

Introduced by Senator Allen

February 21, 2025

An act to add Title 1.5B (commencing with Section 1784.20) to Part 4 of Division 3 of, and to repeal Section 2982.2 of, the Civil Code, to amend Section 6012.3 of the Revenue and Taxation Code, and to amend Section 24020 of, to repeal Section 11713.21 of, and to repeal and add Section 11709.2 of, the Vehicle Code, relating to civil law.

LEGISLATIVE COUNSEL'S DIGEST

SB 766, as introduced, Allen. California Combating Auto Retail Scams (CARS) Act.

Existing law governs motor vehicle conditional sale contracts, as defined, and requires a seller, prior to the execution of a conditional sale contract, to make certain disclosures to the buyer, including a description and the price of each item sold if the contract includes a charge for the item, and the sum of all of those charges.

This bill would repeal those disclosure requirements.

Existing law prohibits a dealer from selling a used vehicle, as defined, that is subject to registration, at retail to an individual for personal, family, or household use without offering the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. Existing law sets forth certain requirements for the contract cancellation option agreement, including prescribing the purchase price for the contract cancellation option and requiring specified disclosures.

This bill would repeal those provisions relating to a contract cancellation option agreement.

This bill would enact the California Combating Auto Retail Scams (CARS) Act. The bill would make it a violation of the act for a dealer

to make any misrepresentation regarding material information about specified matters relating to the vehicle sale, including the costs or terms of purchasing, financing, or leasing a vehicle, the availability of vehicles at an advertised price, and the remedy available if a dealer fails to sell or lease a vehicle at the offering price. The bill would also make it a violation of the act for a dealer to fail to make certain disclosures clear and conspicuous, including specified information relating to the offering price and any add-on product or services. The bill would make it a violation of the act for a dealer, in connection with the sale or financing of a vehicle, to charge for certain items, including an add-on product or service if the vehicle purchaser or lessee would not benefit from the add-on product or service. The bill would prohibit a dealer from selling or leasing a used vehicle without providing the purchaser or lessee a 10 day right to cancel the purchase or lease, as provided. The bill would require a dealer to create and retain, for a period of 7 years from the date the record is created, all records necessary to demonstrate compliance with the act, including specified records.

The bill would make related conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Title 1.5B (commencing with Section 1784.20)
2 is added to Part 4 of Division 3 of the Civil Code, to read:

3
4 TITLE 1.5B. CALIFORNIA COMBATING AUTO RETAIL
5 SCAMS (CARS) ACT

6
7 CHAPTER 1. GENERAL PROVISIONS
8

9 1784.20. This title shall be known, and may be cited as, the
10 California Combating Auto Retail Scams (CARS) Act.

11 1784.21. Any waiver by a consumer of the provisions of this
12 title is contrary to public policy and is unenforceable and void.

13 1784.22. The provisions of this title are not exclusive. The
14 remedies provided in this title for a violation of this title or for
15 conduct proscribed by this title shall be in addition to any other
16 remedies available under other law. This title does not limit or

1 alter the remedies and liabilities set forth in other laws that may
2 apply.

3 1784.23. If any provision of this title or the application of this
4 title to any person or circumstance is held to be unconstitutional
5 or otherwise deemed to be invalid, the remainder of the title and
6 the application of the provision to other persons or circumstances
7 shall not be affected.

8
9 CHAPTER 2. CONSTRUCTION AND DEFINITIONS

10
11 1784.30. (a) This title shall be liberally construed and applied
12 to promote its underlying purposes, which are to protect purchasers
13 and lessees of new or used motor vehicles against unfair and
14 deceptive business practices and to provide efficient and
15 economical procedures to secure that protection.

16 (b) The failure of a dealer to comply with this title shall be
17 considered an unfair method of competition and an unfair or
18 deceptive act or practice under subdivision (a) of Section 1770.
19 Moreover, a violation of this section is actionable under the
20 Consumers Legal Remedies Act (Title 1.5 (commencing with
21 Section 1750)), the Unfair Competition Law (Chapter 5
22 (commencing with Section 17200) of Part 2 of Division 7 of the
23 Business and Professions Code), Section 17500 of the Business
24 and Professions Code, or any other applicable state or federal law.

25 1784.4.31. The following definitions apply for purposes of this
26 chapter:

27 (a) “Add-on” or “add-on product or service” means any product
28 or service not provided to the purchaser or lessee or installed on
29 the vehicle by the vehicle manufacturer and for which the dealer,
30 directly or indirectly, charges a purchaser or lessee in connection
31 with a vehicle sale, lease, or financing transaction.

32 (b) “Clear and conspicuous” or “clearly and conspicuously”
33 means in a manner that is difficult to miss and easily
34 understandable, including in all of the following ways:

35 (1) In any communication that is solely visual or solely audible,
36 the disclosure shall be made through the same means through
37 which the communication is presented. In any communication
38 made through both visual and audible means, including a television
39 advertisement or video, the disclosure shall be presented
40 simultaneously in both the visual and audible portions of the

1 communication even if the representation requiring the disclosure
2 is made through only one means.

3 (2) A visual disclosure, by its size, contrast, location, the length
4 of time it appears, and other characteristics, shall stand out from
5 any accompanying text or other visual elements so that it is easily
6 noticed, read, and understood.

7 (3) An audible disclosure, including by telephone or streaming
8 video, shall be delivered in a volume, speed, and cadence sufficient
9 for ordinary consumers to easily hear and understand it.

10 (4) In any communication using an interactive electronic
11 medium, including the internet or software, the disclosure shall be
12 unavoidable.

13 (5) The disclosure shall use diction and syntax understandable
14 to ordinary consumers and shall be provided in each language in
15 which the representation that requires the disclosure appears.

16 (6) The disclosure shall comply with these requirements in each
17 medium through which it is received.

18 (7) The disclosure shall not be contradicted or mitigated by, or
19 inconsistent with, anything else in the communication.

20 (c) “Dealer” means a licensed California motor vehicle dealer
21 or a dealer as defined in Section 285 of the Vehicle Code.

22 (d) (1) “Express, informed consent” means an affirmative act
23 communicating unambiguous assent to be charged, made after
24 receiving, and in close proximity to, a clear and conspicuous
25 disclosure, in writing. The disclosure shall also be made orally for
26 in-person transactions. The disclosure shall state what the charge
27 is for, the amount of the charge, including, if the charge is for a
28 product or service, and all fees and costs to be charged to the
29 consumer over the period of repayment with and without the
30 product or service.

31 (2) The following actions fail to constitute express, informed
32 consent:

33 (A) A signed or initialed document, by itself.

34 (B) Prechecked boxes.

35 (C) An agreement obtained through any practice designed or
36 manipulated with the substantial effect of subverting or impairing
37 the car buyer or lessee’s autonomy, decisionmaking, or choice.

38 (e) “GAP agreement” means an agreement for either of the
39 following:

(1) To indemnify a vehicle purchaser or lessee for the difference between the actual cash value of the vehicle in the event of an unrecovered theft or total loss and the amount owed on the vehicle pursuant to the terms of a loan, lease agreement, or installment sales contract used to purchase or lease the vehicle.

(2) To waive the unpaid difference between money received from the purchaser's or lessee's vehicle insurer and some or all of the amount owed on the vehicle at the time of the unrecovered theft or total loss, including products or services titled "guaranteed automobile protection agreement," "guaranteed asset protection agreement," "GAP insurance," or "GAP waiver."

(f) "Government charges" means all fees or charges imposed by a federal, state, or local governmental agency, unit, or department, including taxes, license and registration costs, inspection, or certification costs, and any other similar fees or charges.

(g) "Material" or "materially" means likely to affect a person's choice of, or conduct regarding, goods or services.

(h) "Motor vehicle" or "vehicle" means a motor vehicle as defined by Section 415 of the Vehicle Code.

(i) "Offering price" means the full cash price for which a dealer will sell or finance the vehicle to any consumer, provided that the dealer may exclude only required governmental charges.

(j) "Service contract" includes products that provide consumers with some type of benefit or payment for repair, maintenance, or service on the vehicle purchased or leased.

(k) "Used motor vehicle" or "used vehicle" means the a used vehicle as defined in Section 665 of the Vehicle Code.

CHAPTER 3. PROHIBITED CONDUCT AND CONSUMER RIGHTS

1784.40. (a) It is a violation of this title for any dealer to make any misrepresentation, expressly or by implication, regarding material information about any of the following:

(b) The costs or terms of purchasing, financing, or leasing a vehicle.

(c) Any costs, limitation, benefit, or any other aspect of an add-on product or service.

(d) Whether the terms are, or transaction is, for a purchase or a lease.

1 (e) The availability of any rebates or discounts that are factored
2 into the advertised price but are not available to all car buyers or
3 lessees.

4 (f) The availability of vehicles at an advertised price.

5 (g) Whether any consumer has been or will be preapproved or
6 guaranteed for any product, service, or term.

7 (h) Information on or about a consumer's application for
8 financing.

9 (i) The time at which the transaction is final or binding on all
10 parties.

11 (j) Whether the dealer will keep cash downpayments or trade-in
12 vehicles, charge fees, or initiate legal process, or any action if a
13 transaction is not finalized or if the consumer does not go forward
14 with the transaction.

15 (k) Whether, and if so, when, a dealer will pay off some or all
16 of the financing or a lease on a consumer's trade-in vehicle, and
17 what happens if a dealer fails to pay off the trade-in vehicle within
18 the time period required by Section 11709.4 of the Vehicle Code.

19 (l) The remedy available if a dealer fails to sell or lease a vehicle
20 at the offering price.

21 (m) Whether the dealer or any of the dealer's personnel or
22 products or services is or was affiliated with, endorsed or approved
23 by, or otherwise associated with the United States government or
24 any federal, state, or local governmental agency, unit, or
25 department, including the United States Department of Defense
26 or its military departments.

27 (n) Whether, or under what circumstances, a vehicle may be
28 repossessed.

29 (o) Whether, or under what circumstances, a vehicle may be
30 moved, including across state lines or out of the country.

31 (p) Any of the required disclosures identified in this title.

32 1784.41. It is a violation of this title for any dealer to fail to
33 make any disclosure required by this section, clearly and
34 conspicuously.

35 (a) In connection with the sale or financing of a vehicle, a
36 vehicle's offering price shall be disclosed as follows:

37 (1) In any advertisement that references, expressly or by
38 implication, a specific vehicle for sale.

1 (2) In any advertisement that represents, expressly or by
2 implication, any monetary amount or financing term for any
3 vehicle.

4 (3) In any communication with a consumer that includes a
5 reference, expressly or by implication, regarding a specific vehicle
6 for sale, or any monetary amount or financing term for any vehicle.

7 With respect to these communications both of the following apply:

8 (A) The offering price for the vehicle shall be disclosed in the
9 dealer's first response regarding that specific vehicle to the
10 consumer.

11 (B) If the communication or response is in writing, the offering
12 price shall be disclosed in writing.

13 (b) When making any representation, expressly or by
14 implication, directly or indirectly, about an add-on product or
15 service, the dealer shall disclose that the add-on is not required
16 and the consumer can purchase or lease the vehicle without the
17 add-on. This disclosure shall be in writing and shall be clear and
18 conspicuous, and in the same language in which the contract was
19 negotiated.

20 (c) (1) When making any representation, expressly or by
21 implication, directly or indirectly, about a monthly payment for
22 any vehicle, the dealer shall disclose clearly and conspicuously
23 and in writing the total amount the consumer will pay to purchase
24 or lease the vehicle at that monthly payment after making all
25 payments as scheduled.

26 (2) If the total amount disclosed assumes the consumer will
27 provide consideration, including in the form of a cash
28 downpayment or trade-in valuation, the dealer shall disclose the
29 amount of consideration to be provided by the consumer. This
30 disclosure shall be in writing and shall be clear and conspicuous
31 and in the same language in which the contract was negotiated.

32 (d) If the dealer makes any comparison between payment
33 options, expressly or by implication, directly or indirectly, that
34 includes discussion of a lower monthly payment, the dealer shall
35 disclose that the lower monthly payment will increase the total
36 amount the consumer will pay to purchase or lease the vehicle, if
37 true. If the representation is in writing, the disclosure must be in
38 writing.

1 1784.42. It is a violation of this title for any dealer, in
2 connection with the sale or financing of vehicles, to charge for any
3 of the following.

4 (a) A dealer may not charge for an add-on product or service if
5 the vehicle purchaser or lessee would not benefit from the an
6 add-on product or service, including, as applicable, any of the
7 following:

8 (1) Nitrogen-filled tire-related products or services.

9 (2) Products or services that do not provide coverage for the
10 vehicle, the consumer, or the transaction, or that are duplicative
11 of warranty coverage for the vehicle.

12 (3) A GAP agreement if the consumer's vehicle or neighborhood
13 is excluded from coverage, the loan-to-value ratio would result in
14 the consumer not benefiting financially from the product or service,
15 or the GAP agreement would not cover the amount necessary to
16 benefit the consumer.

17 (4) A service contract if the service contract includes a limit
18 that would not cover the market value price for the repair of a
19 covered item under the service contract, or if the service contract
20 is void due to preexisting conditions, including prior damage from
21 a crash or flood or preexisting mechanical conditions.

22 (b) A dealer may not fail to pay the person or entity who is
23 supposed to provide the benefit of the add-on within 10 days of
24 the date when the car buyer or lessee signs the purchase or lease.

25 (c) A dealer may not charge a consumer for any item unless the
26 dealer obtains the express, informed consent of the consumer for
27 the charge.

28 1784.43. (a) A dealer shall not sell or lease a used vehicle at
29 retail to an entity or individual without providing the purchaser or
30 lessee with a 10-day right to cancel the purchase or lease.

31 (b) To comply with subdivision (a), and notwithstanding Section
32 2981.9 of the Civil Code, a dealer shall provide the purchaser or
33 lessee a copy of a disclosure titled "10-Day Right to Cancel Used
34 Car Purchase or Lease" on a separate document that shall set forth
35 this right clearly and conspicuously and that shall contain all of
36 the following:

37 (1) The name of the seller and the purchaser or lessee.

38 (2) A description and the vehicle identification number of the
39 vehicle purchased.

1 (3) A statement specifying the time within which the buyer shall
2 exercise the right to cancel the purchase under the contract
3 cancellation option and return the vehicle to the dealer. The dealer
4 shall not specify a time that is earlier than the dealer's close of
5 business on the 10th day following the day on which the purchase
6 or lease agreement was signed, and the vehicle was originally
7 delivered to the purchaser or lessee by the dealer.

8 (4) A statement that clearly and conspicuously discloses that
9 the dealer cannot charge the purchaser or lessee for the right to
10 cancel the purchase or lease.

11 (5) A statement that clearly and conspicuously discloses that
12 the dealer may charge the purchaser or lessee a restocking fee only
13 if the purchaser or lessee exercises the right to cancel and that the
14 fee will be determined by multiplying the cash price of the vehicle
15 on the purchase contract or the agreed-upon value for the vehicle
16 on the lease agreement by the number of miles the vehicle was
17 driven since the purchase or lease and divide that number by
18 150,000.

19 (6) A statement that clearly and conspicuously discloses that
20 the purchaser or lessee cannot exercise the option if the vehicle
21 has been driven 2,000 or more miles.

22 (7) A statement that clearly and conspicuously discloses that
23 the dealer can charge the purchaser or lessee for damage to the
24 vehicle beyond reasonable wear and tear, the dealer will have the
25 burden of proving the damage is beyond reasonable wear and tear,
26 and the dealer cannot withhold any portion of the purchaser's or
27 lessee's downpayment, or their trade-in vehicle to pay for or to
28 get the purchaser or lessee to pay what the dealer claims is damage
29 beyond reasonable wear and tear.

30 (8) A statement that clearly and conspicuously discloses that
31 the dealer cannot prevent the customer from exercising the right
32 to cancel because they do not have the money to pay for the
33 restocking fee or for damage the dealer claims is beyond reasonable
34 wear and tear.

35 (9) A statement that clearly and conspicuously discloses that if
36 the dealer has sold the purchaser's or lessee's trade-in vehicle, the
37 dealer shall pay the purchaser or lessee the greater amount of the
38 agreed-upon value of the trade-in vehicle on the purchase or lease
39 agreement, the fair market value of the vehicle at the time when

1 it was traded in, or the amount at which the dealer sold the trade-in
2 vehicle.

3 (10) A statement that clearly and conspicuously discloses that
4 if the dealer represents to the purchaser or lessee that it sold the
5 trade-in vehicle, it must provide the purchaser or lessee a copy of
6 the document showing the sale of the trade-in vehicle. The dealer
7 shall redact the personal information of the person or entity to
8 whom the trade-in vehicle was sold.

9 (c) It is a violation of this title for any dealer, in connection with
10 a purchaser or lessee exercising the right to cancel, to do any of
11 the following:

12 (1) To do or say anything to impede a purchaser or lessee from
13 exercising the right to cancel the purchase or lease of a vehicle as
14 provided in this title.

15 (2) To overcharge the purchaser or lessee for the restocking fee.

16 (3) To withhold the purchaser's or lessee's downpayment or
17 trade-in vehicle after the right to cancel has been exercised.

18 (4) To fail to timely refund the purchaser's or lessee's
19 downpayment after the right to cancel has been exercised.

20 (5) To fail to refund the amount owed for the purchaser's or
21 lessee's trade-in vehicle if the trade-in vehicle has been sold.

22 (6) To fail to provide the purchaser or lessee the receipt or
23 contract for the sale of the purchaser's or lessee's trade-in vehicle.

24 (7) To claim damage to the vehicle in excess of reasonable wear
25 and tear without reasonable basis.

26 (8) To claim the person authorized to return the purchaser's or
27 lessee's downpayment or trade-in vehicle is not available.

28 (d) The dealer will clearly and conspicuously disclose on the
29 first page of the purchase or lease agreement the following:

30
31 "CALIFORNIA DOES NOT HAVE A COOLING-OFF
32 PERIOD FOR NEW VEHICLES. HOWEVER, IF YOU
33 PURCHASED OR LEASED A USED VEHICLE, YOU HAVE
34 10 DAYS TO CANCEL THIS CONTRACT FOR ANY REASON.
35 You have up to 10 days to return the vehicle to the dealer and
36 cancel this contract and obtain a refund. Please review the
37 disclosure, which the dealer is required by law to provide, for the
38 details about this right and how to exercise it."
39

(e) This section does not affect the ability of a buyer to rescind the contract or revoke acceptance under any other law.

1784.44. (a) A dealer subject to this title shall create and retain, for a period of seven years from the date the record is created, all records necessary to demonstrate compliance with this title, including the following records:

(1) Copies of all materially different advertisements, sales scripts, training materials, and marketing materials regarding the price, financing, or lease of a vehicle, that the dealer disseminated during the relevant time period. A typical example of a credit or lease advertisement may be retained for advertisements that include different vehicles, or different amounts for the same credit or lease terms, if the advertisements are otherwise not materially different.

(2) Copies of all purchase orders, financing and lease documents with the dealer signed by the consumer, whether or not final approval or assignment of the contract is received from a financing or lease transaction, and all written communications relating to sales, financing, or leasing between the dealer and any car buyer or lessee who signs a purchase order or financing or lease contract with the dealer.

(3) Records demonstrating that add-ons in a consumer's contract meet the requirements of Section 1784.42, including copies of all service contracts, GAP agreements, proof of timely payment for add-ons, and calculations of loan-to-value ratios in contracts including GAP agreements.

(4) Copies of all cancellation requests, proof of refunds of downpayments or other consideration provided in the purchase of a vehicle, and proof of return of trade-in vehicles.

(5) Copies of all written complaints from car buyers or lessees received by the dealer relating to sales, financing, leasing, or cancellation requests under Section 1784.43, inquiries related to add-ons, and inquiries and responses about vehicles referenced in Section 1784.41.

(b) A dealer subject to this part may keep the records required by subdivision (a) in any legible form, and in the same manner, format, or place as they already keep records in the ordinary course of business. Failure to keep all records required under subdivision (a) is a violation of this title.

SEC. 2. Section 2982.2 of the Civil Code is repealed.

1 ~~2982.2. (a) Prior to the execution of a conditional sale contract,~~
2 ~~the seller shall provide to a buyer, and obtain the buyer's signature~~
3 ~~on, a written disclosure that sets forth the following information:~~

4 ~~(1) (A) A description and the price of each item sold if the~~
5 ~~contract includes a charge for the item.~~

6 ~~(B) Subparagraph (A) applies to each item in the following~~
7 ~~categories:~~

8 ~~(i) A service contract.~~

9 ~~(ii) An insurance product.~~

10 ~~(iii) A debt cancellation agreement or guaranteed asset protection~~
11 ~~waiver agreement.~~

12 ~~(iv) A theft deterrent device.~~

13 ~~(v) A surface protection product.~~

14 ~~(vi) A vehicle contract cancellation option agreement.~~

15 ~~(2) The sum of all of the charges disclosed under subdivision~~
16 ~~(a), labeled "total."~~

17 ~~(3) The amount that would be calculated under the contract as~~
18 ~~the regular installment payment if charges for the items disclosed~~
19 ~~pursuant to subdivision (a) are not included in the contract. The~~
20 ~~amount disclosed pursuant to this subdivision shall be labeled~~
21 ~~"Installment Payment EXCLUDING Listed Items."~~

22 ~~(4) The amount that would be calculated under the contract as~~
23 ~~the regular installment payment if charges for the items disclosed~~
24 ~~under subdivision (a) are included in the contract. The amount~~
25 ~~disclosed pursuant to this subdivision shall be labeled "Installment~~
26 ~~Payment INCLUDING Listed Items."~~

27 ~~(b) The disclosures required under this section shall be in at~~
28 ~~least 10-point type and shall be contained in a document that is~~
29 ~~separate from the conditional sale contract and a purchase order.~~

30 ~~(c) This section does not apply to the sale of a motoreycle, as~~
31 ~~defined in Section 400 of the Vehicle Code, or an off-highway~~
32 ~~vehicle subject to identification under Section 38010 of the Vehicle~~
33 ~~Code.~~

34 SEC. 3. Section 6012.3 of the Revenue and Taxation Code is
35 amended to read:

36 6012.3. For purposes of this part, "gross receipts" and "sales
37 price" do not include that portion of the sales price returned to the
38 purchaser of a used motor vehicle ~~or the purchase price for the~~
39 ~~purchase of a contract cancellation option pursuant to Section~~
40 ~~11713.21 1784.43 of the Vehicle Civil Code.~~

1 SEC. 4. Section 11709.2 of the Vehicle Code is repealed.

2 ~~11709.2. Every dealer shall conspicuously display a notice,~~
3 ~~not less than eight inches high and 10 inches wide, in each sales~~
4 ~~office and sales cubicle of a dealer's established place of business~~
5 ~~where written terms of specific sale or lease transactions are~~
6 ~~discussed with prospective purchasers or lessees, and in each room~~
7 ~~of a dealer's established place of business where sale and lease~~
8 ~~contracts are regularly executed, which states the following:~~

9
10 “THERE IS NO COOLING-OFF PERIOD UNLESS YOU
11 OBTAIN A CONTRACT CANCELLATION OPTION
12

13 ~~California law does not provide for a “cooling-off” or other~~
14 ~~cancellation period for vehicle lease or purchase contracts.~~
15 ~~Therefore, you cannot later cancel such a contract simply because~~
16 ~~you change your mind, decide the vehicle costs too much, or wish~~
17 ~~you had acquired a different vehicle. After you sign a motor vehicle~~
18 ~~purchase or lease contract, it may only be canceled with the~~
19 ~~agreement of the seller or lessor or for legal cause, such as fraud.~~

20 ~~However, California law does require a seller to offer a 2-day~~
21 ~~contract cancellation option on used vehicles with a purchase price~~
22 ~~of less than \$40,000, subject to certain statutory conditions. This~~
23 ~~contract cancellation option requirement does not apply to the sale~~
24 ~~of a recreational vehicle, a motorcycle, or an off-highway motor~~
25 ~~vehicle subject to identification under California law. See the~~
26 ~~vehicle contract cancellation option agreement for details.”~~

27 SEC. 5. Section 11709.2 is added to the Vehicle Code, to read:

28 11709.2. Every dealer shall conspicuously display a notice,
29 not less than three feet high and three feet wide, in each sales office
30 and sales cubicle of a dealer's established place of business where
31 written terms of specific sale or lease transactions are discussed
32 with prospective purchasers or lessees, and in each room of a
33 dealer's established place of business where sale and lease contracts
34 are regularly executed that states the following:

35
36 “CALIFORNIA DOES NOT HAVE A COOLING-OFF
37 PERIOD FOR NEW VEHICLES. BUT IF YOU PURCHASED

1 OR LEASED A USED VEHICLE, YOU HAVE 10 DAYS TO
2 CANCEL THIS CONTRACT FOR ANY REASON.

3
4 This cooling-off period also does not apply to the sale of a
5 motorcycle or an off-highway motor vehicle subject to registration
6 under California law. See the vehicle contract for details.”

7 SEC. 6. Section 11713.21 of the Vehicle Code is repealed.

8 ~~11713.21. (a) (1) A dealer shall not sell a used vehicle, as~~
9 ~~defined in Section 665 and subject to registration under this code,~~
10 ~~at retail to an individual for personal, family, or household use~~
11 ~~without offering the buyer a contract cancellation option agreement~~
12 ~~that allows the buyer to return the vehicle without cause. This~~
13 ~~section does not apply to a used vehicle having a purchase price~~
14 ~~of forty thousand dollars (\$40,000) or more, a motorcycle, as~~
15 ~~defined in Section 400, or a recreational vehicle, as defined in~~
16 ~~Section 18010 of the Health and Safety Code.~~

17 ~~(2) The purchase price for the contract cancellation option shall~~
18 ~~not exceed the following:~~

19 ~~(A) Seventy-five dollars (\$75) for a vehicle with a cash price~~
20 ~~of five thousand dollars (\$5,000) or less.~~

21 ~~(B) One hundred fifty dollars (\$150) for a vehicle with a cash~~
22 ~~price of more than five thousand dollars (\$5,000), but not more~~
23 ~~than ten thousand dollars (\$10,000).~~

24 ~~(C) Two hundred fifty dollars (\$250) for a vehicle with a cash~~
25 ~~price of more than ten thousand dollars (\$10,000), but not more~~
26 ~~than thirty thousand dollars (\$30,000).~~

27 ~~(D) One percent of the purchase price for a vehicle with a cash~~
28 ~~price of more than thirty thousand dollars (\$30,000), but less than~~
29 ~~forty thousand dollars (\$40,000).~~

30 ~~The term “cash price” as used in this paragraph has the same~~
31 ~~meaning as described in subparagraph (A) of paragraph (1) of~~
32 ~~subdivision (a) of Section 2982 of the Civil Code. “Cash price”~~
33 ~~also excludes registration, transfer, titling, and license fees, the~~
34 ~~California tire fee, and any charge to electronically register or~~
35 ~~transfer the vehicle.~~

36 ~~(b) To comply with subdivision (a), and notwithstanding Section~~
37 ~~2981.9 of the Civil Code, a contract cancellation option agreement~~
38 ~~shall be contained in a document separate from the conditional~~
39 ~~sales contract or other vehicle purchase agreement and shall~~
40 ~~contain, at a minimum, the following:~~

1 ~~(1) The name of the seller and the buyer.~~

2 ~~(2) A description and the Vehicle Identification Number of the~~
3 ~~vehicle purchased.~~

4 ~~(3) A statement specifying the time within which the buyer must~~
5 ~~exercise the right to cancel the purchase under the contract~~
6 ~~cancellation option and return the vehicle to the dealer. The dealer~~
7 ~~shall not specify a time that is earlier than the dealer's close of~~
8 ~~business on the second day following the day on which the vehicle~~
9 ~~was originally delivered to the buyer by the dealer.~~

10 ~~(4) A statement that clearly and conspicuously specifies the~~
11 ~~dollar amount of any restocking fee the buyer must pay to the~~
12 ~~dealer to exercise the right to cancel the purchase under the contract~~
13 ~~cancellation option. The restocking fee shall not exceed one~~
14 ~~hundred seventy-five dollars (\$175) if the vehicle's cash price is~~
15 ~~five thousand dollars (\$5,000) or less, three hundred fifty dollars~~
16 ~~(\$350) if the vehicle's cash price is less than ten thousand dollars~~
17 ~~(\$10,000), and five hundred dollars (\$500) if the vehicle cash price~~
18 ~~is ten thousand dollars (\$10,000) or more. The dealer shall apply~~
19 ~~toward the restocking fee the price paid by the buyer for the~~
20 ~~contract cancellation option. The price for the purchase of the~~
21 ~~contract cancellation option is not otherwise subject to setoff or~~
22 ~~refund.~~

23 ~~(5) Notwithstanding paragraph (4), when a buyer, who leased~~
24 ~~the purchased vehicle immediately preceding the dealer's sale of~~
25 ~~the vehicle to the buyer, exercises the contract cancellation option,~~
26 ~~the limit on the amount of a restocking fee required to be paid by~~
27 ~~the buyer shall be increased. That increased amount shall be the~~
28 ~~amount the buyer would have been obligated to pay the lessor, at~~
29 ~~the time of the termination of the lease, for the following charges,~~
30 ~~as specified in the lease, and as if the buyer had not purchased the~~
31 ~~contract cancellation option:~~

32 ~~(A) Excess mileage.~~

33 ~~(B) Unrepaired damage.~~

34 ~~(C) Excess wear and tear.~~

35 ~~(6) A statement specifying the maximum number of miles that~~
36 ~~the vehicle may be driven after its original delivery by the dealer~~
37 ~~to the buyer to remain eligible for cancellation under the contract~~
38 ~~cancellation option. A dealer shall not specify fewer than 250 miles~~
39 ~~in the contract cancellation option agreement.~~

~~(7) A statement that the contract cancellation option gives the buyer the right to cancel the purchase and obtain a full refund, minus the purchase price for the contract cancellation option agreement; and that the right to cancel will apply only if, within the time specified in the contract cancellation option agreement, the following are personally delivered to the selling dealer by the buyer: a written notice exercising the right to cancel the purchase signed by the buyer; any restocking fee specified in the contract cancellation option agreement minus the purchase price for the contract cancellation option agreement; the original contract cancellation option agreement and vehicle purchase contract and related documents, if the seller gave those original documents to the buyer; all original vehicle titling and registration documents, if the seller gave those original documents to the buyer; and the vehicle, free of all liens and encumbrances, other than any lien or encumbrance created by or incidental to the conditional sales contract, any loan arranged by the dealer, or any purchase money loan obtained by the buyer from a third party, and in the same condition as when it was delivered by the dealer to the buyer, reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by the buyer excepted, and which must not have been driven beyond the mileage limit specified in the contract cancellation option agreement. The agreement may also provide that the buyer will execute documents reasonably necessary to effectuate the cancellation and refund and as reasonably required to comply with applicable law.~~

~~(8) At the bottom of the contract cancellation option agreement, a statement that may be signed by the buyer to indicate the buyer's election to exercise the right to cancel the purchase under the terms of the contract cancellation option agreement, and the last date and time by which the option to cancel may be exercised, followed by a line for the buyer's signature. A particular form of statement is not required, but the following statement is sufficient: "By signing below, I elect to exercise my right to cancel the purchase of the vehicle described in this agreement." The buyer's delivery of the purchase cancellation agreement to the dealer with the buyer's signature following this statement shall constitute sufficient written notice exercising the right to cancel the purchase pursuant to paragraph (6). The dealer shall provide the buyer with the~~

1 ~~statement required by this paragraph in duplicate to enable the~~
2 ~~buyer to return the signed cancellation notice and retain a copy of~~
3 ~~the cancellation agreement.~~

4 ~~(9) If, pursuant to paragraph (5), the limit on the restocking fee~~
5 ~~is increased by the amount the buyer, who exercises a contract~~
6 ~~cancellation option would have been obligated to pay the lessor,~~
7 ~~upon termination of the lease, for charges for excess mileage,~~
8 ~~unrepaired damage, or excess wear and tear, as specified in the~~
9 ~~lease, the dealer shall provide the buyer with a notice of the~~
10 ~~contents of paragraph (5), including a statement regarding the~~
11 ~~increased restocking fee.~~

12 ~~(e) (1) No later than the second day following the day on which~~
13 ~~the buyer exercises the right to cancel the purchase in compliance~~
14 ~~with the contract cancellation option agreement, the dealer shall~~
15 ~~cancel the contract and provide the buyer with a full refund,~~
16 ~~including that portion of the sales tax attributable to amounts~~
17 ~~excluded pursuant to Section 6012.3 of the Revenue and Taxation~~
18 ~~Code.~~

19 ~~(2) If the buyer was not charged for the contract cancellation~~
20 ~~option agreement, the dealer shall return to the buyer, no later than~~
21 ~~the day following the day on which the buyer exercises the right~~
22 ~~to cancel the purchase, any motor vehicle the buyer left with the~~
23 ~~seller as a downpayment or trade-in. If the dealer has sold or~~
24 ~~otherwise transferred title to the motor vehicle that was left as a~~
25 ~~downpayment or trade-in, the full refund described in paragraph~~
26 ~~(1) shall include the fair market value of the motor vehicle left as~~
27 ~~a downpayment or trade-in, or its value as stated in the contract~~
28 ~~or purchase order, whichever is greater.~~

29 ~~(3) If the buyer was charged for the contract cancellation option~~
30 ~~agreement, the dealer shall retain any motor vehicle the buyer left~~
31 ~~with the dealer as a downpayment or trade-in until the buyer~~
32 ~~exercises the right to cancel or the right to cancel expires. If the~~
33 ~~buyer exercises the right to cancel the purchase, the dealer shall~~
34 ~~return to the buyer, no later than the day following the day on~~
35 ~~which the buyer exercises the right to cancel the purchase, any~~
36 ~~motor vehicle the buyer left with the seller as a downpayment or~~
37 ~~trade-in. If the dealer has inadvertently sold or otherwise transferred~~
38 ~~title to the motor vehicle as the result of a bona fide error,~~
39 ~~notwithstanding reasonable procedures designed to avoid that~~
40 ~~error, the inadvertent sale or transfer of title shall not be deemed~~

~~1 a violation of this paragraph, and the full refund described in
2 paragraph (1) shall include the retail market value of the motor
3 vehicle left as a downpayment or trade-in, or its value as stated in
4 the contract or purchase order, whichever is greater.~~

~~5 (d) If the dealer received a portion of the purchase price by
6 credit card, or other third-party payer on the buyer's account, the
7 dealer may refund that portion of the purchase price to the credit
8 card issuer or third-party payer for credit to the buyer's account.~~

~~9 (e) Notwithstanding subdivision (a), a dealer is not required to
10 offer a contract cancellation option agreement to an individual
11 who exercised his or her right to cancel the purchase of a vehicle
12 from the dealer pursuant to a contract cancellation option agreement
13 during the immediately preceding 30 days. A dealer is not required
14 to give notice to a subsequent buyer of the return of a vehicle
15 pursuant to this section. This subdivision does not abrogate or limit
16 any disclosure obligation imposed by any other law.~~

~~17 (f) This section does not affect or alter the legal rights, duties,
18 obligations, or liabilities of the buyer, the dealer, or the dealer's
19 agents or assigns, that would exist in the absence of a contract
20 cancellation option agreement. The buyer is the owner of a vehicle
21 when he or she takes delivery of a vehicle until the vehicle is
22 returned to the dealer pursuant to a contract cancellation option
23 agreement, and the existence of a contract cancellation option
24 agreement shall not impose permissive user liability on the dealer,
25 or the dealer's agents or assigns, under Section 460 or 17150 or
26 otherwise.~~

~~27 (g) This section does not affect the ability of a buyer to rescind
28 the contract or revoke acceptance under any other law.~~

~~29 (h) This section shall become operative on July 1, 2012.~~

SEC. 7. Section 24020 of the Vehicle Code is amended to read:

24020. (a) ~~No~~A dealer or person holding a retail seller's permit shall *not* sell a new or used vehicle equipped with a catalytic converter unless the catalytic converter has been permanently marked with the vehicle identification number (VIN) of the vehicle to which it is attached.

(b) This section does not apply to any of the following:

(1) A collector motor vehicle.

(2) A vehicle sold in any of the of the following circumstances:

(A) By a licensed automobile dismantler after being reported for dismantling pursuant to Section 11520.

1 (B) By or through a salvage pool after obtaining a salvage
2 certificate pursuant to Section 11515, a nonrepairable vehicle
3 certificate pursuant to Section 11515.2, a certificate of title for a
4 vehicle described in subdivision (f) of Section 11515 or subdivision
5 (f) of Section 11515.2, or a similar ownership document issued by
6 another state.

7 (C) By or through a salvage disposal auction. For purposes of
8 this section, “salvage disposal auction” means an auction where a
9 person or entity, engaged primarily in the business of selling total
10 loss salvage vehicles on behalf of insurance companies and that
11 has more than eight business locations in California, sells total
12 loss salvage vehicles.

13 (D) By or through a wholesale motor vehicle auction. For
14 purposes of this section, “wholesale motor vehicle auction” means
15 an auction where the dealer conducting the auction does not take
16 ownership of the vehicle and the vehicle is sold to a nonretail buyer
17 for resale.

18 (3) A vehicle where the buyer declines the seller’s offer to
19 permanently mark the catalytic converter pursuant to subdivision
20 (a) and the dealer discloses the catalytic converter permanent
21 marking as a body part marking ~~product in accordance with~~
22 ~~Sections 2981 and 2982.2 of the Civil Code.~~ *product.*

23 (4) A motorcycle, as defined in Section 400.

24 (c) As used in this section, “permanently marked” means
25 prominently engraved, etched, welded, metal stamped, acid marked,
26 or otherwise permanently imprinted using a similarly reliable
27 method of imparting a lasting mark on the exterior case of the
28 catalytic converter.

29 (d) A dealer or person holding a retail seller’s permit who
30 violates this section shall be guilty of an infraction punishable
31 pursuant to Section 42001.

32 (e) This section shall become operative on January 1, 2025.