



MOUNTAIN POST LEGAL BRIEF

A Preventive Law Service of The Office of the Staff Judge Advocate
Headquarters, Fort Carson

Keeping You Informed On Personal Legal Affairs

BEFORE YOU SIGN THAT CAR CONTRACT. . .

Consider these questions and answers to help you determine your options, rights, and responsibilities in purchasing or leasing a new or used vehicle.

Q: HAVE I BOUGHT THIS CAR?

A: When buying a car in Colorado, make sure that your financing has been fixed and approved PRIOR to driving off the lot. Failure to do so may result in thousands of dollars in fees and forced return of the vehicle. Colorado allows car dealerships to let you “purchase” the car and drive away prior to ensuring that your financing is secure. If this occurs and your financing falls through, you will be forced to return the car and pay fees for the time you had possession of the car and how many miles you drove. Please contact the Legal Assistance Office if you have questions about whether or not your financing is secure.

Q: WOULD IT BE BETTER TO LEASE OR BUY A VEHICLE?

A: It depends on your situation. For some, leasing is a better option than buying. Leasing differs from purchasing in the following ways:

- a. Ownership. If you lease, you have no ownership of the car. You may use it, but you will have to return it unless you have an “option to purchase” clause in your lease. Your monthly lease payments leave you with nothing to show at the end of your lease.
- b. Early Termination Fees. Most leases contain a clause requiring you to pay a charge if you terminate the lease early.
- c. Mileage. Most lease agreements restrict how many miles you can put on your vehicle. You often are limited to around 15,000 miles per year. If you exceed the lease’s mileage limits, you usually must pay additional charges.
- d. Limits on Where You May Take the Vehicle. For military personnel, this often is the most problematic. Most leases restrict the locations to which you can move the vehicle. If you need to terminate the lease early, you can avoid early termination fees because the SCRA protects vehicle leases. The SCRA allows service members to terminate a lease early without penalty if the service member has orders to PCS or deploy for more than 90 days.

Q: I AM LEASING OR PLAN TO LEASE A VEHICLE, BUT I MAY PCS IN A YEAR OR TWO: ANY PROBLEMS?

A: No. The SCRA allows service members to terminate a lease early without penalty if the service member has orders to PCS or deploy for more than 90 days.

Q: I DON’T KNOW WHETHER THE DEALER’S FINANCING OFFER IS A GOOD DEAL: WHAT SHOULD I DO?

A: You have several options, and you, as the customer, are entitled to find out who can give you the best deal. Contact other lenders (*i.e.*, banks) directly, and see if they can beat the dealer’s offer. Compare the proposed Annual Percentage Rates (APRs) and length of the loans to determine who can give you the best deal. *Remember – lending institutions view you as a customer just as much as the car dealer does.* You should carefully determine the APR offered, as well as the length of the loan. Have the dealer or other lender work out the numbers with you to determine your monthly payments, as well as the total amount of money you will have paid when the loan is paid off. If a prospective lender doesn’t want to provide you this information, you should consider looking elsewhere.

MOUNTAIN POST LEGAL BRIEF is one of a series of informative handouts from the Fort Carson Legal Assistance Division containing general information on topics that legal assistance attorneys frequently advise on. Information provided is general in nature and does not constitute legal advice. Consult an attorney for specific legal advice for your particular situation. You may schedule a legal assistance appointment by calling the Legal Assistance Division at 719-526-5572.

Q: I WANT TO TRADE IN MY OLD CAR, BUT DON'T KNOW WHETHER I WOULD GET A GOOD DEAL: WHAT SHOULD I DO?

A: First, determine the value of your car. Check such sources as the Kelly Blue Book or Consumer Reports to determine how much your car is worth, considering its age, condition, and mileage. Next, when looking for your new car, find out the dealer's absolute lowest offer for the car you're looking at – *don't mention you are thinking of trading in until the dealer has quoted you his lowest price*. Many times, consumers find that they can receive more for their trade-in by selling it themselves, rather than trading it in. If the dealer doesn't quote you what you think is a fair price for your trade-in, consider selling it yourself.

Q: I AM TRADING IN MY OLD CAR, AND THERE ARE A LOT OF DISCLAIMERS I HAVE TO SIGN ABOUT THE CAR I AM TRADING IN: WHAT DO THEY MEAN?

A: Normally, when you trade in a car, the dealer will require you to sign a disclaimer or disclose, when appropriate, whether the car has ever been wrecked or whether the car's odometer has ever been adjusted. The dealer requires this because, when he resells the car, he may rely on the information you provided when he informs potential buyers of the car's history. Pay careful attention to these disclaimers, and record the information accurately. If you have questions about what you are signing, you should contact the Legal Assistance Division and arrange for an attorney consultation.

Q: IF I SIGNED A CONTRACT TO BUY A CAR, BUT NOW HAVE SECOND THOUGHTS, DON'T I HAVE SOME TIME TO CHANGE MY MIND?

A: No. Unlike door-to-door sales for some goods, you do not have a "cooling off" period in which to get out of your contract. *This is why it is critical that you carefully consider what you are going to sign and, if possible, have a legal assistance attorney look over the contract with you beforehand. There is no buyer's remorse clause in Colorado!*

Q: CAN THE LEGAL ASSISTANCE DIVISION LOOK OVER A CAR CONTRACT FOR ME BEFORE I SIGN IT?

A: Absolutely. We strongly encourage you to call the Fort Carson Legal Assistance Division and arrange for a consultation with an attorney *before you sign any contract or other documents*. Ask the dealer to give you a copy, and tell him you want to have someone look it over with you. Many consumers encounter difficulties because they rushed to sign a contract without understanding it. Remember – a legal assistance attorney can serve you best by advising you *before* you sign a contract. The Legal Assistance Division can help prevent problems from arising with your contract before you sign it.

Q: DOES COLORADO HAVE A LEMON LAW FOR CAR PURCHASES?

A: Yes. However, it only applies to new – rather than used – cars. If you buy a car with a manufacturer's warranty and it has a defect that can't be repaired, you could have some recourse under Colorado law. The lemon law only applies to cars, pickup trucks and vans: it does not cover motor homes or motorcycles.

Q: WHAT PROTECTIONS DOES COLORADO'S LEMON LAW OFFER?

A: If you buy a new vehicle with a defect that substantially impairs its use and market value within *one year* following purchase, and the defect is not repaired after a "reasonable number of attempts," a court could order the manufacturer to replace it or refund the purchase price less a reasonable allowance for the use of your vehicle. Rattles or squeaks that don't impair the use and value of the vehicle are not covered. A "reasonable number of attempts" to repair applies when the same defect remains following four or more repair attempts within the first year after delivery.

Q: I JUST BOUGHT A USED CAR IN AN "AS IS" CONDITION WITHOUT A WARRANTY: WHAT PROTECTIONS DO I HAVE IF SOMETHING GOES WRONG WITH THE CAR?

A: Virtually none. If you buy a car in an "as is" condition, the dealer does not have to make any repairs after the sale. The only exception to this rule is in certain circumstances involving safety items.

Q: THE DEALER MADE SOME VERBAL PROMISES TO ME BEFORE I BOUGHT MY CAR, BUT NOW HE'S NOT HONORING HIS PROMISES: WHAT CAN I DO?

A: Your options are limited. You should insist that ANY verbal guarantees or promises be incorporated into the contract. Verbal agreements are nearly impossible to enforce. If the dealer verbally promises you anything, **GET IT IN WRITING**.

Q: DOES COLORADO HAVE A PROCEDURE FOR FILING COMPLAINTS ABOUT AN AUTO DEALER'S PRACTICES?

A: Yes. There are several recourses. First, you should contact the dealership about the problem. If they fail to satisfactorily resolve the problem, you can then contact the Department of Revenue's Auto Industry Division (AID) to register a complaint about a dealer's practices. The AID handles such complaints as a dealer's failure to deliver you title in a timely manner, failure to meet the terms and conditions of a written contract, or misrepresentation or failure to disclose information required by law. You also may contact Colorado's Dealer Licensing Board, which addresses complaints about dealer practices. Other options include contacting the local district attorney in cases involving criminal violations of Colorado law, or contacting the local Better Business Bureau and Chamber of Commerce. Finally, you may file a consumer complaint here at Fort Carson at the Army Community Service office. You should contact the Legal Assistance Division to obtain more information about these possible avenues of redress.

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