SALES AND F&I COMPLIANCE CHECKLIST

The FTC, state regulators, and plaintiffs' attorneys have never been more active to penalize dealers. A dealer must have in place a regular process for reviewing compliance with legal requirements and best practices.

- ☐ There is a manager with the obligation to oversee compliance with sales and F&I law and best practices and authority to enforce company policy
- ☐ We comply with the FTC Used Car Rule by having a completed buyers guide on all used vehicles for sale, new vehicle demonstrators, and new vehicles driven more than moving or road testing before delivery to a consumer (use as a rule of thumb 100 or more miles on the odometer)
- ☐ We comply with federal and state advertising requirements (use an advertising compliance checklist)
    - o We advertise vehicles at prices and terms for which we intend to sell them
    - o Advertised price includes processing fee (doc fees) and any add-ons to the vehicle and excludes any conditional rebates
    - o Store personnel engaged in advertising and advertising agency personnel are trained in the applicable laws
    - o We comply with federal and state restrictions on telemarketing using phone calls, and emails
    - o We do not permit solicitations by fax
    - o We have a policy on use of social media by sales and F&I personnel that requires all communications to be through the dealer's communication system
- ☐ We comply with the Privacy Rule by delivering to the customer a privacy notice under required circumstances
- ☐ It is a best practice to run a credit report on a customer only if specifically authorized in writing, and we follow a policy of accessing a credit report only if we have the consumer's authorization by signature or by approval through our secure web portal
- ☐ We comply with the Red Flags Rule on each consumer for which it is required
- ☐ We comply with the Risk Based Pricing Rule on each consumer for which it is required
- ☐ Our F&I personnel are trained in complying with the Truth in Lending Act/Consumer Leasing Act, and they comply in each transaction when required
- ☐ We have a Fair Credit Policy in which each transaction starts with the same spread over buy rate, and we deviate downward only for specified, non-discriminatory reasons
    - o We regularly audit deals to be sure personnel are complying with our Fair Credit Policy
- ☐ Only the consumer is signing, checking or attesting to the documents to be signed by the consumer and those are the only documents sent to lending sources. Personnel shall not be signing anything on behalf of the consumers, including electronic signatures and/or check boxes.
- ☐ All products added to a vehicle are fully explained and provide value
- ☐ Unless a product is added to a vehicle and its price included in the advertised/asking price of the vehicle by additional dealer markup sticker and in advertising, its purchase is voluntary (voluntary protection product or VPP)
- ☐ We have a policy of uniform pricing of VPPs from which F&I personnel may deviate downward only for specified, non-discriminatory reasons
    - o We regularly audit deals to be sure personnel are complying with our VPP Policy
- ☐ The only fees that we add to deals are those specifically permitted by state law and those are in the advertised price
- ☐ The only fees that we charge that are not added to the advertised price are the pass-through government fees (i.e., tag, title and taxes)
- ☐ All deal document forms are reviewed regularly by legal counsel for legal and best practices compliance
- ☐ We use a deal completion checklist to be sure that all necessary documents are completed in each transaction
    - o We regularly review compliance using a cash reporting checklist
- ☐ We review deals after completion to check completion of necessary forms
- ☐ We have a policy of compliance with Cash Reporting Requirements, and we comply in each applicable deal
- ☐ Only reviews from actual customers who are NOT relatives of owners or employees are used in advertising
    - o The likeness of a customer is used only with a release
- ☐ We comply with the FTC Safeguards Rule to protect NPPI of consumers and customers
- ☐ We have a complaint handling policy that requires a manager to oversee opening and closing of the complaint
- ☐ We have a document retention policy in compliance with federal and state laws