
SENATE BILL 6768

State of Washington

60th Legislature

2008 Regular Session

By Senator Weinstein

Read first time 01/23/08. Referred to Committee on Consumer Protection & Housing.

1 AN ACT Relating to used vehicle purchases; amending RCW 46.70.011;
2 adding new sections to chapter 46.70 RCW; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** This act may be known and cited as the used
5 vehicle buyer's bill of rights act.

6 **Sec. 2.** RCW 46.70.011 and 2006 c 364 s 1 are each amended to read
7 as follows:

8 As used in this chapter:

9 (1) "Vehicle" means and includes every device capable of being
10 moved upon a public highway and in, upon, or by which any persons or
11 property is or may be transported or drawn upon a public highway,
12 excepting devices moved by human or animal power or used exclusively
13 upon stationary rails or tracks.

14 (2) "Motor vehicle" means every vehicle which is self-propelled and
15 every vehicle which is propelled by electric power obtained from
16 overhead trolley wires, but not operated upon rails, and which is
17 required to be registered and titled under this title (~~(46-RCW, Motor~~
18 ~~Vehieles)~~)).

1 (3) "Recreational vehicle" means a travel trailer, motor home,
2 truck camper, or camping trailer that is primarily designed and used as
3 temporary living quarters, is either self-propelled or mounted on or
4 drawn by another vehicle, is transient, is not occupied as a primary
5 residence, and is not immobilized or permanently affixed to a mobile
6 home lot.

7 (4) "Vehicle dealer" means any person, firm, association,
8 corporation, or trust, not excluded by subsection (5) of this section,
9 engaged in the business of buying, selling, listing, exchanging,
10 offering, brokering, leasing with an option to purchase, auctioning,
11 soliciting, or advertising the sale of new or used vehicles, or
12 arranging or offering or attempting to solicit or negotiate on behalf
13 of others, a sale, purchase, or exchange of an interest in new or used
14 motor vehicles, irrespective of whether the motor vehicles are owned by
15 that person. Vehicle dealers shall be classified as follows:

16 (a) A "motor vehicle dealer" is a vehicle dealer that deals in new
17 or used motor vehicles, or both;

18 (b) A "mobile home and travel trailer dealer" is a vehicle dealer
19 that deals in mobile homes, park trailers, or travel trailers, or more
20 than one type of these vehicles;

21 (c) A "miscellaneous vehicle dealer" is a vehicle dealer that deals
22 in motorcycles or vehicles other than motor vehicles or mobile homes
23 and travel trailers or any combination of such vehicles;

24 (d) A "recreational vehicle dealer" is a vehicle dealer that deals
25 in travel trailers, motor homes, truck campers, or camping trailers
26 that are primarily designed and used as temporary living quarters, are
27 either self-propelled or mounted on or drawn by another vehicle, are
28 transient, are not occupied as a primary residence, and are not
29 immobilized or permanently affixed to a mobile home lot.

30 (5) The term "vehicle dealer" does not include, nor do the
31 licensing requirements of RCW 46.70.021 apply to, the following
32 persons, firms, associations, or corporations:

33 (a) Receivers, trustees, administrators, executors, guardians, or
34 other persons appointed by, or acting under a judgment or order of, any
35 court; or

36 (b) Public officers while performing their official duties; or

37 (c) Employees of vehicle dealers who are engaged in the specific
38 performance of their duties as such employees; or

1 (d) Any person engaged in an isolated sale of a vehicle in which
2 that person is the registered or legal owner, or both, thereof; or

3 (e) Any person, firm, association, corporation, or trust, engaged
4 in the selling of equipment other than vehicles, subject to
5 registration, used for agricultural or industrial purposes; or

6 (f) A real estate broker licensed under chapter 18.85 RCW, or an
7 affiliated licensee, who, on behalf of another negotiates the purchase,
8 sale, lease, or exchange of a manufactured or mobile home in
9 conjunction with the purchase, sale, exchange, rental, or lease of the
10 land upon which the manufactured or mobile home is, or will be,
11 located; or

12 (g) Owners who are also operators of the special highway
13 construction equipment or of the highway construction equipment for
14 which a vehicle license and display vehicle license number plate is
15 required as defined in RCW 46.16.010; or

16 (h) Any bank, trust company, savings bank, mutual savings bank,
17 savings and loan association, credit union, and any parent, subsidiary,
18 or affiliate thereof, authorized to do business in this state under
19 state or federal law with respect to the sale or other disposition of
20 a motor vehicle owned and used in their business; or with respect to
21 the acquisition and sale or other disposition of a motor vehicle in
22 which the entity has acquired an interest as a lessor, lessee, or
23 secured party; or

24 (i) Any person who is regularly engaged in the business of
25 acquiring leases or installment contracts by assignment, with respect
26 to the acquisition and sale or other disposition of a motor vehicle in
27 which the person has acquired an interest as a result of the business.

28 (6) "Vehicle salesperson" means any person who for any form of
29 compensation sells, auctions, leases with an option to purchase, or
30 offers to sell or to so lease vehicles on behalf of a vehicle dealer.

31 (7) "Department" means the department of licensing, which shall
32 administer and enforce the provisions of this chapter.

33 (8) "Director" means the director of licensing.

34 (9) "Manufacturer" means any person, firm, association,
35 corporation, or trust, resident or nonresident, who manufactures or
36 assembles new and unused vehicles or remanufactures vehicles in whole
37 or in part and further includes the terms:

1 (a) "Distributor," which means any person, firm, association,
2 corporation, or trust, resident or nonresident, who in whole or in part
3 offers for sale, sells, or distributes any new and unused vehicle to
4 vehicle dealers or who maintains factory representatives.

5 (b) "Factory branch," which means a branch office maintained by a
6 manufacturer for the purpose of selling or offering for sale, vehicles
7 to a distributor, wholesaler, or vehicle dealer, or for directing or
8 supervising in whole or in part factory or distributor representatives,
9 and further includes any sales promotion organization, whether a
10 person, firm, or corporation, which is engaged in promoting the sale of
11 new and unused vehicles in this state of a particular brand or make to
12 vehicle dealers.

13 (c) "Factory representative," which means a representative employed
14 by a manufacturer, distributor, or factory branch for the purpose of
15 making or promoting for the sale of their vehicles or for supervising
16 or contracting with their dealers or prospective dealers.

17 (10) "Established place of business" means a location meeting the
18 requirements of RCW 46.70.023(1) at which a vehicle dealer conducts
19 business in this state.

20 (11) "Principal place of business" means that dealer firm's
21 business location in the state, which place the dealer designates as
22 their principal place of business.

23 (12) "Subagency" means any place of business of a vehicle dealer
24 within the state, which place is physically and geographically
25 separated from the principal place of business of the firm or any place
26 of business of a vehicle dealer within the state, at which place the
27 firm does business using a name other than the principal name of the
28 firm, or both.

29 (13) "Temporary subagency" means a location other than the
30 principal place of business or subagency within the state where a
31 licensed vehicle dealer may secure a license to conduct the business
32 and is licensed for a period of time not to exceed ten days for a
33 specific purpose such as auto shows, shopping center promotions, tent
34 sales, exhibitions, or similar merchandising ventures. No more than
35 six temporary subagency licenses may be issued to a licensee in any
36 twelve-month period.

37 (14) "Wholesale vehicle dealer" means a vehicle dealer who buys and
38 sells other than at retail.

1 (15) "Retail vehicle dealer" means a vehicle dealer who may buy and
2 sell at both wholesale and retail.

3 (16) "Listing dealer" means a used mobile home dealer who makes
4 contracts with sellers who will compensate the dealer for obtaining a
5 willing purchaser for the seller's mobile home.

6 (17) "Auction" means a transaction conducted by means of exchanges
7 between an auctioneer and the members of the audience, constituting a
8 series of oral invitations for offers for the purchase of vehicles made
9 by the auctioneer, offers to purchase by members of the audience, and
10 the acceptance of the highest or most favorable offer to purchase.

11 (18) "Auction company" means a sole proprietorship, partnership,
12 corporation, or other legal or commercial entity licensed under chapter
13 18.11 RCW that only sells or offers to sell vehicles at auction or only
14 arranges or sponsors auctions.

15 (19) "Buyer's agent" means any person, firm, partnership,
16 association, limited liability company, limited liability partnership,
17 or corporation retained or employed by a consumer to arrange for or to
18 negotiate, or both, the purchase or lease of a new motor vehicle on
19 behalf of the consumer, and who is paid a fee or receives other
20 compensation from the consumer for its services.

21 (20) "New motor vehicle" means any motor vehicle that is self-
22 propelled and is required to be registered and titled under Title 46
23 RCW, has not been previously titled to a retail purchaser or lessee,
24 and is not a "used vehicle" as defined under RCW 46.04.660.

25 (21) "Used vehicle" has the same meaning as in RCW 46.04.660.

26 (22) "Service contract" has the same meaning as in RCW 48.110.020.

27 (23) "Retail installment contract" has the same meaning as in RCW
28 63.14.010.

29 (24) "Theft deterrent device" means any of the following devices
30 installed by the vehicle dealer after a motor vehicle is sold: (a) A
31 vehicle alarm system; (b) a window etch product; (c) a body part
32 marking product; (d) a steering lock; (e) a pedal or ignition lock; or
33 (f) a fuel or ignition kill switch.

34 (25) "Surface protection product" means any of the following
35 products installed by the seller after a motor vehicle is sold: (a)
36 Undercoating; (b) rustproofing; (c) chemical or film paint sealant or
37 protectant; or (d) chemical sealant or stain inhibitor for carpet and
38 fabric.

1 (26) "Contract cancellation option agreement" means an agreement
2 that meets the requirements of section 7 of this act.

3 (27) "Cash price" means the amount for which the vehicle dealer
4 would sell and transfer to the buyer unqualified title to the motor
5 vehicle, if the motor vehicle were sold for cash at the seller's place
6 of business on the date the contract is executed, including taxes to
7 the extent imposed on the cash sale and the cash price of accessories
8 or services related to the sale including, but not limited to,
9 delivery, installation, alterations, modifications, improvements,
10 document preparation fees, a service contract, a vehicle contract
11 cancellation option agreement, and payment of a prior credit or lease
12 balance remaining on the motor vehicle being traded in.

13 (28) "Down payment" means the payment that the buyer pays or agrees
14 to pay to the vehicle dealer in cash or property value or money's worth
15 at or before delivery by the seller to the dealer of the motor vehicle
16 described in the sale contract. "Down payment" includes the amount of
17 any portion of the down payment, the payment of which is deferred until
18 no later than the due date of the second otherwise scheduled payment,
19 if the amount of the deferred down payment is not subject to a finance
20 charge. "Down payment" does not include any administrative finance
21 charge charged, received, or collected by the seller as provided in
22 this chapter.

23 NEW SECTION. Sec. 3. A new section is added to chapter 46.70 RCW
24 to read as follows:

25 (1) A used vehicle dealer must make the disclosures required under
26 this section in writing and in at least twelve-point font.

27 (2) Before the execution of a sales contract for a used vehicle,
28 the used vehicle dealer shall provide to the buyer, and obtain the
29 buyer's signature on, a separate written disclosure that sets forth the
30 following information:

31 (a) A description and price of each item sold if the contract
32 includes a charge for the item, including:

- 33 (i) A service contract;
- 34 (ii) An insurance product;
- 35 (iii) A debt cancellation agreement;
- 36 (iv) A theft deterrent device;
- 37 (v) A surface protection product; and

1 (vi) A contract cancellation option agreement.

2 (b) The sum of all charges disclosed under (a) of this subsection
3 must be labeled "Total of After Market Items."

4 (c) If the dealer has arranged financing for the buyer or is
5 providing a line of credit for the buyer, or if the buyer is purchasing
6 the vehicle through a retail installment contract, the dealer must also
7 disclose:

8 (i) The amount that would be calculated under the contract as the
9 regular installment payment if charges for the items disclosed under
10 (a) of this subsection are not included in the contract. The amount
11 disclosed must be labeled "Installment Payment EXCLUDING Listed Items";

12 (ii) The amount that would be calculated under the contract as the
13 regular installment payment if charges for the items disclosed under
14 (a) of this subsection are included in the contract. The amount
15 disclosed must be labeled "Installment Payment INCLUDING Listed Items";
16 and

17 (iii) A notice that the buyer does not have to accept the dealer's
18 offer to finance the sale of the vehicle.

19 (3) Any used vehicle transaction that does not meet the
20 requirements of this section is voidable at any time by the buyer.

21 NEW SECTION. **Sec. 4.** A new section is added to chapter 46.70 RCW
22 to read as follows:

23 (1) Any document, including sales contracts, retail installment
24 contracts, documents related to financing a used vehicle transaction,
25 and any disclosures required by state or federal law, provided to a
26 buyer from a used vehicle dealer must be translated into the language
27 in which the deal was actually negotiated.

28 (2) Any used vehicle transaction that does not meet the
29 requirements of this section is voidable at any time by the buyer.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 46.70 RCW
31 to read as follows:

32 (1) A used vehicle dealer shall not state or imply that the
33 financing the dealer is offering the buyer is the best loan that the
34 buyer qualifies for.

35 (2) If a used vehicle dealer arranges financing for the buyer and

1 receives any compensation, points, or reimbursement from the lender,
2 the dealer must itemize and disclose this compensation to the buyer.

3 (3) Any used vehicle transaction that does not meet the
4 requirements of this section is voidable at any time by the buyer.

5 NEW SECTION. **Sec. 6.** A new section is added to chapter 46.70 RCW
6 to read as follows:

7 (1) The used vehicle purchase contract must contain a notice in at
8 least twelve-point, boldface type immediately above the contract
9 signature line that reads as follows:

10 "THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT
11 CANCELLATION OPTION. Washington law does not provide for a "cooling-
12 off" or other cancellation period for vehicle sales. Therefore, you
13 cannot cancel this contract later simply because you change your mind,
14 decide the vehicle costs too much, or wish you had acquired a different
15 vehicle. After you sign below, you may only cancel this contract with
16 the agreement of the seller or for legal cause, such as fraud.
17 However, Washington law does require a seller to offer a 3-day contract
18 cancellation option on used vehicles with a purchase price of less than
19 \$40,000, subject to certain statutory conditions. See the vehicle
20 contract cancellation option agreement for details."

21 (2) Any used vehicle transaction that does not meet the
22 requirements of this section is voidable at any time by the buyer.

23 NEW SECTION. **Sec. 7.** A new section is added to chapter 46.70 RCW
24 to read as follows:

25 (1) A vehicle dealer shall not sell a used vehicle without offering
26 the buyer a contract cancellation option agreement that allows the
27 buyer to return the vehicle without cause. This section does not apply
28 to a used vehicle having a purchase price of forty thousand dollars or
29 more.

30 (2) The purchase price for the contract cancellation option
31 agreement shall not exceed:

32 (a) Seventy-five dollars for a vehicle with a cash price of five
33 thousand dollars or less;

34 (b) One hundred fifty dollars for a vehicle with a cash price of
35 more than five thousand dollars but not more than ten thousand dollars;

1 (c) Two hundred fifty dollars for a vehicle with a cash price of
2 more than ten thousand dollars but not more than thirty thousand
3 dollars; or

4 (d) One percent of the purchase price for a vehicle with a cash
5 price of more than thirty thousand dollars but not more than forty
6 thousand dollars.

7 (3) To comply with this section, a contract cancellation option
8 agreement must be contained in a document that is separate from the
9 sale contract or other vehicle purchase agreement and must contain, at
10 a minimum:

11 (a) The name of the seller and the buyer;

12 (b) A description and the vehicle identification number of the
13 vehicle purchased;

14 (c) A statement specifying the time within which the buyer must
15 exercise the right to cancel the purchase under the contract
16 cancellation option agreement and return the vehicle to the dealer.
17 The dealer shall not specify a time that is earlier than the dealer's
18 close of business on the third day following the day on which the
19 vehicle was originally delivered to the buyer by the dealer;

20 (d) A statement that clearly and conspicuously specifies the dollar
21 amount of any restocking fee that the buyer must pay to the dealer to
22 exercise the right to cancel the purchase under the contract
23 cancellation option agreement. The restocking fee shall not exceed:
24 One hundred seventy-five dollars if the vehicle's cash price is five
25 thousand dollars or less; three hundred fifty dollars if the vehicle's
26 cash price is more than five thousand dollars but less than ten
27 thousand dollars; and five hundred dollars if the vehicle's cash price
28 is ten thousand dollars or more. The dealer shall apply toward the
29 restocking fee the price paid by the buyer for the contract
30 cancellation option agreement. The price for the purchase of the
31 contract cancellation option agreement is not otherwise subject to
32 setoff or refund;

33 (e) A statement specifying the maximum number of miles that the
34 vehicle may be driven after its original delivery by the dealer to the
35 buyer to remain eligible for cancellation under the contract
36 cancellation option agreement. A dealer shall not specify fewer than
37 two hundred fifty miles in the contract cancellation option agreement;

1 (f) A statement that the contract cancellation option agreement
2 gives the buyer the right to cancel the purchase and obtain a full
3 refund minus the purchase price for the contract cancellation option
4 agreement, and that the right to cancel applies only if, within the
5 time specified in the contract cancellation option agreement, the
6 following are personally delivered to the selling dealer by the buyer:

7 (i) A written notice exercising the right to cancel the purchase
8 signed by the buyer;

9 (ii) Any restocking fee specified in the contract cancellation
10 option agreement minus the purchase price for the contract cancellation
11 option agreement;

12 (iii) The original contract cancellation option agreement, vehicle
13 purchase contract, and related documents, if the seller provided these
14 original documents to the buyer;

15 (iv) All original vehicle title and registration documents, if the
16 seller provided these original documents to the buyer; and

17 (v) The vehicle:

18 (A) Free of all liens and encumbrances, other than any lien or
19 encumbrance created by or incident to the sales contract, any loan
20 arranged by the dealer, or any loan obtained by the buyer from a third
21 party;

22 (B) In the same condition as when it was delivered by the dealer to
23 the buyer, except for reasonable wear and tear and any defect or
24 mechanical problem that manifests or becomes evident after delivery and
25 that was not caused by the buyer; and

26 (C) Which must not have been driven beyond the mileage limit
27 specified in the contract cancellation option agreement.

28 The agreement may also provide that the buyer will execute
29 documents reasonably necessary to effectuate the cancellation and
30 refund and as reasonably required to comply with applicable law; and

31 (g) At the bottom of the contract cancellation option agreement, a
32 statement that may be signed by the buyer to indicate the buyer's
33 election to exercise the right to cancel the purchase under the terms
34 of the contract cancellation option agreement, the last date and time
35 by which the option to cancel may be exercised, and followed by a line
36 for the buyer's signature. A particular form of the statement is not
37 required, but the following statement is sufficient: "By signing
38 below, I elect to exercise my right to cancel the purchase of the

1 vehicle described in this agreement." The buyer's delivery of the
2 contract cancellation option agreement to the dealer with the buyer's
3 signature following this statement constitutes sufficient written
4 notice exercising the right to cancel the purchase under (f) of this
5 subsection.

6 (4) The dealer shall provide the buyer with the statement required
7 under subsection (3) of this section in duplicate to enable the buyer
8 to return the signed cancellation notice and retain a copy of the
9 contract cancellation option agreement.

10 (5) No later than the second day following the day on which the
11 buyer exercises the right to cancel the purchase in compliance with the
12 contract cancellation option agreement, the dealer shall cancel the
13 contract and provide the buyer with a full refund, including the
14 appropriate portion of the sales tax.

15 (6) If the buyer was not charged for the contract cancellation
16 option agreement, the dealer shall return to the buyer, no later than
17 the day following the day on which the buyer exercises the right to
18 cancel the purchase, any motor vehicle that the buyer left with the
19 seller as a down payment or trade-in. If the dealer has sold or
20 otherwise transferred title to the motor vehicle that was left as a
21 down payment or trade-in, the full refund described in subsection
22 (3)(f) of this section must include the fair market value of the motor
23 vehicle left as a down payment or trade-in, or its value as stated in
24 the contract or purchase order, whichever is greater.

25 (7) If the buyer was charged for the contract cancellation option
26 agreement, the dealer shall retain any motor vehicle the buyer left
27 with the dealer as a down payment or trade-in until the buyer exercises
28 the right to cancel or the right to cancel expires. If the buyer
29 exercises the right to cancel the purchase, the dealer shall return to
30 the buyer, no later than the day following the day on which the buyer
31 exercises the right to cancel the purchase, any motor vehicle that the
32 buyer left with the seller as a down payment or trade-in. If the
33 dealer has inadvertently sold or otherwise transferred title to the
34 motor vehicle as the result of a bona fide error, notwithstanding
35 reasonable procedures designed to avoid that error, the inadvertent
36 sale or transfer of title is not a violation of this subsection, and
37 the full refund described in subsection (3)(f) of this section must

1 include the retail market value of the motor vehicle left as a down
2 payment or trade-in, or its value as stated in the contract or purchase
3 order, whichever is greater.

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

8 (9) This section does not affect or alter the legal rights, duties,
9 obligations, or liabilities of the buyer, the dealer, or the dealer's
10 agents or assigns, that would exist in the absence of a contract
11 cancellation option agreement. The buyer is the owner of a vehicle
12 when he or she takes delivery of a vehicle until the vehicle is
13 returned to the dealer pursuant to a contract cancellation option
14 agreement.

15 (10) This section is not intended to affect the ability of a buyer
16 to rescind the contract or revoke acceptance under any other law.

17 (11) This section does not supersede or limit any disclosure
18 obligation imposed by any other law.

19 NEW SECTION. **Sec. 8.** A new section is added to chapter 46.70 RCW
20 to read as follows:

21 Sections 3, 5, and 6 of this act do not limit or supersede the
22 disclosure requirements in chapter 31.04 or 63.14 RCW, or the federal
23 truth in lending act (15 U.S.C. Sec. 1601 et seq.).

24 NEW SECTION. **Sec. 9.** The code reviser shall alphabetize and
25 renumber the definitions in RCW 46.70.011.

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