Disclaimer: This handout is merely guidance on how to handle an auto purchase case when you first see it in your office. As with any consumer law issue, every auto case is different and every case will require different tactics to achieve success. When you go into any car case, be confident in knowing that you know the law better than the dealer.

Knowing the car selling game: when someone buys a car he does it through a contract that has much information on it. That information is given to a finance company who then sells that contract to another company. The terms of an auto contract are all designed to make the contract more “sellable.” The worse credit someone has, the harder it will be to “sell” the contract. Thus, you see egregious terms for some of the most vulnerable Sailors.

1. Make sure the client comes in with documentation.
   - You can do next to nothing for the client without two important documents: the buyer’s order and the retail sale installment contract, or the dealer-specific contract.
   - The first thing to make clear to the client is that if he/she signed these documents, he/she has agreed to pay for the car, i.e., he bought it.

2. Ask the client what he/she wants out of this.
   - Typically they want one of two things: out of the deal completely, or a renegotiated purchase price.
   - What you do will depend on what the client wants.

3. Look at the buyer’s order and retail sale installment contract.
   - On the front, total the numbers and make sure the math is right.
   - Then look on the BACK. Look for clauses about financing and the dealer’s rights if the client fails to perform.
   - Sometimes if the client cannot get approved for financing, then she cannot perform, and the contract might state that she’s merely liable for “actual damages.” Actual damages are any damage on the car while in her possession and any mileage she put on it.
   - If a dealership wants to charge a flat rate for damages, then you need to talk to someone higher up in the company or request an invoice for what the actual damages are.

4. Look up the dealership’s finance manager.
   - You can find this on their website typically. If not, just call the dealership and ask for the finance manager; everyone has one.
   - The finance manager’s job is to sell or assign that contract, or at least make sure it is sellable or assignable. He/she is NOT your friend, but rather someone who knows the business and you can negotiate with.
   - The finance manager will increase certain terms of the retail sale installment contract to make it more appealing for financers. That means that each of those terms are NEGOTIABLE. So, all you need to know are which ones.
     - Purchase price—how high is it above the KBB price?
     - Interest rate—16% may or may not be too high
     - Service contract add-on—did they buy a warranty yet the contract says “as is,” then you have misrepresentation on its face; also, did they say he/she had to have the service contract, then misrepresentation
     - GAP insurance add-on—not always necessary, if they said, “you have to sign everything or you don’t get the car,” then misrepresentation
Financial charge—TILA allows more than just interest in finance charge, ask what else they included in that.

5. Call the dealership.
   - No matter what your client wants you to call the finance manager.
   - Your approach: play dumb, act like you're not sure what's going on with this case, but you just want to get to the bottom of it (chances are, he does too).
   - See what he says. Tell the manager that your client doesn't want the car. If they are a reputable dealer, they won't force the car on the client. Chances are, they're not. This is where you make your “actual damages” argument if you have one.
   - If they do want the car, then you want to talk about areas where there are potential frauds or misrepresentations.

   - Dealer said you have to sign everything in order for the sale to go through—no really true. If client signed GAP or the service contract, then the dealer misrepresented.
   - Dealer said this is the best deal you’ll get—not true if the purchase price is too high and the finance charge is too high, then they could have done better.
   - The finance manager may try to say that he doesn’t know what his salesman said, and that is hearsay. Remember, everything that any agent from the dealership says is an admission by a party opponent, i.e., non-hearsay.

6. Once you agree on something, draft the Release and Settlement.
   - Whether you got the Servicemember out of the contract completely or renegotiated the terms, you’re going to have to “unwind the deal” on the first purchase.
   - Different releases for different cases; you could write a mutual release that releases both parties, or just a release that releases the client.

7. Get the agreement signed.
   - This may be when you go to the dealership with the client.
   - Usually you will need to return the vehicle. Have your client protect his interests here by taking photos of the car, taking photos of the mileage, and getting EVERYTHING out of the vehicle.

8. Call the finance company.
   - The agreement protects your client from liability, but that does not mean that everything is over. You have to call the finance company and make sure they did not sell or assign the contract yet.
   - You may have to fax them a copy of the agreement so they know to cancel the contract.
   - Is this your job? No, it's the dealer's job, but this is the only way to make sure it is done right.

9. Get it in writing.
   - Ask for a confirmation, in writing (e-mail is ok), from the finance company that the deal has been officially “unwound.”

10. Send the client a closure letter.
    - Enclose the original Release and Settlement and e-mail from the finance company.
    - Great job! You just saved someone a lot of debt and a lot of headaches.