activities.

KEY REMINDERS

- Dealer association advertising is subject to the same federal advertising laws that apply to individual dealer advertising.
- Dealers involved in dealer association advertising should be careful to not engage in any conduct that could be construed as price fixing.

CROSS-REFERENCES

- Truth in Advertising Section (p.66)
- Clear and Conspicuous Disclosures Section (p.17)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Section 1 of the Sherman Anti-Trust Act, 15 U.S.C. § 1

Section 11: Down Payments for Sales

GENERAL RULE

Dealer advertising that communicates a down payment amount in connection with a proposed vehicle sale is subject to federal law prohibiting deceptive advertising and Regulation Z, which requires the disclosure of the terms of repayment and APR that apply to the transaction.

DISCUSSION

Federal law that applies to advertising a down payment is designed to ensure that consumers are provided full, accurate and understandable information about credit offers. Dealer advertising that includes a down payment amount in connection with a vehicle sale therefore must be truthful and not misleading. Basically, the advertised down payment amount should be the amount a qualified consumer will actually need to pay upfront to purchase the vehicle being advertised. This disclosure would include any mandatory non-government charges such as documentation or acquisition fees. Dealers must also recognize that advertising a down payment amount in any medium triggers the requirement under Regulation Z to disclose the terms of repayment and APR that apply to the vehicle purchase. (See the Regulation Z Trigger Terms Section for a further discussion of this topic.) Note that advertising there is no down payment does not trigger the disclosure requirements of Regulation Z, although such an offer should not be advertised if any payment or trade-in equity is actually required of a consumer at the time of purchase. The FTC has frequently acted to protect consumers against misleading representations of zero down in connection with both vehicle purchase and lease offers.

To avoid a claim of deceptive advertising, any material conditions and restrictions that apply to an advertised down payment offer, such as an expiration date or that it is subject to credit approval, should be clearly and conspicuously disclosed. (See the Credit Advertising Section for a further discussion of this topic.)

State Law Comment. A number of states have laws that specifically apply to down payment advertising by dealers. For example, at least one state law prohibits dealers from advertising $0 down in connection with the purchase of a vehicle, unless the vehicle will be sold to a qualified buyer without a prior payment of any kind or trade-in. Another state law prohibits a dealer from advertising a down payment amount in connection with the purchase of a vehicle unless that amount is the total amount required of the buyer; tax and license may not be collected upfront in addition to the down payment amount under this law.

FTC Enforcement. The FTC has pursued numerous enforcement actions against dealers relating to down payment advertising practices. In December 1999, the FTC took action against six dealers for down payment advertising that either omitted key cost information or buried it in fine print, including lease offers featuring "$0 down" when significant additional fees were due at signing. In January 2014, "Operation Steer Clear" targeted dealers who advertised low purchase prices but failed to adequately disclose that the prices were contingent on a substantial down payment. More recently, FTC enforcement has focused on extra or undisclosed fees added at signing. The FTC warning letters to 97 dealer groups (March 2026) specifically identified practices such as advertising prices that do not reflect amounts actually due at signing.

KEY REMINDERS

- Dealer advertising that features a down payment amount must be truthful and not misleading.
- Dealer advertising that features a down payment amount (other than zero) for a vehicle sale triggers the Regulation Z requirement to disclose information about the applicable repayment terms and APR.
- Advertised down payment amounts should include all amounts due at signing, excluding only government-imposed taxes and fees; adding undisclosed fees or mandatory add-ons may be deceptive.
- Advertising "$0 down" when positive trade-in equity is required to qualify for the offer is deceptive.

CROSS-REFERENCES

- Credit Advertising Section (p.21)
- Regulation Z Trigger Terms Section (p.54)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226.24(d)
- FTC Press Release dated January 9, 2014: "FTC Announces Sweep Against 10 Auto Dealers: 'Operation Steer Clear' Drives Home That Auto Ads Must Be Truthful"
- FTC Press Release dated December 2, 1999: "FTC Puts Brakes on Deceptive Vehicle Lease and Credit Ads: Six Philadelphia-Area Dealers Agree to Clearly and Conspicuously Disclose Critical Financial Information"
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Press Release dated August 19, 2026: re: Manchester City Nissan
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

AD EXAMPLES

- Example B (p.4)

Section 12: Drip Pricing

GENERAL RULE

The federal prohibition against deceptive advertising makes it unlawful for dealer advertising to misrepresent the total price a consumer will pay for a vehicle or other product or service.

DISCUSSION

Dealer advertising (in any medium) that communicates price information regarding a vehicle or other service or product must be truthful and not misleading. In March 2026, the FTC warned 97 auto dealership groups nationwide that advertised prices must reflect the total price including all mandatory dealer-imposed fees. The FTC also flagged practices such as conditioning prices on dealer financing, requiring unadvertised add-ons, incorporating rebates not available to all consumers, and failing to account for additional required down payments. These practices can violate Section 5 of the FTC Act. Dealers should also ensure that advertised prices match actual prices charged at the dealership.

The technique of "drip pricing," which involves advertising only a part of a product's price, with other charges being revealed to the consumer later in the buying process, should be avoided. Following the March 2026 warning letters, the FTC has stated that the all-in advertised price (including all mandatory charges except government fees) must be the one most prominently displayed. Regarding vehicles, the advertised price generally should be that amount a consumer would be expected to pay to purchase the identified vehicle as equipped, excluding government-imposed fees and taxes. Documentation fees are generally not government-imposed fees and should be included in the most prominent advertised price. Many states have statutory or other provisions specifically addressing the disclosure of documentation fees, although the FTC has stated these state statutes do not conflict with advertising the all-in price.

Digital Drip Pricing. Drip pricing practices in digital advertising and online transactions are of particular concern to the FTC. Problematic practices include: adding fees in online shopping carts or calculators after displaying an initial price; revealing mandatory charges only at checkout or after significant consumer engagement; using pre-selected add-ons that increase the displayed price; and progressively disclosing mandatory fees across multiple screens or clicks. Dealers should ensure that online price displays reflect the total price consumers will pay, excluding only government-imposed fees and taxes, from the first point the price is presented.

State Law Comment. A number of states have specific laws that regulate what charges may be excluded from a dealer's advertised vehicle price and how the excluded charges must be disclosed to a consumer. For example, one state law provides that the only charges that may be excluded from a vehicle's advertised selling price are taxes, title and license fees. (See the Price Advertising Section for a further discussion of this topic.) As of 2026, the FTC has stated their position is generally that state statutes do not conflict with the all-in price (excluding government charges) being the price most prominently displayed. Although dealers can have a less prominent price that separates out these fees.

KEY REMINDER

- The most prominent advertised price should be the price any consumer can purchase the vehicle, excluding only required government charges.
- Dealers should not condition the most prominently displayed advertised prices on dealer financing, require unadvertised add-ons, incorporate rebates not available to all consumers, or fail to disclose required down payments.

CROSS-REFERENCES

- Price Advertising Section (p.52)
- Service/Parts Department Advertising Section (p.59)
- Bait Advertising Section (p.13)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Press Release dated November 28, 2012: "FTC Warns Hotel Operators That Price Quotes That Exclude 'Resort Fees' and Other Mandatory Surcharges May Be Deceptive"
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Press Release dated October 18, 2022: re: Passport Automotive Group
- FTC Report dated September 2022: "Bringing Dark Patterns to Light" (addressing deceptive online pricing practices)
- FTC Press Release dated August 19, 2026: re: Manchester City Nissan

Section 13: Email Advertising

GENERAL RULE

Dealer advertising in the form of email communications is subject to federal law, including the prohibition against deceptive advertising and the applicable disclosure requirements of Regulation Z and Regulation M. Commercial emails sent on an unsolicited basis must also satisfy certain technical requirements under the federal Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2023 (CAN-SPAM Act), including having headers and subject lines that are not misleading and providing notices that the communication is an advertisement and that the recipient may "opt out" of receiving further emails. The latter notice must include a return email address that can be used to opt out.

DISCUSSION

To the extent dealer email communications fall within the definitions of "advertising" or "advertisement," they must comply with the applicable federal advertising laws. (See the Advertising Definition Section for a discussion of this topic.) For example, an email message promoting a vehicle sale or lease offer sent to a group of consumers must be truthful and not misleading and must make any required disclosures under Regulation Z regarding credit offers and Regulation M regarding lease offers.

The CAN-SPAM Act is the federal law that regulates commercial emails sent by businesses, including dealers. Under this law, if an email is sent containing a message that has a "primary purpose" of promoting a commercial product or service without the "affirmative consent" of the recipient, it is considered an unsolicited commercial email that must:

- Contain accurate, non-misleading sender, header, origination and transmission information
- Do nothing to disguise the computer used to initiate the communication
- Not include subject lines that are false or misleading regarding the content of the communication
- Include the sender's valid physical postal address (basically this means the dealership's street address or PO box)
- Include a clear notice of the recipient's right to opt out of receiving further unsolicited commercial emails. As part of the opt-out process, the email must include a functional return email address, allowing the recipient to simply "reply" to the email to opt out, or another internet-based opt-out mechanism (for example, a link to a separate web page containing the opt-out mechanism) which must be valid for 30 days. A dealership must process such requests within 10 days of receipt. While the email may include a menu of choices allowing the recipient to opt out of receiving certain types of messages,

one choice on the menu must allow the recipient to opt out of receiving all commercial email communications.

- Include a clear and conspicuous notice that the communication is an advertisement. This notice may appear in the body of the message, instead of the subject line.

If a recipient gives affirmative consent to a dealership to receive commercial emails, the communication must comply with all of the requirements of the CAN-SPAM Act discussed above, except that it does not need to include a notice that the communication is an advertisement. The term "affirmative consent" means that the recipient has given express consent to the dealership to receive commercial email messages. This consent is best documented in writing and can take the form of the recipient responding to an email or making an inquiry.

Transactional/Relationship Emails. Emails sent to dealership customers that are functional in nature and do not contain a message with the primary purpose to promote a product or service do not need to comply with the opt-out requirement under the CAN-SPAM Act. However, the header information must still be accurate and the computer involved in initiating the email must not be disguised. These types of emails to dealership customers are labeled "transactional" or "relationship" emails. They include emails that facilitate or confirm a commercial transaction that the recipient has already entered into or that provide product safety or warranty information for a product or service the recipient has used or purchased. Emails that confirm a service appointment or that a vehicle is ready for pick-up after service fall within this category.

In those instances where an email includes both a transactional and advertising message, dealers need to either comply with all of the requirements regarding unsolicited commercial email, or make a reasonable determination that the email is a transactional or relationship email because the primary purpose of the email is not advertising. According to the FTC, this determination should be based upon the email recipient's likely and reasonable interpretation of the subject line of the email or the body of the message considering such factors as the placement of the commercial content, the proportion of the message dedicated to commercial content, and how colors, graphics, type size and style are used to highlight the commercial content. Links to advertising websites included in transactional or relationship emails do not change the transactional or relationship status of such emails.

See the FTC publication entitled "CAN-SPAM Act: A Compliance Guide for Business" and also NADA's *Driven Guide* "A Dealer Guide to Federal Email and Telemarketing Restrictions" for information on this topic.

State Law Comment. Note that state laws inconsistent with the CAN-SPAM Act are preempted, but may still be applicable if the content of the email communication is misleading.

Third-Party Email Marketing. When dealers use third-party vendors for email marketing or when third parties send emails promoting dealer products or services, both the dealer and the third party may be liable for CAN-SPAM violations. Dealers should ensure that email marketing vendors comply with all CAN-SPAM requirements and should include compliance provisions in vendor contracts. Dealers should also exercise caution when acquiring email lists from third parties, as such lists may lack proper consent documentation or may have been compiled through prohibited harvesting practices.

Text Message Marketing Distinguished. Text message (SMS/MMS) marketing is governed by the Telephone Consumer Protection Act (TCPA), not the CAN-SPAM Act, and has significantly stricter requirements. The one exception to this is commercial text messages sent to wireless devices through internet to phone systems. Unlike email marketing, text message marketing generally requires prior express written consent from recipients, and violations can result in substantial statutory damages. Dealers should not assume that CAN-SPAM compliance is sufficient for text message marketing. (See NADA's *Driven Guide* "A Dealer Guide to Federal Email and Telemarketing Restrictions" for information on text message and telephone marketing requirements.)

KEY REMINDERS

- Dealer advertising in the form of email communications must be true and not misleading and comply with Regulation Z and Regulation M disclosure requirements as applicable.
- Dealer advertising in the form of unsolicited emails must:
  - Not include header and subject line information that is misleading
  - Include a clear and conspicuous notice that the email is an advertisement
  - Include a notice and return email address that allows the recipient to opt out of receiving unsolicited commercial emails from the dealership in the future

CROSS-REFERENCE

- Advertising Definition Section (p.10)

REFERENCE MATERIALS

- CAN-SPAM Act, 15 U.S.C. §§ 7701-7713
- CAN-SPAM Rule, 16 C.F.R. Part 316
- FTC Publication: "CAN-SPAM Act: A Compliance Guide for Business"
- FTC Safeguards Rule, 16 C.F.R. Part 314 (data protection requirements for customer information)
- Telephone Consumer Protection Act (TCPA), 47 U.S.C. § 227 (note: applies to text message marketing, not email)

Section 14: Endorsements and Testimonials

GENERAL RULE

Dealer advertising that includes endorsements by experts, celebrities or consumers is subject to federal law prohibiting deceptive advertising. Such endorsements must reflect the endorser's honest opinion and experience and dealers should have reasonable substantiation for any performance claims that are advertised regarding a product or service. Material connections between dealers and endorsers must be disclosed.

DISCUSSION

The use of endorsements is a popular advertising strategy for many advertisers, including dealers. The FTC has developed "Guides Concerning the Use of Endorsements and Testimonials in Advertising" designed to give advertisers (and also endorsers) guidance on how to include endorsement or testimonial messages in their advertising in a manner that is not deceptive. In 2023, the FTC revised its Endorsement Guides, clarifying that endorsements must reflect honest opinions and typical experiences, that material connections between endorsers and advertisers must be disclosed clearly and conspicuously, and that platform disclosure tools may be insufficient.

The 2023 revisions define "clear and conspicuous," to enphasize that manipulating consumer reviews may be deceptive, and warn that disclosures in digital media must be presented in a way that consumers cannot avoid in the relevant context. Advertisers should monitor and train influencers and employees, ensure disclosures are in the same language as the endorsement, and avoid procuring or suppressing reviews to distort consumer perception.

These guides also consider the terms "endorsement" and "testimonial" to have the same meaning, which is:

“any advertising message (including verbal statements, demonstrations, or depictions of the name, signature, likeness or other identifying personal characteristics of an individual or the name and seal of an organization) that consumers are likely to believe reflects the opinions, beliefs, findings or experiences of a party other than the sponsoring advertiser, even if the views expressed by that party are identical to the sponsoring advertiser. The party whose opinions, beliefs, findings or experience the message appears to reflect will be called the endorser and may be an individual, group or institution.”

These guides, which provide numerous examples for illustration purposes, were recently revised and now address issues arising from social media communications, such as bloggers receiving compensation for promoting products. They provide the following general guidance to advertisers:

- Statements by or attributable to an endorser must reflect honest opinions, findings, beliefs or experiences. They cannot convey express or implied representations that would be deceptive if made by the advertiser. (Advertisers and endorsers may be liable for statements made.)
- The endorsement message does not have to use the exact words of the endorser unless the advertisement represents that is the case. The endorsement message cannot be modified in a manner that distorts the endorser’s opinion or experience.
- Expert or celebrity endorsements may only be used if there is a reasonable belief that person continues to hold the views presented.
- If an endorser is represented as using a product, the endorser must be a "bona fide" user and the advertisement may continue to be used only if the advertiser has a reasonable belief that use by the endorser continues.
- Advertisers are subject to liability for not disclosing material connections between themselves and endorsers.

Regarding consumer endorsements, the guides specifically direct that:

- Advertisers that use consumer endorsements to show the performance of a product must have adequate substantiation that the product is effective for the purpose shown in the advertising.
- Endorsements that relate to a consumer’s experience with a product are likely to be interpreted to represent that the experience is generally achievable by consumers and an advertiser should have adequate substantiation for this representation. If the advertiser does not have this substantiation, then the advertisement should clearly and conspicuously disclose the generally achievable experience and have reasonable substantiation for that experience. Note that the FTC’s position is that a disclosure to the effect "results are not typical" is not effective in this situation.
- Advertising that expressly or by implication represents an endorsement by "actual" consumers should use actual consumers in both the audio and video portions of the advertisement or clearly and conspicuously disclose that actual consumers are not being used.

Regarding expert endorsements, the guides specifically direct that:

- If an advertisement represents either expressly or by implication that an endorsement is made by an expert, that person must have the appropriate qualifications to be an expert.
- An expert endorsing a product should take into account features or characteristics regarding which the endorser has expertise. If an expert endorsement suggests that a product is superior to a competitor’s product in terms of certain features or characteristics, then the expert must have found such superiority.

Regarding endorsements by organizations, the guides specifically indicate that such endorsements are viewed as representing the judgment of the group. As a result, the group’s endorsement should be based upon a process that establishes the endorsement is the collective judgment of the group.

The FTC Guides emphasize that any connection between an endorser and the seller of a product must be disclosed if it might materially affect how consumers perceive the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by consumers). As mentioned previously, the FTC is particularly concerned with this issue regarding endorsements communicated by social media. The main issue is that such endorsements do not disclose that some kind of compensation has been received by the endorser from the advertiser or that there is some other important relationship between the endorser and the advertiser. Dealers must be aware of this issue, especially in connection with the use of online customer reviews. If such a review involves a person who has been compensated by the dealership in some form (for example, a free oil change) or is a dealership employee or a member of an employee's family, that fact should be disclosed. For more information on these guides, see the FTC publication entitled "The FTC's Revised Endorsement Guides: What People Are Asking."

Fake Reviews and Review Manipulation. The FTC has made clear that fake reviews, review suppression, and review manipulation are deceptive practices. Dealers should not: purchase or create fake reviews (including AI-generated reviews); selectively suppress or hide negative reviews while displaying positive ones (review gating); post reviews by employees or their family members without disclosing the relationship; or offer incentives for reviews conditioned on positive content. Dealers using review platforms should ensure the platforms do not engage in review manipulation on their behalf.

Advertiser Monitoring Responsibilities. Under the 2023 Endorsement Guides, advertisers have an affirmative duty to monitor influencer and endorser content and take remedial action when endorsers fail to make required disclosures. Dealers using influencer marketing should: provide clear written instructions to influencers regarding disclosure requirements; monitor influencer posts to verify compliance; take prompt action to address non-compliant posts (including requesting correction or terminating the relationship); and document compliance efforts. Dealers may be liable for influencer violations even if the influencer acted independently, if the dealer failed to adequately supervise the relationship.

State Law Comment. Most states have laws that generally prohibit false or misleading advertising, including such advertising that relates to endorsements.

FTC Enforcement. The FTC has been increasingly active in pursuing enforcement actions involving endorsements, particularly in digital and social media contexts. In 2022, the FTC obtained a $4.2 million settlement for blocking negative reviews from being posted on its website. The FTC has also issued hundreds of warning letters to influencers and brands for inadequate disclosure of material connections. Dealers should be aware that customer reviews, social media posts by employees or their family members, and influencer partnerships all require appropriate disclosures to avoid deceptive advertising claims.

KEY REMINDERS

- Dealer advertising should not include an endorsement unless it reflects the endorser's honest opinion and experience.
- Dealers should have reasonable substantiation for any performance claims made as part of an advertised endorsement.
- Dealer advertising that features an endorsement must disclose any material relationship between the endorser and the dealership.
- Dealers should not purchase, create, or solicit fake reviews, selectively suppress negative reviews, or offer incentives conditioned on positive review content.
- Dealers using influencer marketing have a duty to monitor influencer content and take remedial action for non-compliant posts.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, 16 C.F.R. Part 255
- FTC Policy Statement Regarding Advertising Substantiation, appended to Thompson Medical Co., 104 F.T.C. 648, 839 (1984)

REFERENCE MATERIALS (cont'd)

- FTC Press Release dated June 24, 2014: "FTC Approves Final Consent Settling Charges That Home Security Company ADT's Endorsements Deceived Consumers"
- FTC Publication: "The FTC's Revised Endorsement Guides: What People Are Asking"
- FTC Publication: "Disclosures 101 for Social Media Influencers"
- FTC Publication: "Soliciting and Paying for Online Reviews: A Guide for Marketers"
- FTC Press Release dated January 25, 2022: "FTC Uses Penalty Offense Authority to Seek Largest-Ever Civil Penalty for Fake Reviews Against Fashion Nova" ($4.2 million)

Section 15: Environmental ("Green") Claims

GENERAL RULE

Dealer advertising that includes environmental claims is subject to federal law prohibiting deceptive advertising. Dealers should have reasonable substantiation for any such claims.

DISCUSSION

Dealer advertising (in any medium) that includes environmental claims must be truthful and not misleading. Environmental claims can be expressly stated or implied and take many forms, including verbal or written representations, pictures or symbols. The FTC considers such claims deceptive if they include a representation or omission that is important to a consumer's purchase decision and is likely to mislead a consumer acting reasonably under the circumstances. Dealer advertising should not include representations that a vehicle or product has a "general environmental benefit" unless such representations can be substantiated with respect to all reasonable interpretations of the claim. Any qualifying language that applies to a featured environmental benefit should be disclosed in a clear and conspicuous manner in the advertising. Even if a dealer has substantiation for an environmental benefit attributable to a vehicle or product being advertised, the FTC's position is that such a claim (for example "eco-friendly") may still be deceptive if it implies the vehicle or product has no negative environmental impact.

Because of the potential for deceptive advertising in this area, the FTC developed "Guides for the Use of Environmental Marketing Claims" ("Green Guides"), designed to provide assistance to advertisers, including dealers, on how to properly advertise environmental claims. The guides include numerous examples that illustrate deceptive environmental marketing claims.

Key points raised in these guides that should be considered include:

- Identifying any express or implied environmental marketing claims that are made
- Confirming any identified claims are not too generic in nature (for example, apply only to a portion of the vehicle or other product) or have negligible environmental benefits

- Confirming that all reasonable interpretations of the identified claims (especially those involving comparisons with other vehicles or products) are truthful and not misleading and supported on a reasonable basis. As a practical matter, an environmental marketing claim should be supported by competent and reliable scientific evidence.
- Confirming that any qualifications and disclosures relating to such claims are displayed in close proximity to the claim in a clear and conspicuous manner and that the disclosures do not contain inconsistent statements or elements that distract from the disclosures.

The FTC Guides also give assistance relating to advertising more technical claims relating to carbon offsets, certifications and seals of approval, compostable claims, degradable claims, free-of claims, non-toxic claims, ozone-safe and ozone-friendly claims and recyclable and recycled content claims, refillable claims, renewable energy claims, renewable materials claims and source reduction claims.

Dealer advertising may include environmental claims provided by a manufacturer —for example, "We manufacture the greenest vehicle." While dealer reliance on the validity of an environmental claim provided by a manufacturer may be reasonable (and potentially provide a basis for a dealer to request indemnification if the manufacturer's claim is alleged to be deceptive in some manner), dealers must be aware they are responsible for the content of their advertising. Certainly, before advertising a manufacturer's environmental marketing claim, a dealer should make sure the claim is current and any qualifying language applicable to the claim is clearly and conspicuously disclosed.

State Law Comment. Many states have laws that generally prohibit false or misleading advertising, including such advertising that relates to environmental marketing claims. At least one state requires that an advertiser making a claim that a product is environmentally friendly must have written substantiation for the claim.

KEY REMINDER

- An environmental marketing claim should not be included in dealer advertising unless there is reasonable substantiation for it and any information that qualifies the claim is clearly and conspicuously disclosed.

CROSS-REFERENCE

- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides for the Use of Environmental Marketing Claims, 16 C.F.R. Part 260
- FTC Policy Statement on Deception, appended to Cliffdale Associates, Inc., 103 FTC 174 (1983)
- FTC Policy Statement Regarding Advertising Substantiation, appended to Thompson Medical Co., 104 F.T.C. 648, 839 (1984)

Section 16: Foreign Language Advertising

GENERAL RULE

Dealer advertising that utilizes a foreign language is subject to the same federal advertising laws that apply to advertising in English, including the prohibition against deceptive advertising.

DISCUSSION

Dealers advertising in any medium that uses a language other than English must be truthful and not misleading and comply with all other applicable federal advertising laws. For example, foreign language advertisements that include consumer lease or credit offers need to disclose in a clear and conspicuous manner further information regarding the offers as required by Regulation M and Regulation Z.

In an enforcement policy statement, the FTC asserts that to satisfy the "clear and conspicuous" standard for disclosures in advertisements in foreign language newspapers, magazines or other publications, they must “appear in the predominant language of the publication in which the advertisement or sales material appears.” Regarding other forms of advertising, the FTC’s position is that such disclosures should appear in the language of the target audience, which is typically the language principally used in the advertising.

KEY REMINDERS

- Dealer advertising in a foreign language is subject to the same federal advertising laws that apply to dealer advertising in English.
- Disclosures that are required to be made in a "clear and conspicuous" manner should be made in the predominant language used in the advertisement.

CROSS-REFERENCES

- Clear and Conspicuous Disclosures Section (p.17)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)
- Advertising Definition Section (p.10)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Requirements Concerning Clear and Conspicuous Disclosures in Foreign Language Advertising and Sales Materials, 16 C.F.R. § 14.9

Section 17: Former Price Comparisons/MSRP/Invoice Advertising

GENERAL RULE

Dealer advertising that includes price comparisons, MSRP comparisons, or former price claim representations (e.g., a vehicle’s current sale price compared to its former price) is subject to federal law prohibiting deceptive advertising, including the FTC’s Guides Against Deceptive Pricing.

DISCUSSION

Dealer advertising (in any medium) that represents a price reduction for a vehicle or other product or service based upon a comparison with a former price must be truthful and not misleading. As part of its effort to protect consumers, the FTC developed "Guides Against Deceptive Pricing," which are designed to provide advertisers, including dealers, with assistance in avoiding deceptive advertising practices regarding representations of former price.

A basic principle of these guides is that if a price reduction for a product or service is advertised based upon a comparison with a former price, that former price must be a bona fide price that was “offered to the public on a regular basis for a reasonably substantial period of time.” If the former price is not legitimate, then any claim of a price reduction or bargain is false. The former sale price that is mentioned must have been honestly and

in good faith offered for a reasonably substantial period of time and not just for the purpose of establishing a price to be used in a comparison. The FTC does note in the guides that a former price reference in an advertisement is not automatically considered fictitious if there have been no sales of the product or service at that advertised price. The FTC Guides further provide that a former price should not be described or implied to be a prior "selling price" unless substantial sales at that price have actually occurred.

State Law Comment. Several states have laws that specifically apply to advertising former price comparisons.

Additionally, the FTC Guides address advertising that communicates price reductions or sale events (which imply price reductions or savings) that do not include specific former price information. The FTC's position is that sale price advertisements should not be utilized unless the price reduction amounts involved are significant. The FTC Guides illustrate this point by stating it would be misleading to advertise an item as reduced to $9.99 when the former price was $10.

Underselling Claims. Dealers may also advertise vehicle price comparisons with other dealers—for example, "We have the lowest prices in the city." To avoid a claim of deceptive advertising, there must be a legitimate basis for a dealer to make such a claim. Certainly any price comparison advertisement relating to another dealer regarding a specific vehicle must be accurate and involve vehicles that are the same model and year and have the same equipment/trim level.

State Law Comment. A number of states have laws that specifically apply to underselling claims. For example, one state prohibits a dealer from making an underselling claim unless the dealer has conducted a recent survey that substantiates the claim.

MSRP Advertising. Dealer advertising that expressly represents or implies a price comparison with the manufacturer's suggested retail price (MSRP) for a vehicle has the potential to be deceptive. A key concern raised by the FTC is whether a consumer is being misled to believe that the MSRP is a price at which the vehicle involved is generally sold. A MSRP should also not be advertised if it does not include all mandatory non-government fees, such as the documentation fee. Dealer advertising should avoid including any representation that suggests a vehicle is generally sold at MSRP unless that is the case.

State Law Comment. At least one state law requires a dealer advertisement that references a vehicle's MSRP for purposes of a price comparison to disclose in effect that the MSRP may not reflect the actual selling price for a vehicle in the dealer's trade area.

Invoice Advertising. Dealers must also be careful regarding any vehicle price advertising that includes descriptions such as "wholesale" or "invoice" pricing. Because the meaning of such terms can vary, advertising that uses them is potentially misleading.

State Law Comment. A number of states have laws that specifically prohibit or limit dealers from using terms such as "wholesale" or "invoice" in their advertising.

Service/Parts Department Specials. Dealer service and/or parts department advertising that employs a "bargain" message (for example, two-for-one sales, buy-one-get-one-free or one-cent sales) must also be based on legitimate prior prices. This means that the price of the product or service involved may not have been increased in a manner to compensate the dealer for the "bargain" being offered. Certainly, all material terms and conditions relating to these kinds of bargain offers must be clearly and conspicuously disclosed in the advertisement.

KEY REMINDERS

- Dealer advertising that represents price reductions relating to vehicles or other products or services must be based upon former price information that is legitimate.
- Dealer advertising that includes references to wholesale pricing or a vehicle's MSRP or invoice price should be carefully scrutinized to ensure misleading representations are not made.
- Dealer advertising that includes references to wholesale pricing or a vehicle's MSRP or invoice price should be carefully scrutinized to ensure misleading representations are not made and that any pricing claims can be substantiated.

CROSS-REFERENCES

- Price Advertising Section (p.52)
- Service/Parts Department Advertising Section (p.59)
- Savings/Discount Claims Section (p.57)

AD EXAMPLES

- Example C (p.5)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides Against Deceptive Pricing, 16 C.F.R. Part 233
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

Section 18: Free Goods and Services

GENERAL RULE

Dealer advertising that includes an offer of "free" goods or services based on the purchase of another product or service is subject to federal law prohibiting deceptive advertising. Because the price of a vehicle is typically negotiated, an offer of goods or services contingent on the purchase of a vehicle should not be advertised as "free."

DISCUSSION

Dealer advertising that includes an offer of "free" goods or services must be truthful and not misleading under federal law. Because the agency believes this type of advertising lends itself to deceptive advertising practices, the FTC developed a "Guide Concerning Use of the Word 'Free' and Similar Representations." The FTC considers terms such as "gift," "given without charge," or "bonus" to have the same meaning as "free." The FTC Guide cautions advertisers to use extreme care in advertising offers of free merchandise conditioned on the purchase of a product or service and other "bargain type" advertising (e.g., one-cent sales, two-for-one sales). The FTC asserts that a consumer has a right to believe that the retailer making such an offer will not recover the cost of the free goods or services in any manner, including via price markup or by substituting an inferior product or service. The FTC Guide further directs advertisers to use the "regular price" for the merchandise that needs to be purchased to trigger the receipt of the free goods or services and indicates that this price should be one where there are substantial sales for a significant period. If the purchase price of an advertised product is typically negotiated, the FTC's position is that it is improper to offer goods or services as "free" contingent on the purchase of the advertised product. Because a vehicle's purchase price is usually negotiated, dealers should not advertise "free" goods or services contingent upon the purchase of a vehicle. Dealer advertising that features free equipment or other merchandise provided by a manufacturer or other third party with the purchase of a vehicle may be acceptable, but should be carefully scrutinized to ensure it is not deceptive and reviewed with legal counsel as appropriate. Advertising that represents that a dealer is including a product or service (e.g., a maintenance plan) with the purchase of a vehicle should also be carefully scrutinized for legal compliance purposes.

State Law Comment. Some states have laws that specifically prohibit a dealer from advertising free merchandise, gifts or services contingent on the purchase of a vehicle. At least one state statute defines "free" to include products or services offered for a price less than the dealer's cost.

Dealer service or parts department advertising may include offers of "free" goods or services (for example, ski lift tickets) contingent on the purchase of a product or service if the price of the product or service offered is typically not negotiated. However, it is critical that such advertising disclose, in a clear and conspicuous manner, any material restrictions and conditions that apply to the offer (for example, an offer expiration date or a limit on the number of qualifying purchases a consumer may make). It is the FTC's position that any such conditions should be disclosed at the outset of the offer and not by using a footnote that is tied to the offer by an asterisk.

Dealer advertising may include offers of free goods or services contingent on a consumer test-driving a vehicle (with no purchase necessary) or visiting a dealership. (See the Incentives to Visit Dealership Section for a discussion of this topic.)

KEY REMINDERS

- Dealer advertising should not include an offer of "free" goods or services contingent on the purchase of a vehicle.
- Dealer service or parts department advertising that includes an offer of "free" goods or services contingent on the purchase of a part or service must clearly and conspicuously disclose any material restrictions and qualifications that apply to the offer.

CROSS-REFERENCES

- Price Advertising Section (p.52)
- Service/Parts Department Advertising Section (p.59)
- Former Price Comparisons/MSRP/Invoice Advertising Section (p.34)
- Incentives to Visit Dealership Section (p.39)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guide Concerning Use of the Word "Free" and Similar Representations, 16 C.F.R. Part 251

AD EXAMPLES

- Example C (p.5)

Section 19: Fuel Economy Claims

GENERAL RULE

To assist dealers with avoiding deceptive advertising practices relating to fuel economy and driving range, the FTC has a *Guide Concerning Fuel Economy Advertising for New Automobiles*. The Guide states that it is deceptive to misrepresent, directly or by implication, the fuel economy or driving range of an automobile and makes suggestions on how to advertise fuel economy without being deceptive. It offers recommended disclosures for ads making fuel economy and driving range claims, and presents examples of deceptive ads. It notes the importance of stressing that U.S. Environmental Protection Agency (EPA) estimates are not guarantees, of matching EPA's estimates to the relevant driving mode (city, highway or combined), and of disclosing the source of fuel economy and range information, whether EPA (preferred) or otherwise. The FTC Guide also suggests that fuel economy ads make only "apples-to apples" comparisons, avoid "up to claims," and clearly identify the fuel type used for claims involving flexible-fueled vehicles.

DISCUSSION

In 2011, the fuel economy labels required for certain automobiles were revised to enhance the ability of consumers to make fuel economy and emissions comparisons between vehicles with both similar and different fuels and powertrain technologies. Automakers almost always include this fuel economy and emissions information on the vehicle Monroney (pricing) labels attached to automobiles prior to shipment. The Monroney law requires that dealers keep those labels attached until automobiles are delivered to first purchasers. For more information on the federal fuel economy labels, click here and consult NADA's *Driven Guide* "Fuel Economy Advertising."

General Fuel Economy and Driving Range Claims. General fuel economy claims that do not reference specific fuel economy estimates may convey a wide range of meanings about an automobile's fuel economy relative to other automobiles. They can mislead consumers about the vehicle class involved, and the extent to which an advertised automobile's fuel economy differs from other models. General fuel economy claims should disclose the automobile's estimated fuel economy using EPA mpg ratings. Likewise, driving range claims that do not reference a specific estimate are hard to interpret and can convey a wide range of meanings about a vehicle's range relative to other vehicles. Such claims can mislead consumers about the vehicle class involved and the extent to which a vehicle's driving range differs from other model types. To avoid deception, such ads should disclose the vehicle-specific EPA driving range estimates.

Matching EPA Estimates to Claims and Stressing that They Are Estimates. EPA fuel economy estimates should match the driving mode claimed to avoid any confusion between the stated fuel economy estimate and the type of driving. Thus, ads with city or highway fuel economy claims should disclose EPA city or highway fuel economy estimates, and ads with both city and highway fuel economy claims should disclose *both* EPA city and highway fuel economy ratings. Ads making general fuel economy claims that do not reference city or highway driving should either disclose EPA combined fuel economy estimates, or disclose both EPA city and highway fuel economy estimates. Ads citing EPA fuel economy or driving range should stress that they are estimates to avoid the impression that drivers will achieve the mileage or range stated in the ad. Of course, the actual mileage or range achieved will vary based on driving conditions, driving habits, vehicle maintenance, etc. To avoid deception, ads should state that the values are "EPA estimates," or use similar language to indicate that drivers may not achieve the stated mpg rating or driving range in real-world conditions.

EPA vs. Non-EPA Estimates. Since EPA's fuel economy estimates have been around for decades, advertising non-EPA fuel economy and driving range estimates can lead to deception. Accordingly, it is best to advertise only EPA fuel economy or driving range estimates. By citing EPA as the source of fuel economy or driving range estimates, ads encourage consumers to make comparisons to the EPA estimates for the other models they are considering. Doing so also helps prevent deception by ensuring that consumers do not associate EPA estimates with those of other fuel economy information sources.

Driving Modes for Fuel Economy Estimates. Ads citing an EPA fuel economy estimate should identify the associated driving type (i.e., "city," "highway," or "combined" mpg) so as not to potentially deceive consumers who may incorrectly assume that the claim applies to a different driving type.

Within Vehicle Class Comparisons. An ad that compares the fuel economy of an automobile to a group or class and not to all automobiles should identify the group or class used in the comparison. Otherwise, consumers could assume that the new automobile is being compared to all new automobiles.

Comparing Different Model Types. EPA assigns fuel economy estimates to specific model types (i.e., unique combinations of car line, basic engine, and transmission class). Thus, ads citing mpg ratings for certain model types should ensure that those ratings apply to the model type depicted. It is deceptive to state or imply that an estimate applies to a vehicle featured in an ad if the estimate does not apply to that model type.

"Up To" Claims. Ads should avoid using "up to" without indicating that certain versions of an automobile (i.e., model types) are rated at a stated

fuel economy estimate. "Up to" claims likely suggest that the stated mpg can be achieved if a vehicle is driven under certain conditions. To avoid deception, "up to" claims should be qualified by a clear and prominent disclosure that the mpg applies to a specific model type.

Claims for Flexible-Fueled Vehicles. Ads for flexible-fueled vehicles (other than plug-in hybrid electrics) that note flexible-fuel capability and make a fuel economy claim should clearly and prominently identify the fuel type used. Otherwise, consumers could assume that the stated fuel economy estimate applies to both fuels.

CROSS-REFERENCES

- Clear and Conspicuous Disclosures Section (p.17)
- Truth in Advertising Section (p.66)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guide Concerning Fuel Economy Advertising for New Automobiles, 16 C.F.R. Part 259

AD EXAMPLES

- Example G (p.9)

Section 20: Incentives to Visit Dealership

GENERAL RULE

Dealer advertising that includes an offer of a gift, prize or other incentive upon visiting a dealership is subject to federal law prohibiting deceptive advertising. Such advertising must clearly and conspicuously disclose the material conditions and restrictions that apply to the offer.

DISCUSSION

Dealer advertising (in any medium) that includes an offer of a prize, gift or other incentive to a consumer when he or she visits a dealership must be truthful and not misleading. To avoid deceptive advertising claims, it is essential that dealers clearly and conspicuously disclose the material conditions and restrictions that apply to the advertised offer in a manner that a consumer will reasonably understand prior to visiting the dealership. (See the Clear and Conspicuous Disclosures Section for a further discussion of this topic.) For example, a dealer advertisement that offers free county fair tickets to a consumer for taking a test drive should disclose any important information regarding the offer, such as no purchase is necessary, the consumer must be a licensed driver 18 years or older, there is a limit of two tickets per person, any restrictions that apply to the use of tickets, and any applicable deadline for the offer.

Sweepstakes. To the extent that a prize offer involves a sweepstakes, complete official sweepstakes rules should be developed and any advertising should clearly and conspicuously disclose the key conditions for entering and winning (for example, no purchase necessary and entrant must be present at dealership for drawing) and any important restrictions (for example, the deadline for entry and that an entrant must be a legal resident 18 years or older) that apply. If the sweepstakes is advertised by mail, the mailer must comply with the requirements of the federal Deceptive Mail Prevention and Enforcement Act. (See the Sweepstakes/Lotteries Section for a discussion of this topic.) Note that the FTC has taken enforcement action against a dealer relating to a mail piece that represented that consumers were winners of prizes when in fact that was not accurate.

State Law Comment. Note that a number of states have laws that specifically regulate how sweepstakes are conducted and advertised.

Preapproved Credit Offers. Preapproved credit offers may be included in dealer advertising to attract consumers to visit a dealership. Such offers must be truthful and not misleading and comply with certain technical notice requirements under federal

law. (See the Preapproved Credit Offers Section for a discussion of this topic.)

Coupons. Dealer advertising that includes discount coupon offers is susceptible to claims of deception if the coupons do not clearly and conspicuously disclose any material qualifications and restrictions that apply to the consumer using or redeeming the coupon. (See the Savings/Discount Claims Section for a further discussion of this topic.)

FTC Enforcement. In February 2014, the FTC pursued an enforcement action against a dealer for deceptive advertising relating to a sweepstakes promotion. Specifically, the FTC asserted that a mailer featuring a sweepstakes was deceptive. The mailer included a set of scratcher cards and represented that a consumer could win a cash prize ($1,000, $5,000 or $25,000) if the scratched-off numbers matched the winning numbers listed on the mailer. However, no consumer received any of the advertised cash prizes even though on numerous occasions scratcher cards with winning numbers were presented to the dealership. More recently, in April 2025, the FTC sent more than $18 million in refunds to consumers harmed by misleading sweepstakes claims made by Publishers Clearing House, underscoring the FTC's continued enforcement focus on deceptive prize promotions.

KEY REMINDER

- Dealer advertising that includes a gift, prize or coupon offer must not be deceptive and therefore must clearly and conspicuously disclose any material qualifications and restrictions applicable to the offer.

CROSS-REFERENCES

- Savings/Discount Claims Section (p.57)
- Sweepstakes/Lotteries Section (p.61)
- Preapproved Credit Offers Section (p.51)
- Clear and Conspicuous Disclosures Section (p.17)
- Service/Parts Department Advertising Section (p.59)
- Free Goods and Services Section (p.36)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Deceptive Mail Prevention and Enforcement Act, 39 U.S.C. § 3001 et seq.
- FTC Press Release dated Dec. 19, 2024: re: Leader Automotive Group
- FTC Press Release dated April 30, 2025: "FTC Sends More Than $18 Million to Consumers Harmed by Publishers Clearing House"

AD EXAMPLES

- Example C (p.5)

Section 21: Internet Advertising

GENERAL RULE

Dealer advertising communicated by means of the Internet is subject to federal advertising laws, including the prohibition against deceptive advertising and the applicable Regulation Z and Regulation M disclosure requirements.

DISCUSSION

Dealer advertisements on websites, social media, and other electronic platforms are subject to the same truth-in-advertising standards as any other medium. Following the March 2026 warning letters, the FTC has stated that the all-in advertised price (including all mandatory charges except government

fees) must be the one most prominently displayed. Other rebates and discounts can be advertised, but less prominently. Any disclosures necessary for a customer to receive a rebate or discount must be clear and conspicuous in the context of the entire advertisement. Burying conditions in hyperlinks, hover states, or interfaces that consumers are unlikely to see can be deceptive under Section 5 of the FTC Act. (See the Advertising Definition Section for a discussion of this topic.) A representation, omission or practice communicated on the Internet or any other advertising medium is deceptive if it is likely to mislead consumers and affect consumer behavior or decisions about the product or service being advertised. In the March 2026 warning letters, the FTC stated that any consumer should be able to purchase a vehicle for the price advertised. The FTC is firmly committed to protecting consumers against deceptive Internet advertising. (See the FTC publication entitled "Advertising and Marketing on the Internet: Rules of the Road" for more information on this topic, and note particularly that the FTC specifically includes an automobile lease advertisement that promotes "$0 Down" as an example of misleading advertising if there are significant undisclosed charges due at lease signing.)

Just as in other forms of advertising, dealers must clearly and conspicuously disclose material conditions and restrictions that apply to advertised offers as well as important information that qualifies advertised claims. Disclosures required under Regulation Z relating to credit offers and Regulation M relating to lease offers must also be disclosed in a clear and conspicuous manner. Given the range of disclosure techniques (for example, hyperlinks, roll-overs and scrolling) available on the Internet, dealers must carefully consider the appropriate strategy for complying with the clear and conspicuous disclosure standard. Such a strategy should especially take into account the varying sizes of the mobile platforms that consumers may use to access this advertising. To provide guidance to dealers and other advertisers regarding this compliance challenge, the FTC developed a staff paper entitled ".com Disclosures: How to Make Effective Disclosures in Digital Advertising." The basic approach that the FTC staff takes in the ".com Disclosures" guide is that regardless of the limitations or nature of any Internet advertising platform, it is up to the advertiser to ensure that advertisements are not misleading, and that any required disclosures are made clearly and conspicuously on any platform used to advertise—whether it is a website, app, Twitter or any other new platform.

To be clear and conspicuous in the context of Internet or other electronic advertising, audio disclosures should be delivered at a volume and cadence sufficient for an ordinary consumer to hear and comprehend them. Video disclosures should be of a print size and color, and appear on the screen in a position and for a duration sufficient for an ordinary consumer to read and comprehend them. Consumer tendencies in viewing information on a monitor or other screen should be taken into account in designing this kind of advertising. In the ".com Disclosures" guide, the FTC provides numerous examples that illustrate inadequate methods of making disclosures. Initially, the FTC points out that dealers should include any material restrictions and conditions with the actual claim or offer, rather than including such information in a separate disclosure. To the extent an Internet advertiser elects to make separate disclosures, the FTC raises the following key points to be considered for compliance purposes:

- the placement of a disclosure in the advertisement and its proximity to the claim it is qualifying;
- the prominence of the disclosure;
- whether the disclosure is unavoidable;
- the extent to which items in other parts of the advertising might distract attention from the disclosure;
- whether the disclosure needs to be repeated several times in order to be effectively communicated, or because consumers may enter the site at different locations or travel through the site on paths that cause them to miss the disclosure;
- whether the disclosures in audio messages are presented in an adequate volume and cadence and visual disclosures appear for a sufficient duration; and
- whether the language of the disclosure is understandable to the intended audience.

The FTC's position is that disclosures such as cost information, that are "an integral part of a claim or inseparable from it should not be communicated through a hyperlink." If a hyperlink approach is utilized to make other disclosures, the FTC gives the following direction:

- The hyperlink should be obvious.
- The hyperlink should be labeled in a manner that is appropriate to communicate the "importance, nature and relevance" of the information on the link.
- If multiple hyperlinks are used, they should be used in a consistent manner so as to not confuse a consumer.
- Any hyperlink used should be placed as near as possible to the claim or offer being qualified.
- Hyperlinks should take consumers directly to disclosure information on the click-through page.
- Click-through rates on hyperlinks should be assessed to determine their effectiveness and changes made to improve the effectiveness.

The FTC further takes the position that "scrolling" is not a preferred manner of having consumers find disclosures. If such an approach is utilized, the FTC directs that text or visual cues should be used to encourage consumers to locate and view the disclosures. The FTC does not find acceptable the practice of placing required disclosures in a "terms of use" section of a website. (See the Clear and Conspicuous Disclosures Section for a further discussion of this topic.)

Dealer Internet advertising that includes special online vehicle pricing should be carefully reviewed to confirm it is not deceptive. (See the Price Advertising Section for a discussion of this topic.)

State Law Comment. Note that many states have laws that regulate dealer advertising on the Internet.

FTC Enforcement. The FTC's 2026 warning letters reiterated that advertised online prices must include all mandatory dealer-imposed fees other than required government charges and must not incorporate rebates not available to all consumers. The FTC continues to pursue enforcement actions against dealers relating to Internet advertisements of vehicle lease offers where lease advertisements fail to reveal the true lease costs to a consumer.

KEY REMINDER

- Dealer Internet advertising is subject to federal advertising laws, including the prohibition of deceptive advertising and the disclosure requirements of Regulation Z and Regulation M.

CROSS-REFERENCES

- Advertising Definition Section (p.10)
- Truth in Advertising Section (p.66)
- Email Advertising Section (p.27)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)
- Clear and Conspicuous Disclosures Section (p.17)
- Price Advertising Section (p.52)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226.24
- Regulation M, 12 C.F.R. § 213.7
- FTC Publication: "Advertising and Marketing on the Internet: Rules of the Road"
- FTC Publication: ".com Disclosures: How to Make Effective Disclosures in Digital Advertising"
- FTC Press Released, dated Mar. 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Publication: "Bringing Dark Patterns to Light"

Section 22: Leasing/Regulation M Trigger Terms

GENERAL RULE

Dealer advertising that features vehicle lease offers is subject to federal law prohibiting deceptive advertising and to Regulation M, which typically applies and requires disclosures that the transaction is a lease, the total amount due at lease signing, whether or not a security deposit is required and the number, amount and timing of the scheduled lease payments.

DISCUSSION

Under federal law, dealer advertising (in any medium) that includes vehicle lease offers must be truthful and not misleading. For example, vehicle lease terms should not be advertised by a dealer unless they are actually available and a vehicle lease offer should not be advertised in a manner that leads a consumer to believe the offer is for a vehicle purchase. For more information on this topic, see the FTC publication entitled "Advertising Consumer Leases."

As it relates to advertising, the purpose of the federal CLA and its implementing Regulation M is to have lease terms disclosed to consumers in a meaningful way so that the terms can be understood and compared. Advertising for purposes of Regulation M includes any “commercial message in any medium that directly or indirectly promotes a consumer lease transaction.” A "consumer lease" under this regulation basically means a lease contract “for the use of personal property by a natural person primarily for personal, family or household purposes, for a period exceeding four months and for a total contractual obligation not exceeding the applicable threshold amount.” The threshold amount referred to in Regulation M ($73,400 as of January 1, 2026) is subject to an annual CPI adjustment. Consumer leases are described as "closed-end" if they do not fit the definition of an "open-end" lease, which is a lease that provides for the lessee to be liable at the end of the lease term for the difference between the residual value of the leased vehicle and its realized value. Given the current status of vehicle lease programs available from financial institutions, dealers typically do not advertise open-end leases.

Trigger Terms. Similar to the approach followed by Regulation Z regarding credit offers, if certain information (a "trigger term") is included in a consumer lease advertisement, then additional key information regarding the lease offer must be disclosed. Specifically, each of the following is a trigger term under Regulation M:

- The amount of any payment (for example, a $199 monthly payment)
- A statement of any capitalized cost reduction or other payment or even that no payment is required (for example, $0 down)

As a practical matter, dealer advertising involving consumer lease offers typically includes a Regulation M trigger term because a lease payment (usually the monthly payment) is featured. When a trigger term is advertised, the following information must be disclosed clearly and conspicuously in the advertisement:

- That the transaction advertised is a lease
- The amount due prior to or at the lease signing ("consummation") or by delivery (if delivery occurs after consummation)
- The number, amounts and due dates or periods of scheduled payments under the lease (for example, $425 per month for 36 months)
- A statement of whether or not a security deposit is required

Note that if the lease advertised is open-end, there must also be a statement that an extra charge may be imposed on the lessee at the end of the lease term. Note also that the due dates or periods of scheduled payments disclosure requirement is typically satisfied by stating that monthly payments are involved. Sometimes a single advertisement may feature multiple vehicle lease offers with only one such offer having a total contractual obligation amount that does not exceed the threshold amount.

In this situation, the Federal Reserve Board Official Staff Interpretations to Regulation M ("Regulation M Commentary") indicates the entire advertisement must make the required disclosures under Regulation M.

Amount Due at Lease Signing. In making the required disclosure of the amount due at lease signing, Regulation M and the Regulation M Commentary provide the following direction:

- The amounts that make up the total amount due at lease signing do not need to be itemized.
- Dealers must not disclose any component part of the amount due at signing (for example, the down payment amount) in a manner that is more "prominent" than the total amount due at lease signing. Note that the monthly payment amount may be displayed more prominently than the total amount due at signing.
- Government fees such as taxes and license, which vary by state, may be excluded from the amount due at signing, but it must be clearly and conspicuously disclosed to a consumer that those amounts are due in addition to the amount due at signing.

Dealers should be very cautious in advertising $0 due at lease signing. Such offers can easily be construed as misleading if significant fees and charges (for example, an acquisition fee) must be paid by a consumer at the beginning of a lease. As discussed below, the FTC is active in pursuing enforcement actions against dealers relating to such offers. Dealers should also be careful to avoid disclosing the amount due at lease signing in a misleading manner when manufacturer rebates are applicable. A good practice in this situation is to disclose the amount due at lease signing and then break out the manufacturer rebate amount and the amount the consumer is out of pocket. For example, an advertisement could disclose $1,500 due at lease signing ($1,000 out of pocket plus $500 manufacturer rebate). Certainly any material restrictions and qualifications that apply to the rebate (for example, that a consumer must currently be leasing a competitive-make vehicle) should be clearly and conspicuously disclosed.

Lease Rates. Regulation M requires dealer advertising that includes a lease rate reference to be accompanied by a disclosure that reads, "This percentage may not measure the overall cost of financing this lease." This disclosure must be displayed in the advertisement at least as prominently as the lease rate. A dealer should not use the term "annual percentage rate" or "annual lease rate" or similar terms in connection with lease advertising.

Television/Radio Disclosure Alternative. Regulation M recognizes an alternative approach for making the required disclosures in television or radio closed-end lease advertisements that include a trigger term. Specifically, if the advertisement references a toll-free telephone number that a consumer can use to obtain all of the lease offer information, it does not need to disclose whether a security deposit is required, but still must disclose the information that the transaction is a lease, the total amount due at lease signing, and the number, amounts and due dates or periods of scheduled payments under the lease. The toll-free telephone number must be available for at least 10 days (beginning with the date of the broadcast) and a consumer must be able to request and receive in writing the lease offer information. As an alternative to the toll-free telephone number, the advertisement may direct a consumer to a written advertisement in a publication of general circulation in the community served by the media station, by including the name and date of the publication and stating that the required lease information is disclosed in that advertisement. The written advertisement must be published at least three days before and end at least 10 days after the broadcast. This alternative method of making Regulation M disclosures is of limited practical value to dealers because the only required disclosure that can be left out is whether a security deposit is required and the telephone or print methods of making the disclosures are burdensome. There is no exception recognized under federal law that permits a dealer radio or television advertisement with a Regulation M trigger term to refer to a website for the additional lease information as an alternative to disclosing that information in the actual advertisement.

Merchandise Tag. Another alternative disclosure approach recognized under Regulation M relates to the use of merchandise tags. Under this approach, if a merchandise tag placed on a vehicle includes

a Regulation M trigger term, the tag would not be required to include all of the lease information if it references a sign or display at the dealership that is prominently posted and includes a table or schedule of the required Regulation M disclosures.

Internet Advertisement. Under Regulation M, a catalog or multiple-page advertisement, or an advertisement on an Internet website, is considered a "single advertisement," which allows the advertisement to use a table, chart or schedule to make the required disclosure of lease information. However, in this situation there must be a communication that clearly directs or links a consumer to the table, chart or schedule.

Clear and Conspicuous. All disclosures required under Regulation M must be made in a manner that is clear and conspicuous, which basically means they are reasonably understandable to a consumer. The Regulation M Commentary acknowledges that this manner of disclosure does not have specific technical requirements, but does indicate that making such disclosures by means of fine print in a television advertisement or rapidly stated information in a radio advertisement is not satisfactory if the required information cannot be comprehended by consumers. Dealer advertising that includes lease offers should also disclose in a clear and conspicuous manner any material restrictions and conditions that may apply (for example, the expiration date of the lease offer, and that it is subject to credit approval or insurability requirements). (See the Clear and Conspicuous Disclosures Section for a further discussion of this topic.)

State Law Comment. Some states have laws that specifically apply to dealer lease advertising. One state law requires such advertising to disclose any mileage limit and any excess mileage charge that applies to the lease offer.

FTC Enforcement. The FTC has initiated numerous enforcement actions against dealers based upon deceptive lease advertising that fails to comply with the disclosure requirements of Regulation M. In April 2000, the FTC pursued enforcement actions against two dealers relating to Internet lease ads. The FTC asserted that the required Regulation M disclosures were either not made or were buried in inconspicuous and unreadable fine print. Additionally, with respect to one of the dealers, the FTC asserted that an advertisement included a representation of a lease rate but failed to make the disclosure that the rate may not reflect the overall cost of financing the lease. In 2014, the FTC pursued several dealers for deceptive lease advertising that featured $0 due at lease signing, when in fact there were several thousand dollars in fees and other amounts due at lease signing. In 2026, the FTC and Maryland Attorney General settled an enforcement action for deceptive pricing practices including misleading lease advertising.

CROSS-REFERENCES

- Clear and Conspicuous Disclosures Section (p.17)
- Advertising Definition Section (p.10)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Consumer Leasing Act (Chapter 5 of the Truth in Lending Act), 15 U.S.C. § 1601 et seq.
- Regulation M, 12 C.F.R. § 213.7
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Press Release dated April 2, 2026: re: Lindsay Auto Group
- FTC Publication: "Advertising Consumer Leases"
- Federal Reserve Board Official Staff Interpretations to § 213.7, Regulation M

AD EXAMPLES

- Example F (p.8)
- Example G (p.9)

Closed-End Lease Advertising	
Regulation M Trigger Terms	Required Follow-On Disclosures If Any Trigger Term is Used
• Amount of any payment • Statement of any capitalized cost reduction or other payment (or that no payment is required) prior to or at consummation or by delivery, if delivery occurs after consummation	• Transaction advertised is a lease • Total amount due prior to or at consummation or by delivery, if delivery occurs after consummation • Number, amounts, and due dates or periods of scheduled payments under the lease • Statement of whether or not a security deposit is required

Section 23: Made in USA Claims

GENERAL RULE

Unqualified U.S.-origin claims require that products be "all or virtually all" made in the United States. In 2021, the FTC finalized the Made in USA Labeling Rule, providing binding standards and civil penalty authority for certain labels and claims.

DISCUSSION

Dealers and related advertisers must ensure that unqualified "Made in USA" claims comply with the "all or virtually all" standard, including that final assembly or processing and all significant processing occur in the U.S., and that all or virtually all components \ are made and sourced in the U.S. Otherwise, claims must be appropriately qualified.

The American Automobile Labeling Act (AALA) is the federal law that requires prominent placement on each passenger automobile manufactured for sale in the U.S. of a label that discloses where the vehicle was assembled, the percentage of equipment that originated in Canada and the U.S., and the country of origin of the transmission and engine. The FTC acknowledges that its policy regarding made in USA claims does not apply to the disclosure of information relating to passenger vehicles required by the AALA and its implementing regulation from the National Highway Traffic Safety Administration, but asserts that its policy would apply to any advertising claims that “go beyond the AALA requirements.”

KEY REMINDER

- Made in USA claims should not be advertised unless all or virtually all of the product involved has been made in the U.S.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Communication Dated October 2001: "Selling American-Made Products? What Businesses Need to Know About Making Made in USA Claims"
- American Automobile Labeling Act, 49 U.S.C. § 32304
- FTC Business Guidance: "Complying with the Made in USA Standard"
- 49 C.F.R. 583
- Made in USA Labeling Rule, 16 C.F.R. part 323
- FTC Press Release dated April 26, 2024: "Williams-Sonoma Will Pay Record $3.17 Million Civil Penalty for Violating FTC Made in USA Order"
- FTC Press Release dated July 8, 2025: "Federal Trade Commission Warns Companies to Comply with "Made in USA" Requirements"

AD EXAMPLES

- Example E (p.7)

Section 24: New/Used/Demonstrator Descriptions

GENERAL RULE

Dealer advertising that includes vehicle descriptions such as "new," "used" or "demonstrator" is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Vehicle descriptions included in dealer advertising in any medium must be truthful and not misleading. Under no circumstances should a used vehicle be represented as "new" either expressly or by implication (e.g., including a vehicle that is not specifically described as used in a section of an advertisement that features only new vehicles). Other terms used to describe vehicles in dealer advertising such as "demonstrator" or "factory executive vehicle" should only be used in a manner that is not deceptive.

State Law Comment. A number of states have laws that specifically define "new" and "used" vehicles. Some states also have laws that specifically address the use of terms such as "demonstrator" in dealer advertising. For example, one state law requires that a vehicle advertised as a "demonstrator" must also be expressly described by a term such as "used" or "pre-owned."

KEY REMINDER

- Vehicle descriptions such as "new," "used" or "demonstrator" included in dealer advertising must be truthful and not misleading.

CROSS-REFERENCES

- Vehicle History Section (p.69)
- Vehicle Description/Identification Section (p.68)
- Truth in Advertising Section (p.66)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45

Section 25: Newspapers, Magazines, Flyers and Direct Mail

GENERAL RULE

Dealer advertising in print form, including newspapers, magazines, flyers and direct mail, is subject to federal advertising law, including the prohibition against deceptive advertising and the applicable disclosure requirements of Regulation Z and Regulation M.

DISCUSSION

Dealer advertising in the form of printed material available to the public as part of a newspaper, magazine, flyer or direct mail piece clearly falls within the definition of advertising under federal law. (See the Advertising Definition Section for a discussion of this topic.) As a result, this type of dealer advertising must be truthful and not misleading. Specifically, following the March 2026 warning letters, the FTC has stated that the all-in advertised price (including all mandatory charges except government fees) must be the one most prominently displayed. Print advertisements must also comply with other applicable federal advertising laws, including the disclosure requirements of Regulation Z relating to credit offers and Regulation M relating to lease offers. (See the discussion of these disclosure requirements in the Regulation Z Trigger Terms Section and the Leasing/Regulation M Trigger Terms Section.)

Because of its static form and easy access, dealer print advertising is often the focus of enforcement actions by government agencies. Dealers should take appropriate steps to make sure that such

advertising is not deceptive and that important ("material") information is disclosed in a clear and conspicuous manner. As discussed below, the FTC has filed enforcement actions against dealers where key disclosures were included in the fine print displayed at the bottom of a newspaper ad. (See the Clear and Conspicuous Disclosures Section for a discussion of this topic.)

State Law Comment. Some states have laws that require that certain disclosures in dealer print advertisements be made in a specified type size.

Direct Mail. Dealer advertising in the form of direct mail is subject to the Deceptive Mail Prevention and Enforcement Act, which regulates the content of such advertising that includes sweepstakes offers, facsimile checks, or implied representations of federal government approval or endorsement. (See the Sweepstakes/ Lotteries Section for a discussion of legal compliance issues relating to advertising sweepstakes.) Under this federal law, a facsimile check is defined as "any matter that (i) is designed to resemble a check or other negotiable instrument; but (ii) is not negotiable." If a facsimile check is included in a direct mail piece, the check must contain a clear and conspicuous (meaning noticeable, readable and understandable) statement that it "is not a negotiable instrument and has no cash value."

Dealer direct mail advertising should avoid including agency names, addresses, seals, insignia or other messages that imply some connection to the federal government, unless the appropriate governmental consent has been obtained. To the extent certain items of this type (also references to the Postmaster General, a federal statute, or the word "census") are part of a direct mail piece, and the appropriate governmental consent has not been obtained, the Deceptive Mail Prevention and Enforcement Act requires the clear and conspicuous display of the following two notices:

"THIS PRODUCT OR SERVICE HAS NOT BEEN APPROVED OR ENDORSED BY THE FEDERAL GOVERNMENT, AND THIS OFFER IS NOT BEING MADE BY AN AGENCY OF THE FEDERAL GOVERNMENT." (This notice must be on the face of the mail piece and be in contrast to other print in terms of format or color.)

"THIS IS NOT A GOVERNMENT DOCUMENT." (This notice must be on the envelope or outside cover.)

State Law Comment. A number of states have laws that regulate sweepstakes contests and the use of facsimile or simulated checks.

FTC Enforcement. On numerous occasions, the FTC has pursued enforcement actions against dealers based upon advertising asserted to be misleading because it failed to disclose important information in a clear and conspicuous manner. For example, in 2014, several dealers targeted by the FTC in "Operation Steer Clear" were alleged to have violated Regulation Z and Regulation M by not making the required disclosures or failing to make them clearly and conspicuously in their newspaper advertisements.

KEY REMINDERS

- Newspaper, magazine, flyer and direct mail advertising must not be deceptive and must comply with applicable Regulation Z and Regulation M disclosure requirements.
- Important disclosures in print advertising should not be made in fine print that is difficult to read.
- Direct mail advertising is subject to the requirements of the Deceptive Mail Prevention and Enforcement Act.

CROSS-REFERENCES

- Advertising Definition Section (p.10)
- Truth in Advertising Section (p.66)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)
- Clear and Conspicuous Disclosures Section (p.17)
- Sweepstakes/Lotteries Section (p.61)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226.24
- Regulation M, 12 C.F.R. § 213.7
- The Deceptive Mail Prevention and Enforcement Act, 35 U.S.C. § 3001 et seq.

AD EXAMPLES

- Example A (p.3)
- Example B (p.4)
- Example C (p.5)
- Example D (p.6)
- Example E (p.7)
- Example F (p.8)
- Example G (p.9)

Section 26: Penalties/Enforcement for Unlawful Advertising

GENERAL RULE

Dealer advertising that is false or misleading can have a wide variety of legal consequences depending on the nature of the violation and the law enforcement agency or other party involved in pursuing legal action.

DISCUSSION

Because of the wide range of federal and state laws and regulations that apply, the legal consequences that can result from unlawful dealer advertising are also wide-ranging. Under federal law, the FTC is authorized by the Federal Trade Commission Act to protect consumers from deceptive and unfair acts or practices. The FTC may bring actions administratively or in federal court against various persons, including dealers, advertisers, marketers and other nonbank entities. In these actions, the FTC may seek cease and desist orders or injunctions; civil penalties in some instances; and other equitable remedies. Following the U.S. Supreme Court's 2021 decision in AMG Capital Management, LLC v. FTC, the FTC's ability to obtain equitable monetary relief (such as consumer refunds or disgorgement) directly through Section 13(b) federal court actions has been significantly limited. The FTC must now generally pursue monetary relief through administrative proceedings under Sections 5 and 19 of the FTC Act, which involve additional procedural requirements including a three-year statute of limitations. Advertisers may also be required to publish new advertising to correct misinformation previously advertised.

As a practical matter, most FTC complaints are settled pursuant to a consent order whereby the advertiser does not admit or deny any of the alleged unlawful practices, but agrees to certain terms designed to prevent future deceptive advertising practices. Recent FTC consent orders involving dealers are in effect for 20 years and include terms that:

- Prohibit a dealer from advertising in the manner that was challenged by the FTC complaint
- Require the dealer to comply with applicable federal law (for example, making Regulation M disclosures clearly and conspicuously)
- Require the dealer to retain copies of all future advertising of the type challenged by the FTC for at least five years from the date of publication
- Require the dealer to notify dealership personnel involved in advertising of the terms of the consent order and to notify the FTC if there is a change in the dealership's ownership structure
- Require the dealer to file compliance reports regarding the consent order with the FTC when requested
- Require the dealer to have the all-in price (including all mandatory, non-government charges) be the most prominently displayed price.
- Require a dealer who advertises on a third-party platform to take all steps within their control to ensure the platform advertises the all-in price most prominently.

A violation of the terms of such an FTC consent order can result in civil penalties against a dealer for up to $53,088 (as of 2026) per violation.

For more information on FTC enforcement policies regarding deceptive advertising and the applicable penalties, see the FTC publication entitled "Advertising FAQ's: A Guide for Small Business."

Dealers should also be aware that individuals, not just the dealership entity, may be held accountable for deceptive advertising practices. The FTC evaluates an individual's accountability based upon the person's direct knowledge of the deceptive advertising practices involved. Advertising agencies or third-party vendors may also be held legally responsible for deceptive advertising depending on the extent of their participation in preparing the materials involved and their level of knowledge regarding false or deceptive claims. Note that dealers are liable for advertising law violations, even if they outsource advertising functions to ad agencies or other third parties. In light of the legal consequences, dealers should take appropriate steps to avoid advertising law violations, including having a process to review advertising for mistakes; confirm the details of manufacturer incentive programs that are advertised; and prevent the publication of unauthorized advertisements. (See the Avoiding Advertising Law Violations Section for a discussion of this topic.)

State Law Comment. In addition to FTC enforcement actions, legal actions may be initiated by state law enforcement personnel and even private attorneys representing consumers regarding deceptive dealer advertising. Many states have statutes that generally prohibit unfair and deceptive acts and practices. Some states have statutes that specifically prohibit deceptive dealer advertising. These statutes provide for a wide range of legal remedies, including injunctive relief, civil damages, statutory penalties, license revocations and even punitive damages.

FTC Enforcement. Dealers should be aware that the FTC has taken and continues to take an active role in protecting consumers from deceptive dealer advertising. The FTC has conducted multiple nationwide enforcement sweeps targeting auto dealers, including "Operation Steer Clear" in 2014. More recent enforcement actions have focused on deceptive pricing practices, undisclosed fees, and discriminatory lending. In March 2026, the FTC sent warning letters to 97 auto dealer groups regarding deceptive pricing practices. As of this writing, the FTC has indicated that further enforcement actions will be forthcoming.

KEY REMINDERS

- There are significant and wide-ranging legal consequences that can result from dealer advertising that is deceptive.
- The FTC is active in pursuing enforcement actions against dealers regarding deceptive advertising relating to the sale, financing and leasing of vehicles.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- 15 U.S.C. § 1665
- AMG Capital Management, LLC v. FTC, 593 U.S. 67 (2021) (limiting FTC authority to obtain equitable monetary relief under Section 13(b))
- FTC Press Release dated Dec. 19, 2024: re: Leader Automotive Group
- FTC Press Release dated September 3, 2013: "FTC Halts Two Automobile Dealers' Deceptive Ads"
- FTC Press Release dated Apr. 2, 2026: re: Lindsay Auto Group
- FTC Publication: "Advertising FAQ's: A Guide for Small Business"

Section 27: Preapproved Credit Offers

GENERAL RULE

Dealer advertising that includes a pre-screened (preapproved) credit offer is subject to federal law prohibiting deceptive advertising and requiring that certain opt-out disclosures be made.

DISCUSSION

Under federal law, dealers and other businesses must have a "permissible purpose" to access a consumer's credit information. One form of permissible purpose is when a dealer makes a "firm offer of credit" to a consumer as part of a prescreened credit offer. Typically such prescreened credit offers, which are often included in mailers promoted by third-party vendors, involve a list of consumers provided by a consumer reporting agency or confirmed by that agency as meeting a selected credit score or other criteria. Before the credit offer is made, users of a prescreened list of individuals are required to establish the criteria that will be relied upon to make the credit offer and maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. See the FTC publication entitled "What To Know About Prescreened Offers for Credit and Insurance" for more information on this topic.

Dealer advertising that includes prescreened credit offers must be truthful and cannot be misleading. A key concern in this regard is that the credit terms offered represent a legitimate credit opportunity. Additionally, any written solicitation of a prescreened credit offer must clearly and conspicuously disclose to consumers that:

- Information contained in a consumer's credit report was used.
- The consumer was selected because certain criteria were satisfied.
- The offer may not be extended if the consumer does not continue to meet the criteria. The consumer has the right to prohibit use of credit information and may exercise this right concerning future offers by contacting credit reporting agencies at the specified toll-free numbers or addresses.

The FTC Rule that addresses how these disclosures should be made requires two different notices (one short notice and one long notice) to the consumer. Each notice must meet certain technical requirements.

The FTC short notice example reads as follows: "You can choose to stop receiving 'pre-screened' offers of credit from this and other companies by calling toll free [toll-free number]. See PRESCREEN & OPT-OUT NOTICE on other side [or other location] for more information about prescreened offers."

This short notice must be located on the front side of the first page of the principal promotional document in the solicitation (typically the advertising mailer) and in a format that is distinct from other text, such as inside a border. The type size for the short notice must be larger than the type size of the principal text on the same page, but may in no event be smaller than 12-point type, and the type style must be distinct from the principal type style used on the same page (for example, bolded, italicized, underlined or a different color).

The FTC long notice example reads as follows: "PRESCREEN & OPT-OUT NOTICE: This 'prescreened' offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet our criteria [including providing acceptable property as collateral]. If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies [or name of consumer reporting agency] toll free at [toll-free number]; or write: [consumer reporting agency name and mailing address]."

The long notice must appear in the solicitation and begin with the heading (in capital letters and underlined) "PRESCREEN & OPT-OUT NOTICE" and be set apart from other text on the page (for example, by including a blank line above and below the statement heading, and by indenting both the left and right margins from other text on the page).

The type size of the long notice must be no smaller than the type size of the principal text on the same page, and may in no event be smaller than 8-point type. The type style must also be distinct from the principal type style used on the same page (for example, bolded, italicized, underlined or in a contrasting color). The long notice must not include any other information that interferes with, detracts from, contradicts or otherwise undermines the purpose of the notice.

To the extent third-party vendors are the source of the mailers that advertise prescreened credit offers, dealers should take appropriate steps to confirm, including review by legal counsel, that the content of any mailer to be used by a dealer is not deceptive and is otherwise legally compliant in all respects, including the "permissible purpose" requirement.

KEY REMINDER

- Dealer advertising that includes prescreened credit offers must not be deceptive and must comply with technical opt-out notice disclosure requirements under federal law.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- The Fair Credit Reporting Act, 15 U.S.C. § 1681
- 16 C.F.R. § 642.3 (FTC Prescreen Opt-Out Notice Rule for motor vehicle dealers)
- FTC Publication: "What To Know About Prescreened Offers for Credit and Insurance"

Section 28: Price Advertising

GENERAL RULE

Dealer advertising that features pricing information on vehicles or other products or services is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Dealer advertising (in any medium) that communicates pricing information on vehicles or other products or services must not misrepresent the total price consumers are to pay. (See the Drip Pricing Section for a further discussion of this topic.) Following the March 2026 warning letters, the FTC has stated that the all-in advertised price (including all mandatory charges except government fees) must be the one most prominently displayed. Dealers should advertise the price of a vehicle that any consumer would need to pay to purchase the identified vehicle, as equipped. It is reasonable to conclude that certain government-imposed fees (for example, taxes and license fees) may be excluded from this amount as long as it is clearly and conspicuously disclosed in the advertisement that a consumer will need to pay such items in addition to the advertised price.

Additional rebates or discounts can be advertised less prominently, but any material restrictions and conditions (for example, an expiration date) should also be clearly and conspicuously disclosed in the advertisement.

State Law Comment. Note that some states have laws that specifically address what amounts must be included in the advertised price of a vehicle and how any excluded fees or costs that a consumer will be obligated to pay as part of the vehicle purchase must be disclosed in such advertising. For example, several states allow vehicle freight or destination charges or dealer processing charges to be excluded from a vehicle's advertised price, if this exclusion is properly disclosed in the advertising. However, the FTC has said that dealers should still advertise the all-in price most prominently that includes these charges, although a price can be advertised less prominently that itemizes these charges.

Regarding advertising that involves former price comparisons or references to MSRP, wholesale or invoice pricing, dealers should be aware of the applicable FTC Guides. (See the Former Price

Comparisons/MSRP/Invoice Advertising Section for a discussion of these FTC Guides.)

Rebate Advertising. Regarding price advertising that involves manufacturer rebates (including those from distributors and financial institutions affiliated with a manufacturer or distributor), the key issue under federal law is that the advertising should disclose important information regarding the featured rebates in a manner that is reasonably understandable to a consumer. Any manufacturer rebates that are advertised should be generally available to consumers. Any material qualifications (for example, financing or trade-in requirements) that a consumer must satisfy to receive a rebate, or limitations that apply, should be clearly and conspicuously disclosed and not deducted from the all-in advertised price. Price advertising that includes multiple manufacturer rebates (i.e. rebate stacking) that have qualifications that are inconsistent or unlikely to be satisfied by a consumer should be avoided.

State Law Comment. Some states have laws that specifically address how a dealer must advertise manufacturer rebates. For example, one state law requires dealer advertising that specifies an after-rebate purchase price to clearly and conspicuously disclose the sale price of a vehicle before any rebate as well as the rebate dollar amount.

"As Low As" Advertising. Dealer advertising that utilizes phrases such as "starting at" or "as low as" in connection with vehicle prices is susceptible to deceptive advertising claims and should be carefully reviewed for legal compliance purposes. This includes if the price is subject to a variety of discounts or rebates not available to all consumers.

State Law Comment. A number of states have laws that require specific disclosure of the number of vehicles available at the advertised price when such phrases are used.

Vehicle Identification. To avoid claims of deceptive advertising, dealers should clearly identify by year, make, and model, as well as by VIN, stock number, or license number as appropriate, the vehicle or vehicles to which an advertised price (or lease offer) applies. (See the Vehicle Description/Identification Section for a discussion of this topic.)

State Law Comment. Some states have laws that require that vehicles advertised at a specific price be identified in a certain manner (usually by a VIN number or license number, although some states allow stock numbers to be used). Additionally, a number of states have laws that apply to vehicle price advertising in other ways, including requiring the disclosure of the number of vehicles available at the advertised price; requiring that the advertised price (which could be a special Internet price) be posted on a vehicle; and requiring a dealer to sell a vehicle at the advertised price (again this could be a special Internet price) to a buyer even if the buyer is not aware of the advertised price.

FTC Enforcement. The FTC has consistently brought enforcement actions against dealers based on deceptive vehicle price advertising. In April 2026, the FTC and Maryland Attorney General settled an action against a dealership group for allegedly deceiving consumers through undisclosed fees and add-on products without consent. In March 2026, the FTC sent warning letters to 97 auto dealerships regarding deceptive pricing practices. The 2026 warning letters identified specific illegal pricing practices worth noting: 1) advertising a price that does not reflect all required fees; 2) advertising a price that reflects rebates or discounts not available to all consumers; 3) conditioning the advertised price on consumers using dealer financing; and 4) requiring consumers to buy additional items not reflected in the advertised price.

CROSS-REFERENCES

- Drip Pricing Section (p.26)
- Former Price Comparisons/MSRP/Invoice Advertising Section (p.34)
- Internet Advertising Section (p.40)
- Service/Parts Department Advertising Section (p.59)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Blog dated September 3, 2013: "Buying a New Car: But the ad from the dealer said..."
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Press Release dated April 2, 2026: re: Lindsay Auto Group

AD EXAMPLES

- Example B (p.4)
- Example D (p.6)

Section 29: Regulation Z Trigger Terms

GENERAL RULE

Pursuant to Regulation Z, dealer advertising that includes the amount or percentage of any down payment, the number of payments, the amount of any payment, or the amount of any finance charge relating to an offer to sell a vehicle, must disclose additional information that gives a consumer a complete understanding of the terms and costs of the purchase.

DISCUSSION

The primary purpose of TILA and Regulation Z, which implements TILA, is to ensure that credit terms are disclosed in a meaningful way so that consumers can compare credit terms more readily and more knowledgeably.

Trigger Terms. Dealer advertising (in any medium) that includes an offer to sell a vehicle on a one-time credit transaction basis ("closed-end credit" transaction as opposed to open-end credit, which typically involves a credit line that a consumer may access multiple times) must disclose clearly and conspicuously additional information regarding the offer, if any one of the following terms ("trigger terms") is displayed or mentioned:

- The amount or percentage of any down payment
- The number of payments or period of repayment
- The amount of any payment
- The amount of any finance charge

The additional information that must be disclosed when a trigger term is advertised includes all of the following:

- The down payment (amount or percentage), if any
- The terms of repayment
- The annual percentage rate using that term or the abbreviation "APR." (Note that if the APR is to be increased after the vehicle purchase, that fact must also be disclosed.)

Dealers should be aware that the following items are not trigger terms under Regulation Z and therefore do not require the disclosure of additional information as discussed previously:

- Advertising that there is no down payment
- Advertising an annual percentage rate (or APR) by itself (for example, 0% APR limited term financing). Note that the disclosures required by Regulation Z must be made if the term (for example, 0% APR financing for 60 months) of the APR is included in the advertisement.

The Federal Reserve Board Official Staff Interpretations to Regulation Z ("Regulation Z Commentary") recognizes that certain flexibility exists in the manner in which the required disclosures are made. First of all, using a typical example transaction (when there is a range of possible combinations of credit terms) is acceptable if all of the required disclosures are made and the terms disclosed are available. The typical transaction should be labeled as an example in the

advertising. Additionally, a down payment disclosure may state a dollar amount or a percentage. Examples of down payment disclosures that should be acceptable include: "$2,000 cash or trade-in required from buyer," or "10% down," or "down payment ranges from 10 to 20% depending on credit" (if such a range is typical).

Dealers should understand that the "terms of repayment" include the amount of the payments, including any balloon payment, the number of payments, and also the period of the payments (monthly, bi-monthly, weekly, or otherwise). The Regulation Z Commentary further recognizes that terms of repayment may be disclosed as a "unit cost." An example of this approach is "0% APR financing for 60 months at $16.67 per month per $1,000 financed with 10% down."

Internet Advertisement. Under Regulation Z, a catalog or multiple-page advertisement, or an advertisement on an Internet website, is considered a "single advertisement," which allows the advertisement to use a table or schedule to make the required disclosure of cost information. However, in this situation, there must be a communication that clearly directs or links a consumer to the table or schedule.

Clear and Conspicuous. The Regulation Z Commentary also acknowledges that there are no specific rules in terms of type size or display format under the clear and conspicuous standard that applies to making the disclosures required by Regulation Z. Under this standard, the basic principle is that the disclosures must be made in a manner that is reasonably understandable to a consumer. (See the Clear and Conspicuous Disclosures Section for a further discussion of this topic.)

State Law Comment. Note that a number of states have laws that also require dealer advertising to comply with the disclosure requirements of Regulation Z.

FTC Enforcement. The FTC has brought numerous enforcement actions over the years against dealers regarding deceptive advertising that fails to comply with the disclosure requirements of Regulation Z. In August 2026, the FTC and Connecticut Attorney General settled against a dealership for alleged deceptive financing practices, including misleading financing terms and hidden add-on charges.

KEY REMINDERS

- Pursuant to Regulation Z, dealer advertising that references an amount or percentage of down payment, the number of payments, the amount of any payment, or the amount of any financing charge regarding the sale of a vehicle, must disclose additional information regarding the terms and costs of the transaction.
- Disclosures required by Regulation Z must be made clearly and conspicuously, so that they are reasonably understandable to a consumer.

CROSS-REFERENCES

- Credit Advertising Section (p.21)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Regulation Z, 12 C.F.R. § 226.24
- Truth in Lending Act, 15 U.S.C. § 1601 et seq.
- FTC Press Release dated January 9, 2014: "FTC Announces Sweep Against 10 Auto Dealers: 'Operation Steer Clear' Drives Home That Auto Ads Must Be Truthful"
- Federal Reserve Board Official Staff Interpretations to § 226.24(b) and (d), Regulation Z

AD EXAMPLES

- Example A (p.3)
- Example B (p.4)

Closed-End Lease Advertising	
Regulation M Trigger Terms	Required Follow-On Disclosures If Any Trigger Term is Used
• Amount or percentage of down payment • Number of payments or period of repayment • Amount of any payment • Amount of any finance charge	• Amount or percentage of down payment • Terms of repayment (which reflect repayment obligations over full term of contract, including any balloon payment) • Annual percentage rate (must use that term or "APR" and, if applicable, must state that rate may be increased after consummation)

Section 30: Satisfaction Guarantees

GENERAL RULE

Dealer advertising that includes a satisfaction guarantee message is subject to federal law prohibiting deceptive advertising and should only be advertised if the full purchase price of the vehicle (or other product sold) will be refunded at the purchaser's request.

DISCUSSION

Dealer advertising (in any medium) that includes a satisfaction guarantee or free trial offer or words to that effect regarding a vehicle or other product must be truthful and not misleading. The FTC developed "Guides for the Advertising of Warranties and Guarantees" to give advertisers guidance for legal compliance purposes. These guides provide that satisfaction guarantees should only be advertised if the advertiser is prepared to refund the full purchase price of the advertised product at the purchaser's request. The guides further provide that any such advertisement of a satisfaction guarantee should disclose clearly and conspicuously (in a manner designed to be noticed and understood) any material condition or limitation that applies to the guarantee. (See the Warranty Advertising Section for information related to this topic.)

State Law Comment. Some states have laws that specifically regulate satisfaction guarantee offers. At least one state law requires such advertising to clearly and conspicuously disclose the terms and conditions of the offer.

KEY REMINDER

Dealers should not advertise a satisfaction guarantee regarding a vehicle or other product unless the full purchase price of the advertised product will be refunded at the purchaser's request and there is a clear and conspicuous disclosure in the advertisement of any material limitations or conditions that apply to the guarantee.

CROSS-REFERENCES

- Warranty Advertising Section (p.70)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides for the Advertising of Warranties and Guarantees, 16 C.F.R. Part 239

Section 31: Savings/Discount Claims

GENERAL RULE

Dealer advertising that includes savings or discount claims is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Under federal law, dealer advertising (in any medium) that includes savings or discount claims must be truthful and not misleading. Dealer advertising relating to vehicles should only refer to discounts and savings that are available to typical consumers and apply to the vehicles actually identified in the advertisement. Discounts and rebates cannot be deducted from the most prominent all-in price if they are not available to all consumers. However, they can be displayed less prominently. (See the Vehicle Description/Identification Section for a discussion of this topic.) Any such rebate or discount should also clearly and conspicuously disclose any material conditions and restrictions that apply to the claims. (See the Clear and Conspicuous Disclosures Section for a discussion of this topic.)

Rebates. Advertised savings or discount claims relating to vehicles often include references to manufacturer rebates. Such dealer advertising should include a clear and conspicuous disclosure of the terms and conditions for a consumer to receive any rebate that relates to the savings claim. The advertising should not include multiple rebates that have qualifications that are inconsistent or unlikely to be satisfied by a consumer. (See the Price Advertising Section for a further discussion of rebate advertising.)

State Law Comment. A number of states have specific laws addressing rebate advertising by dealers. For example, one state prohibits a rebate from being advertised unless the rebate is expressed in a specific dollar amount and the rebate is offered directly to the consumer by the vehicle manufacturer or distributor.

Coupons. Dealer advertising that includes discount coupons applicable to vehicles (or other products or services) must not be deceptive. Such coupon offers (for example, 10% off a vehicle's MSRP) should actually represent a significant savings from the vehicle's typical selling price. Note that if a coupon must be presented at the beginning of the negotiations relating to a vehicle's purchase, the issue exists as to whether an actual discount is being realized by a consumer. Certainly, any material restrictions and qualifications that are applicable to a discount coupon should be clearly and conspicuously disclosed.

Factory-Authorized Sales. Dealer advertising that references a factory-authorized sale must also be truthful and not misleading. Factory-authorized sales should be advertised only if the sale is actually authorized by the applicable vehicle manufacturer and should not include any inaccurate representations, either express or implied, that such a sale is exclusive to the advertising dealer.

State Law Comment. A number of states have laws that specifically apply to dealer advertising that references a "factory-authorized sale."

Private Sales/Liquidation Sales. Dealer advertising that promotes a "private sale" or "liquidation sale" should be carefully scrutinized to confirm it is not deceptive.

"Up To" Claims. Dealer advertising that includes "up to" savings claims (for example, "Save up to $5,000 this weekend") should be carefully reviewed to confirm they are not deceptive. The FTC takes the position that advertisers making such claims "should be able to substantiate that consumers are likely to achieve the maximum results promised under normal circumstances" and all the discounts should be available to every consumer.

Former Price/MSRP Savings. Savings claims based on a vehicle's former price or MSRP should be legitimate. (See the Former Price Comparisons/ MSRP/ Invoice Advertising Section for a discussion of this topic.) A savings claim (for example, save $4,000) that is based on a comparison of a vehicle's MSRP with the advertised price is misleading if a

significant number of sales have not been made at the MSRP.

However, stating that the advertised price represents a "savings of $4,000 from MSRP" should be a legitimate claim even if the vehicle has not been sold at MSRP previously.

FTC Enforcement. In August 2024, the FTC and Arizona Attorney General announced a $2.6 million settlement against an auto dealer, alleging the dealer "falsely advertised prices online at significant discounts." In December 2024, the FTC and Illinois Attorney General entered into a $20 million settlement with an operator of ten dealerships for deceptive advertising practices. In March 2026, the FTC sent warning letters to 97 auto dealers. The letters specifically identified "advertising a price that reflects rebates or discounts not available to all consumers" as an illegal pricing practice. In April 2026, the FTC and Maryland Attorney General announced a settlement alleging the company "advertised artificially low vehicle prices that most consumers could not obtain, because the prices were contingent on qualifying for stacked rebates not generally available."

KEY REMINDERS

- Savings or discount claims included in dealer advertising should be available to all customers and apply to the vehicles identified in the advertising.
- Dealer advertising should clearly and conspicuously disclose any material qualifications and restrictions that apply to savings or discount claims.
- Any savings or discounts deducted from the all-in price should be available to all consumers.

CROSS-REFERENCES

- Service/Parts Department Advertising Section (p.59)
- Truth in Advertising Section (p.66)
- Price Advertising Section (p.52)
- Former Price Comparisons/MSRP/Invoice Advertising Section (p.34)
- Clear and Conspicuous Disclosures Section (p.17)
- Vehicle Description/Identification Section (p.68)

REFERENCE MATERIALS

- Section 5 of the FTC ACT, 15 U.S.C. § 45
- FTC Guides Against Deceptive Pricing, 16 C.F.R. 233
- FTC Press Release dated August 15, 2024: re: Coulter Motor Company
- FTC Press Release dated December 19, 2024: re: Leader Automotive Group
- FTC Press Release dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"
- FTC Press Release dated April 2, 2026: re: Lindsay Auto Group

AD EXAMPLES

- Example D (p.6)

Section 32: Service/Parts Department Advertising

GENERAL RULE

Dealer service and parts department advertising is subject to federal law prohibiting deceptive advertising.

DISCUSSION

Dealer service and parts department advertising (in any medium) must be truthful and not misleading. The advertising must accurately disclose what service or part is provided at the advertised price. There should also be a clear and conspicuous disclosure of any material conditions and restrictions that apply to an advertised offer (for example, offer end date). (See the Clear and Conspicuous Disclosures Section for a discussion of this topic.) If the advertised price for a service is not inclusive of all charges (such as taxes or a hazardous waste disposal fee), there should be a clear and conspicuous disclosure of the additional charges that a consumer is obligated to pay when the service is performed. If the offer of service is only valid for a specific make of vehicle, that restriction should be disclosed. If extra work (for example, resurfacing rotors in connection with a brake job) relating to a service offer will be performed at an additional cost to a consumer, that should be disclosed. Disclosing that installation is not included with a parts offer is also a good advertising practice.

Free Offers. Because the price of vehicle service, repairs and parts is typically not negotiated, dealers may advertise offers of "free" goods or services contingent upon the purchase of an advertised service, repair or part. However, such offers should clearly and conspicuously disclose any material conditions and restrictions that apply. (See the Free Goods and Services Section for a further discussion of this topic.)

Coupons. Dealer advertising that includes discount coupon offers is susceptible to claims of deception if the coupons do not clearly and conspicuously disclose any material qualifications and restrictions that apply to the consumer receiving the benefit of the coupon (for example, the expiration date and that the coupon cannot be combined with any other special offer).

Used Auto Parts. Dealer marketing of “parts that are not new and assemblies containing such parts” is the subject of the FTC’s "Guides for the Rebuilt, Reconditioned and Other Used Automobile Parts Industry." These guides apply to parts, including tires, collectively described as "industry products," which are “designed for use in automobiles, trucks, motorcycles, tractors, or similar self-propelled vehicles.” Industry products covered by the guides include airbags, alternators and generators, anti-lock brake systems, brake cylinders, carburetors, catalytic converters, differentials, engines, fuel injectors, navigation and audio systems, and more. They identify the following practices as unfair or deceptive:

- Misrepresenting industry products as new or misrepresenting the amount of use of an industry product
- Misrepresenting the identity of anyone who worked on an industry product after it was removed from the original vehicle
- Misrepresenting the condition of an industry product or the amount of work done to it after its removal from the original vehicle

When a used part or assembly that includes used parts is advertised or sold (including on the Internet), the FTC Guides require that it be clearly and conspicuously disclosed in the advertising and on the invoice, packaging, and product itself, that the product is used or contains used parts. Dealers have some flexibility in how these disclosures are made, although the FTC Guides do provide specific direction as to how disclosures should be made on the industry product itself. Specifically, the guides provide that an appropriate descriptive term such as “used, secondhand, repaired, relined, reconditioned, rebuilt or remanufactured” be placed on the industry product in a manner that remains visible for a reasonable period of time after its installation. If the term "recycled" is used, it should be used in a

manner consistent with the requirements set forth in the FTC's Guide for the Use of Environmental Marketing Claims ("Green Guides"), 16. C.F.R. § 260. Note also that the guides provide that if the identity of the original manufacturer of an industry product or the identity of the manufacturer for which an industry product was manufactured is revealed in connection with its sale (or its offer for sale) and the industry product was rebuilt, remanufactured, or reconditioned by someone else, that fact must be conspicuously disclosed in the specified manner.

The FTC Guides further consider it deceptive to describe an industry product using a term such as "rebuilt" unless the part has been:

"dismantled and reconstructed as necessary, all of its internal and external parts cleaned and made rust and corrosion free, all impaired, defective or substantially worn parts restored to a sound condition or replaced with new, rebuilt (in accord with the provisions of this paragraph) or unimpaired used parts, all missing parts replaced with new, rebuilt or unimpaired used parts, and such rewinding or machining and other operations performed as are necessary to put the industry product in sound working condition."

Additionally, it is deceptive to describe an industry product using terms such as "factory-rebuilt" or "re-manufactured" unless the industry product was rebuilt in the manner described previously at a "factory generally engaged in rebuilding such products." Note that under the 2014 revisions to 16 C.F.R. Part 20, "remanufactured" is now treated the same as "factory rebuilt," and that both require that the rebuilding occur in a factory setting.

State Law Comment. Note that many states have laws that generally prohibit deceptive advertising, and these laws apply to dealer service and parts department advertising.

KEY REMINDERS

- Dealer service and parts department advertising must be truthful and not misleading and should clearly and conspicuously disclose any material conditions and restrictions that apply to any advertised offers.
- FTC Guides apply to the advertising and sale of used auto parts and direct that certain technical disclosures be made by advertisers to avoid unfair or deceptive practices.

CROSS-REFERENCES

- Truth in Advertising Section (p.66)
- Clear and Conspicuous Disclosures Section (p.17)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides For the Rebuilt, Reconditioned and Other Used Automobile Parts Industry, 16
- C.F.R. Part 20
- FTC Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. Part 260 (for "recycled" terminology requirements)

Section 33: Signs/Stickers on Vehicles

GENERAL RULE

Dealer advertising in the form of signs or stickers placed on vehicles is subject to federal advertising laws, including the prohibition against deceptive advertising and the applicable disclosure requirements of Regulation Z and Regulation M.

DISCUSSION

Signs or stickers placed on vehicles by dealers to display price or other information promoting the sale of a vehicle fall within the general definition of advertising under federal law and therefore must comply with the applicable advertising laws.

(See the Advertising Definition Section for a discussion of this topic.) As with any dealer advertising, this form of advertising must be truthful and not misleading and also must make the required disclosures under Regulation Z if a credit offer is

being advertised and under Regulation M if a lease offer is being advertised. (See the Regulation Z Trigger Terms and Leasing/Regulation M Trigger Terms Sections for a discussion of this topic.)

Monroney Stickers. The Automobile Information Disclosure Act requires a sticker ("Monroney sticker") to be placed on a vehicle by the manufacturer. This sticker discloses the vehicle's MSRP as well as other information about the vehicle. This sticker and the information contained on it, including the MSRP, should not be considered dealer advertising. However, if any dealer advertising includes information found on a Monroney sticker such as a vehicle's MSRP, that information must be accurate and not misleading. (See the Former Price Comparisons/MSRP/Invoice Advertising Section, Price Advertising Section, and Fuel Economy Claims Section for a discussion of related topics.)

Supplemental Stickers. Dealers sometimes use supplemental stickers that are attached to a vehicle to provide additional price information. Typically such stickers show a markup of a vehicle over the MSRP or that a vehicle has dealer-added equipment that increases a vehicle's price. Any information displayed on such a sticker must be truthful and not misleading. Dealers should avoid displaying supplemental stickers on vehicles in a manner that suggests to a reasonable consumer that these stickers have the official status of a Monroney sticker.

State Law Comment. Some states have laws that regulate dealer use of supplemental stickers. At least one state law requires a supplemental sticker to include a disclosure to the effect that the price displayed on the sticker is the dealer's asking price and not the manufacturer's suggested retail price.

Buyers Guide. Dealers are required by federal law to post on used cars, prior to their sale, a buyers guide form that discloses important purchasing and warranty information. To be legally compliant, the content of this form must conform with specific requirements set forth in the FTC's Used Car Rule. (See the Used Car Buyers Guide Section for a discussion of this topic.)

KEY REMINDER

- Dealer advertising in the form of signs or stickers attached to vehicles is subject to federal advertising laws, including the prohibition against deceptive advertising and the applicable disclosure requirements of Regulation Z and Regulation M.

CROSS-REFERENCES

- Used Car Buyers Guide Section (p.68)
- Price Advertising Section (p.52)
- Fuel Economy Claims Section (p.37)
- Former Price Comparisons/MSRP/Invoice Advertising Section (p.34)
- Advertising Definition Section (p.10)
- Regulation Z Trigger Terms Section (p.54)
- Leasing/Regulation M Trigger Terms Section (p.43)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- Regulation Z, 12 C.F.R. § 226.24(b) and (d)
- Regulation M, 12 C.F.R. § 213.7
- Automobile Information Disclosure Act, 15 U.S.C. §§ 1231-1233

Section 34: Sweepstakes/Lotteries

GENERAL RULE

Under federal law, dealers are prohibited from advertising a scheme known as a "lottery" that provides for a consumer to pay money or provide other consideration for the opportunity to win by chance something of value. Dealer advertising that references a sweepstakes is subject to federal law prohibiting deceptive advertising. If the advertising is conducted by mail, it must comply with the disclosure requirements of the federal Deceptive Mail Prevention and Enforcement Act. Additionally, the FTC's Telemarketing Sales Rule imposes specific requirements on sweepstakes and prize promotions conducted via telephone.

DISCUSSION

Dealer advertising should not include prize giveaways that could be construed under federal law to be a prohibited "lottery." Basically, a lottery is a scheme to distribute prizes according to chance with a consumer required to pay money or provide other consideration for the right to participate in the scheme. Many states have laws that prohibit lotteries. Because of varying legal interpretations as to what constitutes "consideration," dealers should check with legal counsel before advertising any promotion that requires a consumer to engage in conduct such as taking a test drive for a chance to win a prize. This issue may be avoided by allowing consumers to enter the sweepstakes contest without taking a test drive.

Sweepstakes. Dealer advertising that features a sweepstakes (meaning a "game of chance for which no consideration is required to enter") must be truthful and not misleading. Materials (including a complete set of official rules) relating to a sweepstakes should be reviewed to confirm that they are not deceptive and any material qualifications and restrictions applicable to a consumer participating in the promotion are clearly and conspicuously disclosed. Dealers should be cautious in relying upon a third-party vendor to provide legally compliant sweepstakes advertising and take appropriate steps, including review by legal counsel, to ensure such advertising is compliant. Sweepstakes that involve telephone solicitations are subject to significant legal restrictions and requirements under the FTC's Telemarketing Sales Rule. This rule requires specific disclosures about prize promotions before any sales pitch is made, including odds of winning, any costs or conditions to receive or redeem a prize, and any material restrictions on the promotion. See the NADA's *Driven Guide* "A Dealer Guide to Federal Email and Telemarketing Restrictions" for information on this topic.

If a sweepstakes is advertised by mail and the advertising provides entry materials, certain technical disclosure requirements of the Deceptive Mail Prevention and Enforcement Act must be followed. This Act requires certain information to be disclosed in a specific manner in the mailer, in the official rules, and on the order or entry form, including a statement that no purchase is necessary to enter the sweepstakes, and that a purchase will not improve an individual's chances of winning with such entry. The mailer must also disclose the terms and conditions of the sweepstakes, the sweepstakes rules, and the name and address of the sponsor (or mailer of the advertisement). The sweepstakes rules must include the estimated odds of winning each prize; the quantity, estimated retail value and nature of each prize; and a schedule of any payments relating to a prize to be paid over time. The mailer should not include representations that are inconsistent with the required disclosures or the sweepstakes rules. The mailer should also not include any representation to the effect that:

- A person not purchasing products or services is disqualified from future sweepstakes mailings
- A sweepstakes entry must be accompanied by an order or payment for a product or service previously ordered
- A person has won a prize unless that is true

Regardless of whether entry materials are included, a mailer that advertises a sweepstakes must clearly and conspicuously display a statement that informs an individual receiving the mailer of a notification system that allows the individual to have his or her name removed from the mailing list used by the promoter (defined as the person or entity that originates and mails the sweepstakes mailer). The statement must include an address or toll-free telephone number that the individual can use to communicate a name removal request. The promoter has 60 days after receiving such a request to remove the name from all lists used for sweepstakes.

Failure to comply with the disclosure requirements of the Deceptive Mail Prevention and Enforcement Act allows the U.S. Postal Service to not deliver the mailer and dispose of it. Significant civil monetary penalties and also injunctive relief are other possible legal consequences of a failure to comply with this federal law.

State Law Comment. Note that a number of states have laws that specifically regulate sweepstakes.

KEY REMINDERS

- Federal law prohibits schemes (lotteries) that require consumers to pay or provide other consideration to participate in a distribution of prizes to be won by chance.
- Dealer advertising that includes a sweepstakes must not be deceptive and if the advertising is by mail, it must comply with the technical disclosure requirements of the federal Deceptive Mail Prevention and Enforcement Act.

CROSS-REFERENCE

- Incentives to Visit Dealership Section (p.39)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- 18 U.S.C. §§ 1302-1304
- The Deceptive Mail Prevention and Enforcement Act, 39 U.S.C. § 3001 et seq.
- FTC Telemarketing Sales Rule, 16 C.F.R. Part 310 (prize promotion requirements)

AD EXAMPLES

- Example B (p.4)

Section 35: Telephone/Fax Advertising

GENERAL RULE

Dealer advertising in the form of telephone solicitations is significantly restricted by federal law, including the TCPA. Such advertising should be carefully reviewed for legal compliance purposes. Significant updates to rules governing consent and consent revocation took effect in April 2025. Dealer advertising in the form of an unsolicited fax is generally prohibited under federal law.

DISCUSSION

Dealer advertising in the form of telephone solicitations must comply with significant legal restrictions and requirements under federal law. This form of advertising is outside the scope of this *Driven Guide* and dealers are directed to the NADA telemarketing guide entitled "A Dealer Guide to Federal Telemarketing Restrictions" for information on this topic.

Fax Advertising. Federal law generally prohibits dealers from faxing unsolicited advertisements. This prohibition applies to advertising to be sent to both residential and business fax machines. The term "unsolicited advertisement" is defined for purposes of the TPCA to mean: “any material advertising the commercial availability or quality of any property, goods or services which is transmitted to any person without that person’s prior express invitation or permission, in writing or otherwise.”

To the extent that a dealer intends to engage in fax advertising to individuals whose permission they have obtained, the best practice is for the dealer to obtain that permission from each individual in written form with the fax number to be used identified. The content of any such advertising is subject to federal advertising laws, including the prohibition against deceptive advertising. There is a recognized exception to the prohibition of faxing unsolicited advertisements that applies when a business, such as a dealership, has an "established business relationship" with the recipient of the fax. An established business relationship means:

“a prior or existing relationship formed by a voluntary two-way communication between a person or entity and a business or residential subscriber with or without an exchange of consideration [payment] on the basis of an inquiry, application, purchase, or transaction by the business or residential subscriber regarding products or services offered by such person or entity, which relationship has not been previously terminated by either party.”

If a dealer has an established business relationship with a person, a fax advertisement may be sent if the fax number utilized is obtained in a manner consistent with one of the following approaches:

- Directly from the recipient (for example, from a credit application)
- From the recipient's own directory, advertisement or site on the Internet, unless such materials indicate that the recipient does not accept unsolicited advertisements at the fax number listed
- From a third-party source or directory if reasonable steps are taken to verify that the recipient consented to have the fax number listed

State Law Comment. Note that a number of states have laws regulating unsolicited fax advertisements.

Opt-out/Notice Requirements. If a fax advertisement is sent to a recipient with that person's prior express permission or based upon the established business relationship exception, the fax must include notice information that allows the recipient to opt out of receiving future faxes. As stated in the FCC fax advertising guide, the opt-out notice contained in fax ads must:

- be clear and conspicuous and on the first page of the advertisement
- state that the recipient may make a request to the sender not to send any future faxes and that failure to comply with the request within 30 days is unlawful
- include a telephone number, fax number, and cost-free mechanism (including a toll-free telephone number, local number for local recipients, toll-free fax number, website address or email address) to opt-out of faxes, which must be available 24 hours a day, seven days a week.

Senders must honor requests not to send further faxes within 30 days. They are also prohibited from sending future fax advertisements unless the recipient subsequently provides prior express permission.

See the FCC guide entitled "Fax Advertising: What You Need to Know" for more information.

KEY REMINDERS

- Dealer advertising generally should not be sent by fax unless the prior express written consent of the recipient has been obtained.
- Dealer advertising sent by fax must include information on how the recipient can opt out of receiving further faxes.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- 47 C.F.R. § 64.1200
- FCC Guide "Fax Advertising: What You Need to Know"

Section 36: Trade-In/Payoff Advertising

GENERAL RULE

Dealer advertising that includes representations relating to trade-in vehicles is subject to federal law prohibiting deceptive advertising. The FTC has actively pursued enforcement actions against auto dealers for deceptive trade-in and negative equity representations, with significant settlements reached in 2024 and 2025.

DISCUSSION

Dealer advertising (in any medium) that makes representations relating to trade-in vehicles must be truthful and not misleading. Dealer advertising that includes specific trade-in offers (for example, "We will give you $1,000 for any trade-in, push, pull, or tow it in" or "We will give you $1,000 over wholesale book") that involve potential over-allowance situations are susceptible to claims of deceptive practices. Certainly, any material conditions and restrictions that apply to such offers

must be clearly and conspicuously disclosed (for example, the vehicle mileage and condition criteria that must be met and that a vehicle inspection is required). The FTC has emphasized that "clear and conspicuous" disclosures must be understandable to ordinary consumers and cannot be buried in fine print or legalese. A representation that a dealer will pay "top dollar" for trade-in vehicles or other general statements of that nature should not pose advertising law compliance problems, but consult with your legal counsel concerning the legality of the actual statements that you intend to make.

State Law Comment. Some states have laws that specifically regulate dealer advertising relating to trade-in vehicle offers. At least one state law prohibits a dealer from advertising a guaranteed trade-in allowance. Additionally, state attorneys general have been active in pursuing enforcement actions against deceptive auto dealer practices, often in coordination with the FTC, with notable settlements reached in Arizona, Illinois, and Maryland in 2024, 2025, and 2026.

Representations included in dealer advertising relating to the handling of trade-in or lease payoffs should be carefully reviewed to confirm they are not misleading. Based on FTC enforcement actions, a representation to the effect that a dealer will pay off a consumer's trade-in vehicle no matter how much is owed should not be made in dealer advertising. Such representations are considered deceptive because they imply that consumers will no longer be responsible for any negative equity, when in fact that negative equity is typically rolled into the consumer's new vehicle financing or required to be paid out of pocket. See the FTC publication entitled "Auto Trade-ins and Negative Equity" for more information on this topic. Dealers should also not include representations regarding lease terminations (for example, "We handle early lease terminations without fees or penalties") unless they are true and not misleading.

FTC Enforcement. In March 2012, the FTC announced enforcement actions against five dealers on the basis of advertising that basically represented, "We will pay off your trade no matter how much you owe." The FTC asserted that this representation was false and misleading because it implied that a consumer would no longer be responsible for the credit balance due on a trade-in vehicle, when in fact any negative equity associated with the trade-in was added by the dealers to the credit balance owed by the consumer for the new vehicle being purchased or, in one instance, was required to be paid by the consumer out-of-pocket. More recently, in December 2024, the FTC and Illinois Attorney General announced an action against a dealership for allegedly deceptive advertising and sales practices, including misrepresentations about vehicle pricing and unauthorized add-on charges. In April 2026, the FTC and Maryland Attorney General settled a lawsuit for similar deceptive advertising practices.

KEY REMINDERS

- Dealer advertising that includes vehicle trade-in offers should be carefully reviewed to confirm that any representations made are truthful and not misleading.
- Dealer advertising should not include a representation to the effect that the dealer will pay off a consumer's trade-in vehicle no matter what the consumer owes.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- March 14, 2012 FTC News Release: "FTC Takes Action to Stop Deceptive Car Dealership Ads"
- FTC Publication: "Auto Trade-ins and Negative Equity"
- FTC Press Release dated August 15, 2024: re: Coulter Motor Company
- FTC Press Release dated December 19, 2024: re: Leader Automotive Group
- FTC Press Release dated April 2, 2026: re: Lindsay Auto Group

AD EXAMPLES

- Example A (p.3)

Section 37: Truth in Advertising

GENERAL RULE

Federal law requires dealer advertising to be truthful and not misleading. Such advertising must also not be unfair and dealers must have reasonable substantiation for any claims made. The FTC has intensified its enforcement of truthful advertising requirements against auto dealers, with recent settlements in 2024 and 2025, and warning letters to 97 dealer groups in March 2026.

DISCUSSION

Under Section 5 of the FTC Act, unfair or deceptive acts or practices that affect commerce are prohibited. This federal statute therefore prohibits deceptive advertising communicated by television, radio, newspaper, magazine, Internet, social media, direct mail, billboards, banners, flyers, telephone, or any other advertising medium. The FTC has also made clear that oral representations are considered advertising. This statute further prohibits advertising that is unfair. This basically means that the advertising is likely to cause consumers substantial injury that they cannot reasonably avoid and the injury is not outweighed by other benefits. Dealers must be aware that the definition of "advertising" under federal law is quite broad and should be considered to include any message to the public to promote a product or service. (See the Advertising Definition Section for a discussion of this topic.)

Deceptive Advertising. To avoid being misleading, dealer advertising must not imply something that is untrue or leave out important ("material") information regarding a claim or offer. A separate disclosure of information cannot cure a false representation in an advertisement, and such information should also not contradict a material representation included in the advertisement. The FTC evaluates advertising based on its "net impression" (i.e., the overall meaning a reasonable consumer would take from the ad as a whole, including all text, images, formatting, and context.) To determine whether an advertisement is deceptive, dealers should consider the following questions:

- What is the net impression of the advertisement? Does it pass the "smell test"?
- Is a consumer acting reasonably likely to be misled by the advertisement?
- Is there an omission of information or a failure to disclose clearly and conspicuously information that is likely to affect a consumer's decision (for example, information relating to credit, lease or price offers)?
- Is there reasonable substantiation for any claims that are made in the advertisement? Under FTC policy, advertisers must possess a "reasonable basis" for objective claims before disseminating advertising, and health or safety claims require "competent and reliable scientific evidence."

One example of misleading dealer advertising is a vehicle lease offer that promotes "$0 Down," but requires a consumer to pay significant undisclosed charges at lease signing. Another example is an offer of a low monthly payment that does not disclose that the transaction is a lease. The FTC has also targeted advertising that promotes low prices but requires consumers to purchase add-on products not included in the advertised price, or advertising that conditions prices on the use of dealer financing. See the FTC publications entitled "Advertising and Marketing on the Internet: Rules of the Road," and "Advertising FAQ's: A Guide for Small Business" for more information on deceptive advertising. Dealers should be aware that an advertisement may be considered deceptive even if there is no deceptive intent on the part of the dealer and even if no consumer has relied upon the advertisement to his or her injury. Note also that the fact that other dealers engage in similar advertising practices does not insulate a dealer from claims that an advertisement is deceptive.

Puffing. Certain types of advertising claims that are either vague or highly subjective (for example, "the best-looking vehicle on the market") have been considered "puffing" by numerous federal courts and found not to violate applicable advertising laws. In coming to this conclusion, the courts have determined that consumers do not rely upon and are

not induced to act (i.e., make a purchase) on the basis of such general claims.

State Law Comment. Most states have laws that either specifically or generally (for example, statutes that prohibit unfair and deceptive acts and practices) require dealer advertising to be truthful and not misleading. Consistent with this principle, a number of states have laws that require that a dealership be identified in its advertising.

FTC Enforcement. The FTC has pursued numerous enforcement actions against dealers for advertising that is not truthful or misleading. Recent significant actions include: 1) In December 2024, the FTC and Illinois Attorney General announced a $20 million settlement for allegedly deceptive advertising practices, including misrepresentations about vehicle pricing and unauthorized add-on charges; 2) In August 2024, the FTC and Arizona Attorney General announced a $2.6 million settlement for allegedly deceptive online advertising; 3) In April 2026, the FTC and Maryland Attorney General settled a lawsuit requiring clear and conspicuous disclosure of the total vehicle price and prohibiting specific misrepresentations. Additionally, in March 2026, the FTC sent warning letters to 97 auto dealer groups about deceptive pricing practices, emphasizing that advertised prices must reflect the total price consumers will pay, including all mandatory dealer-imposed fees.

KEY REMINDERS

- Dealer advertising must be truthful and not misleading or unfair. The FTC evaluates advertising based on the "net impression" conveyed to reasonable consumers.
- Dealers must have reasonable substantiation for claims included in their advertising before disseminating the advertising. Objective claims require a "reasonable basis," and health or safety claims require "competent and reliable scientific evidence."

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Blog dated January 9, 2014: "Deceptive Car Ads Can Spin Your Wheels"
- FTC Policy Statement on Deception, appended to Cliffdale Associates, Inc., 103 F.T.C. 110, 174 (1984)
- FTC Policy Statement on Unfairness, appended to International Harvester Co., 104 F.T.C. 949, 1070 (1984)
- Cook, Perkiss and Liehe, Inc. v. Northern California Collection Service, 911F.2d 242 (9th Cir. 1990)
- FTC Publication: "Advertising and Marketing on the Internet: Rules of the Road"
- FTC Publication: "Advertising FAQ's: A Guide for Small Business"
- FTC Press Released dated March 13, 2026: "FTC Warns 97 Auto Dealership Groups About Deceptive Pricing"

CROSS-REFERENCES

- Advertising Definition Section
- Clear and Conspicuous Disclosures Section

AD EXAMPLES

- Example A (p.3)
- Example B (p.4)
- Example D (p.6)
- Example E (p.7)
- Example G (p.9)

Section 38: Used Car Buyers Guide

GENERAL RULE

Federal law requires that before a dealer offers a used vehicle for sale to a consumer, a form known as a "buyers guide" must be displayed prominently and conspicuously on the vehicle. The FTC Used Car Rule, in effect since 1985, establishes specific requirements for this disclosure. Violations of the rule can result in civil penalties of up to $53,088 per violation (as adjusted for inflation in 2025).

DISCUSSION

Dealers are required by the FTC's Used Car Rule to prominently display a Buyers Guide form on a used vehicle before it is offered for sale to a consumer. This form is designed to provide important information to a consumer regarding the purchase of the vehicle, including any warranty coverage (or lack thereof), service contract availability, and consumer protections. The Buyers Guide must disclose whether the vehicle is sold "as is" (without warranty) or with a warranty, if a warranty is offered, and must specify the duration and coverage. Current Buyers Guide forms also include consumer advice to obtain a vehicle history report and check for open safety recalls. If a dealer conducts used-car sales transactions in Spanish, a Spanish-language translation of the Buyers Guide must be posted on a vehicle before any sale efforts begin and, if a sale occurs, the sales contract must contain a conspicuous cross-reference to the Buyers Guide and that cross-reference must appear in Spanish. (The FTC Used Car Rule specifies the Spanish language that must be used for this purpose.)

The specific requirements set forth in the FTC's Used Car Rule regarding the content of the Buyers Guide form are technical in nature. The FTC's publication entitled "Dealer's Guide to the Used Car Rule" and the NADA *Driven Guide* entitled "A Dealer Guide to the FTC Used Car Rule" are valuable sources of information for dealers on properly completing and displaying the Buyers Guide form.

KEY REMINDER

- A dealer must prominently and conspicuously display a Buyers Guide form on a used vehicle prior to offering it for sale to a consumer.

REFERENCE MATERIALS

- FTC Used Motor Vehicle Trade Regulation Rule, 16 C.F.R. Part 455
- FTC Blog dated March 14, 2014: "FTC to Used Car Dealers: Play by the Rules or Pay the Price"
- FTC Publication entitled: "Dealer's Guide to the Used Car Rule"

Section 39: Vehicle Description/Identification

GENERAL RULE

Dealer advertising that includes vehicle descriptions or other identifying information is subject to federal law prohibiting deceptive advertising. The FTC has identified advertising unavailable or nonexistent vehicles as a specific violation in its March 2026 warning letters to auto dealers.

DISCUSSION

Under federal law, dealer advertising (in any medium) that describes a vehicle in terms of make, model, model year, VIN, license number, equipment, and trim level, must be truthful and not misleading. This information must be accurately communicated in the advertising to identify what vehicles are actually available at the advertised sale or lease terms. This allows consumers to effectively comparison shop and make informed buying or leasing decisions. Importantly, dealers should only advertise vehicles that are actually available for purchase.

Advertising "unavailable or non-existent vehicles" has been identified by the FTC as a deceptive practice. Dealers should establish procedures to promptly remove listings for sold vehicles. Advertisements involving unavailable vehicles must provide consumers with a reasonable expectation of when the vehicle will be available—for example, vehicles that are in-transit. The FTC could provide more information on this issue in forthcoming guidance.

State Law Comment. A number of states have laws that require dealers to identify vehicles advertised for sale in a specific manner (for example, by VIN or license number; some states allow stock numbers to be used). Pursuant to federal law, the last characters (typically the last six) of a VIN that is assigned to a vehicle by a manufacturer are enough to identify a specific vehicle. Several states have laws that require that the model year of a vehicle be included in a vehicle's description if the vehicle's price is advertised. State attorneys general have also pursued enforcement actions against dealers for advertising unavailable vehicles. For example, in March 2025, the Alaska Department of Law announced an $800,000 settlement with a dealer group for allegedly advertising unavailable models.

Vehicle Pictures. Dealers should use pictures or other illustrations in their advertising that are accurate depictions of the featured vehicles, especially when a sale price or lease offer is included in the advertising. Pictures showing additional equipment or upgraded wheels not on a vehicle being advertised at a specific sale or lease offer should be avoided.

State Law Comment. Several states have laws that specifically prohibit dealers from using vehicle pictures that show equipment that is not offered at the advertised price.

KEY REMINDER

- For dealer advertising purposes, vehicle pictures and other descriptive information—including make, model, year, VIN, license number, equipment, and trim level—must be accurate.

CROSS-REFERENCES

- Truth in Advertising Section (p.66)
- Vehicle History Section (p.69)
- New/Used/Demonstrator Descriptions Section (p.47)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- National Highway Traffic Safety Administration Vehicle Identification Number (VIN) Requirements, 49 C.F.R. Part 565

AD EXAMPLES

- Example B (p.4)

Section 40: Vehicle History

GENERAL RULE

Dealer advertising that includes representations as to a vehicle's history is subject to federal law prohibiting deceptive advertising. The FTC has specifically targeted dealers who misrepresent vehicle history, including concealing accident damage, food damage, or prior use.

DISCUSSION

Dealer advertising (in any medium) that includes representations about a vehicle's prior history must be truthful and not misleading. Representations made regarding a used vehicle relating to such matters as ownership (for example, one prior owner), condition of the vehicle (for example, the odometer reading and that a vehicle is accident-free), title brands (for example, salvage, rebuilt, flood, or junk), and prior use (for example, a demonstrator, former rental, or prior taxicab) must be accurate. Common vehicle history fraud schemes that dealers must avoid include: 1) title washing (concealing a vehicle's brand history by transferring title through states with less stringent branding requirements); 2) odometer rollback (illegally altering the odometer to make a vehicle appear to have lower mileage);

and 3) failing to disclose prior flood, accident, or structural damage. If a third-party vehicle history report is provided by a dealership to consumers, it is a good practice to clearly disclose in writing that such a report is provided for information purposes only, without any representation by the dealership as to the accuracy of the report. Dealers should be aware that vehicle history reports may not contain complete information and should independently verify vehicle history when material representations are made.

State Law Comment. A number of states have laws that regulate dealer advertising that includes representations as to a vehicle's history. Many states require dealers to disclose "branded" titles (such as salvage, rebuilt, flood, or junk designations) and failure to do so may violate state consumer protection laws. Some state laws specifically require that dealers clearly and conspicuously disclose that an advertised vehicle has a prior use or status (for example, prior use as a taxicab, prior rental vehicle, publicly owned, or salvage vehicle).

KEY REMINDER

- Representations made in dealer advertising regarding a vehicle's prior history must be accurate.

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45

Section 41: Warranty Advertising

GENERAL RULE

Dealer advertising that represents that a vehicle or other consumer product has a warranty is subject to federal law prohibiting misleading advertising. Federal law also requires the disclosure that prior to sale, the prospective purchaser can see the written warranty for complete coverage details.

DISCUSSION

Dealer advertising (in any medium) that includes representations that expressly state or imply that vehicles or other consumer products have a warranty must be truthful and not misleading. To provide guidance to advertisers, including dealers, regarding this type of advertising, the FTC developed "Guides for the Advertising of Warranties and Guarantees." These guides provide that a warranty should be advertised only if the seller or manufacturer, as applicable, "promptly and fully performs its obligations under the warranty or guarantee." The FTC Guides also cover satisfaction guarantees. (See the Satisfaction Guarantees Section for a discussion of this topic.)

The FTC Guides provide that any advertisement of a written warranty on a consumer product should disclose that the prospective purchaser can see the warranty at the seller's place of business for complete warranty details prior to any sale. This disclosure should be made in a manner that will be noticed and understood. For purposes of television advertising, such a disclosure is acceptable to the FTC if it is made "simultaneously with or immediately following the warranty claim and the disclosure is made in the audio portion or, if in the video portion, it remains on the screen for at least five seconds." Examples of how this disclosure may be made in both print and broadcast advertising are included in the guides. For purposes of dealer advertising, the wording, "See dealer for copy of limited warranty" should be an acceptable disclosure. Note that the federal law (the Magnuson-Moss Act) and the FTC Rules that implement that Act) that regulates warranties on consumer products requires that a written warranty be designated as either "full" or "limited." Typically new-vehicle warranties from a manufacturer or used-vehicle warranties from a dealer are designated as "limited" because they are not comprehensive enough to be a "full" warranty under federal law. It should be further noted that under federal law, a dealership must

prominently post signs to advise prospective buyers of vehicles and other products of the availability of warranties on request. See the FTC publication entitled "Businessperson's Guide to Federal Warranty Law" for information on federal warranty law.

Service Contracts vs. Warranties. Dealers should ensure that advertising distinguishes between manufacturer warranties and optional service contracts. Service contracts are separate products that consumers may purchase, while warranties come with the product at no additional charge. The FTC has taken enforcement action against companies for deceptive advertising of vehicle service contracts, including CarShield (December 2025, $9.6 million in consumer refunds) and American Vehicle Protection Corp. (October 2024, $449,000 in refunds). Advertising service contracts must not imply that consumers are required to purchase such coverage to maintain their warranty.

To the extent that a dealer advertisement represents the duration of a warranty to be for a "lifetime" or words to that effect, the FTC Guides provide that the advertisement should clearly disclose the applicable lifetime. An example in the FTC Guides regarding an automobile muffler advertised with a lifetime guarantee that is measured by the life of the vehicle in which it is installed, indicates the following disclosure would be acceptable: "Our lifetime guarantee on the Whisper Muffler protects you for as long as your car runs—even if you sell it, trade it, or give it away!" Another FTC example relating to a battery advertised with a lifetime warranty that lasts for as long as the original purchaser owns a vehicle, indicates an acceptable disclosure would be, "Our battery is backed by our lifetime guarantee. Good for as long as you own the car!"

KEY REMINDER

- Dealer advertising that includes a representation that a vehicle or other consumer product has a warranty must be truthful and not misleading and should include a disclosure basically stating, "See dealer for copy of limited warranty."

CROSS-REFERENCE

- Satisfaction Guarantees Section (p.56)

REFERENCE MATERIALS

- Section 5 of the FTC Act, 15 U.S.C. § 45
- FTC Guides For the Advertising of Warranties and Guarantees, 16 C.F.R. Part 239
- Magnuson-Moss Warranty Act, 15 U.S.C. § 2301 et seq.
- FTC Rule on Pre-Sale Availability of Written Warranty Terms, 16 C.F.R. Part 702
- FTC Publication: "Businessperson's Guide to Federal Warranty Law"
- FTC Press Release dated December 18, 2025: "FTC Sends More Than $9.6 Million to Consumers Who Bought Deceptively Advertised Vehicle Service Contracts"
- FTC Consumer Advice: "Auto Warranties and Auto Service Contracts"

AD EXAMPLES

- Example C (p.5)

Example Advertising Checklist

Consult with legal counsel to ensure the checklist you adopt lists all relevant federal, state and local advertising considerations.

Claims/Representations *(check each box when task is completed or note N/A if not applicable)*	
	Confirm any claim or representation is accurate, current, and not misleading.
	Confirm there is reasonable substantiation for any claims made (for example, vehicle comparison or environmental claims).
	Confirm that any required disclosures or other important qualifying statements are made in a reasonably understandable manner (the clear and conspicuous standard).
	If a vehicle former price comparison is made, confirm it is based upon a legitimate price previously offered to the public for a reasonably substantial period of time.
	If an endorsement is included, confirm any material connection with dealership (for example, that consideration was paid to the endorser), is disclosed.
	If a fuel economy claim is included, confirm the appropriate EPA-estimated mpg disclosure is made.
	If a reference to a warranty is included, confirm that it is properly described as "full" or "limited" and that the required disclaimer giving notice that the warranty is available for inspection is made (for example, “See dealer for copy of limited warranty”).
	If a savings or discount claim is made, confirm any material conditions and restrictions are disclosed.
	If a satisfaction guarantee is included, confirm the applicable material conditions and limitations are disclosed.
	Confirm that no representation is made to the effect, “We will pay off your trade no matter what you owe.”

Purchase/Lease Offers *(check each box when task is completed or note N/A if not applicable)*	
	Regarding an advertised price, confirm the most prominent amount advertised is the total amount a buyer will need to pay for a vehicle, excluding government-imposed fees.
	Any discount not available to all consumers is not deducted from the most prominent advertised price.
Regarding any purchase or lease offers relating to a specific vehicle, confirm the following:	
	• That the vehicle is accurately described in terms of model and model year
	• That any vehicle images or pictures used accurately depict the vehicle that is the subject of the offer
	• That if the vehicle is not new, it is described as used or pre-owned.
	• That the vehicle is identified by the last six numbers of the VIN
	• That an expiration date for the offer is disclosed
	• That any material historical information pertaining to the vehicle (for example, taxicab, prior rental or demonstrator status) is disclosed
	• That if the supply of advertised vehicles does not meet the reasonably expected demand, the number of available vehicles is disclosed

Example Advertising Checklist (cont'd)

Consult with legal counsel to ensure the checklist you adopt lists all relevant federal, state and local advertising considerations.

Purchase/Lease Offers *continued* *(check each box when task is completed or note N/A if not applicable)*	
Regarding credit offers for vehicle purchases:	
	Confirm Reg. Z compliance when a trigger term (the amount or percentage of down payment; the number of payments or period of repayment; the amount of any payment or the amount of any finance charge) is present. Ensure the following are clearly and conspicuously disclosed:
	• The down payment amount or percentage
	• The terms of repayment (including any balloon payment)
	• The annual percentage rate (described as an "annual percentage rate" or "APR")
	Confirm the disclosure of any material conditions and restrictions (for example, an "on approved credit" requirement and applicable expiration date).
	If a "preapproved" credit offer is made, confirm all requirements are met, including the required opt-out notices.
Regarding vehicle lease offers:	
	Confirm Reg. M compliance when a trigger term (the amount of any payment or statement of any capitalized cost reduction or other payment or that no payment is required prior to or at lease signing) is present. Ensure the following are clearly and conspicuously disclosed:
	• That the transaction is a lease
	• The total amount due at lease signing
	• The number, amounts and due dates or periods of scheduled payments
	• Whether a security deposit is required
	Confirm the disclosure of any material conditions and restrictions (for example, an "on approved credit" requirement, an applicable expiration date, and mileage limits and the excess mileage penalty), and the amounts of any third-party fees (for example tax, title and license fees) not included in the amount due at lease signing.
	Confirm that any specific reference to a portion of the amount due (or not due—for example, "Zero Security Deposit") at lease inception (except for a periodic payment) is not more prominent than the disclosure of the total amount due at lease inception.
	Regarding manufacturer rebates, confirm that any material conditions and restrictions are disclosed, including any qualifications that a consumer must meet to receive the rebate and any expiration date.

Example Advertising Checklist (cont'd)

Consult with legal counsel to ensure the checklist you adopt lists all relevant federal, state and local advertising considerations.

Promotional Offers *(check each box when task is completed or note N/A if not applicable)*	
	If any test drive, gift giveaway, coupon, sweepstakes or other offer of this type is included, confirm that the important terms and conditions that apply are disclosed.
Confirm that none of the following offers are included:	
	• Free goods or services that are contingent on the purchase of a vehicle
	• A sweepstakes contest that requires a vehicle purchase as a condition to enter and win

State and Local Advertising Requirements *(check each box when task is completed or note N/A if not applicable)*	
(List additional state and local requirements.)	

ACKNOWLEDGMENTS

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