



California Dealer Compliance Guide

THE CALIFORNIA CARS ACT

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The California CARS Act (SB 766)

Operational Compliance Guidance and Form Completion Instructions



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The Guide will be continuously updated through October 2026. For the most recent version of the Guide, visit [CNCDA Comply](#).

Purpose and Disclaimer

This guide discusses dealership operational compliance with the CARS Act (adopted through Senate Bill 766 in 2025), which becomes operative on **October 1, 2026**.¹ It replaces CNCDA's prior SB 766 white paper (published October 2025) and expands it with more detailed information throughout, form-by-form completion guidance for the new and revised Reynolds and Reynolds forms developed in coordination with CNCDA, additional FAQs, department-level implementation checklists, worked examples, and examples of compliant and noncompliant advertisements.

CNCDA members should also note that the elements of prior CNCDA compliance resources are outdated due to the CARS Act and will be updated in the future. These resources include the 2025 F&I Compliance Manual, 2022 Advertising Law Manual, and 2021 Dealership Operations Guide.

This guide is written for dealer principals, general managers, and dealership department leaders. Where a topic warrants deeper legal treatment — most notably the classification and structuring of add-on products — this guide summarizes the operational rules and refers readers to separate CNCDA legal guidance.

Disclaimer: The guidance in this document is for educational purposes only and is not legal advice. Dealers requiring legal advice on how to implement these laws at their dealerships are encouraged to contact competent counsel. This document is updated on a continuing basis; for the most recent version, visit [CNCDA Comply](#).

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How to Use This Guide

Parts 1 through 8 follow the lifecycle of a transaction: advertising and first customer contact, transaction disclosures, add-on products, the new three-day right to cancel for qualifying used vehicles, prohibited misrepresentations, recordkeeping, and enforcement. [Appendix A](#) contains a department-by-department implementation checklist; [Appendix B](#) is a glossary of defined terms; [Appendix C](#) lists the forms referenced in this guide. [Appendix D](#) provides examples of compliant and noncompliant advertisements. Appendixes [E](#) and [F](#) provide worked examples for the rules governing add-ons and the used vehicle return right, respectively.

A NOTE ON FEDERAL ADVERTISING GUIDANCE — THIS AREA IS CHANGING

This guide states California law. Dealer advertising is also governed by Section 5 of the Federal Trade Commission Act, and the federal position on vehicle advertising is developing, so the guidance below may change.

What the FTC has said. Although the FTC's CARS Rule was vacated by the Fifth Circuit and later withdrawn, the FTC has signaled active enforcement of vehicle advertising under its general deception authority. In March 2026, the agency sent warning letters to 97 dealer groups, and in public webinars with national dealer associations in April 2026, senior FTC

¹Cal. Civ. Code § 1784.28. All Civil Code references in this guide are to the law as added or amended by SB 766 unless otherwise noted.

staff stated the agency's view that an advertised vehicle price must include every dealer-imposed mandatory charge — including the document processing charge — with only government-imposed charges such as taxes, title, and registration excluded. Under this view, the most prominent advertised price must be a price at which any consumer can actually buy the vehicle, and the same principle extends to advertised lease and payment terms. FTC staff have also encouraged dealers to report noncompliant competitors.

Why this matters for California dealers. As discussed in this Guide, the CARS Act requires dealers to communicate the vehicle's "total price," and the total price is defined to exclude specified charges, including the document processing charge. (Civ. Code § 1784.31(j)(1); Veh. Code § 11713.1(e).) The FTC's stated position is therefore in tension with California law on this specific point. As of this writing, the FTC has not issued the promised written guidance resolving how its position applies in states whose laws treat the document processing charge differently, and national and state dealer associations are continuing to seek that clarification.

What this means for you. Follow California law as described in this guide. Be aware that your advertising is simultaneously subject to federal enforcement, and that as of the date of this Guide, this means including the document processing charge in your most prominent advertised price. CNCDA prepared alternative versions of advertisements that comply with both California and federal law ([see the optional presentations in Appendix D](#)). Discuss your dealership's advertising — including your third-party listings, which present a separate practical challenge — with counsel, and watch for CNCDA updates. This guide will be revised when the FTC issues written guidance or the legal landscape otherwise changes.

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Part 1: Overview, Applicability, and Effective Date

What the CARS Act Does

The CARS Act (adopted through Senate Bill 766, Statutes of 2025) is the most significant change to the California vehicle sale process since the Car Buyer's Bill of Rights in 2005. Effective October 1, 2026, the CARS Act:

1. Creates a **three-day right to cancel** the purchase or lease of used vehicles priced at \$50,000 or less, replacing the existing two-day contract cancellation option agreement (which is repealed).²
2. Requires disclosure of a vehicle's **"total price"** in specified advertisements and in the dealer's first written communication with a consumer.³
3. Imposes new **written disclosure requirements** for add-on products, monthly payment representations, and payment comparisons — on financed, leased, and cash transactions alike.⁴
4. Prohibits charging for **add-on products the customer would not benefit from**, and requires dealers to pay add-on vendors within 10 days.⁵
5. Prohibits **misrepresentations of material information** across thirteen enumerated categories.⁶
6. Requires **two-year retention** of records demonstrating compliance.⁷
7. Requires updated **contract language and showroom signage** regarding cancellation rights.⁸

Dealer advocacy during the legislative process removed or substantially narrowed the most damaging provisions of the bill as introduced — including an enhanced private right of action that would have made any violation a deceptive practice under the Consumers Legal Remedies Act, an unrestricted 10-day used vehicle return right, and a seven-year records retention mandate. The requirements described in this guide are what remains, and they still demand significant operational change at every dealership.

NO WAIVERS: A customer cannot waive any CARS Act right. Any waiver is contrary to public policy, unenforceable, and void.⁹ Do not ask customers to sign waivers of the three-day right to cancel or any other CARS Act protection, and do not accept vendor-supplied forms that purport to obtain such waivers.

²Cal. Civ. Code § 1784.43; Cal. Veh. Code § 11713.21 (repealed effective October 1, 2026).

³Cal. Civ. Code § 1784.41(a).

⁴Cal. Civ. Code § 1784.41(b)–(e).

⁵Cal. Civ. Code § 1784.42.

⁶Cal. Civ. Code § 1784.40.

⁷Cal. Civ. Code § 1784.44.

⁸Cal. Civ. Code §§ 1784.43(e), 2982(r), 2985.8(e); Cal. Veh. Code § 11709.2 (as added effective October 1, 2026).

⁹Cal. Civ. Code § 1784.21.

Which Transactions Are Covered (And Not Covered)

The CARS Act applies to licensed California dealers¹⁰ in connection with the retail sale, lease, or financing of motor vehicles. The following are **excluded** from the definition of “motor vehicle” and therefore outside the Act:¹¹

- **Wholesale transactions** — sales that do not constitute a retail sale under Revenue and Taxation Code section 6007.
- **Vehicles not required to be registered** under the Vehicle Code.
- **Fleet sales** — more than one vehicle sold as part of a single transaction for use primarily for business or commercial purposes.
- **Sales to commercial purchasers** — a person that purchases five or more vehicles *from the dealer* per year for use primarily for business or commercial purposes. Note that the count is per dealer: a business that buys many vehicles per year, but fewer than five from your dealership, is not a “commercial purchaser” as to your dealership.
- **Medium and heavy-duty vehicles** — vehicles with a gross vehicle weight rating of 10,000 pounds or more (i.e., Class 3+).

The practical result: the Act principally governs consumer transactions, but a single-vehicle sale of a light-duty vehicle to a small business is generally covered. A small business that purchases one F-150 pickup is, in most cases, protected by the CARS Act, even though it is a business purchasing the vehicle.

Two additional exemptions apply to specific requirements rather than to the Act as a whole: the disclosure requirements of section 1784.41 and the three-day right to cancel do not apply to used vehicles sold at **auction**,¹² and the three-day return right does not apply to a **lease-end buyout** — the sale of a leased vehicle to the lessee who is already in possession of it.¹³

Implementation Timeline

October 1, 2026, is roughly three months away. CNCDA recommends dealerships work backward from the operative date:

Target	Action items
July 2026	Assign a compliance lead. Inventory all advertising channels, third-party listing feeds, CRM and BDC e-mail/text templates, F&I menus, and add-on products. Begin the add-on product review described in Part 4.
August 2026	Update CRM/BDC templates so the total price appears in first written responses. Update website and syndication feeds. Revise desking worksheets and F&I menu language. Establish the 10-day add-on vendor payment process in the accounting office. Train department managers. Order updated signage and confirm form availability with Reynolds and Reynolds.
September 2026	Train all sales, BDC, F&I, and accounting staff on the new forms and the three-day cancellation process. Post new signage (effective October 1). Run mock deals in the DMS using the new forms. Confirm translated forms are stocked.

¹⁰Cal. Civ. Code § 1784.31(c).

¹¹Cal. Civ. Code § 1784.31(f)(2).

¹²Cal. Civ. Code §§ 1784.41(g), 1784.43(i).

¹³Cal. Civ. Code § 1784.43(h).

Target	Action items
October 1, 2026	New forms, contract language, signage, disclosures, and the three-day right to cancel go live. The old contract cancellation option agreement may no longer be used.

Part 2: Advertising and the Vehicle's "Total Price"

Part 2 discusses vehicle advertising under the CARS Act. [Appendix D of this guide](#) contains examples of compliant and noncompliant advertisements.

Legal Background

The CARS Act builds a new advertising and price-communication regime around a defined term: the vehicle's "**total price**." These requirements are in addition to — and expressly do not modify — California's existing vehicle advertising rules.¹⁴

What is a vehicle's "total price"?

"Total price" means the total sale price of the vehicle, **excluding** the taxes, fees, and charges described in Vehicle Code section 11713.1(e) — i.e., taxes, vehicle registration fees, the California tire fee, the emission testing charge, actual fees charged for certificates, finance charges, and the dealer document processing charge or electronic registration/transfer charge.¹⁵

Total price **includes** any dealer price adjustment (markup) and the cost of any item installed on the vehicle at the time of the advertisement or communication — the so-called "hard adds" such as preinstalled accessories, protection products, wheels, or appearance packages.¹⁶ The total price may **not** be reduced by any rebate.¹⁷

The statutory "Plus Disclosure" identified in Vehicle Code § 11713.1(c)(2) remains required in qualifying print advertising and on every dealer web page displaying a vehicle's price: "Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge." If the document processing charge is included in your total price (see federal note, below), you should remove the reference to it in the disclosure or make other appropriate changes so the disclosure is not misleading.

The bottom line: the customer must be able to buy the vehicle at the advertised total price, without additional charges for items already on the vehicle.

FEDERAL NOTE — DOCUMENT PROCESSING CHARGE (DPC): California law permits the DPC to be excluded from "total price." The Federal Trade Commission has taken a different position on dealer advertising throughout the United States. FTC leadership publicly stated in April 2026 that, in the FTC's view, advertised vehicle prices must include the DPC and other mandatory fees, and the FTC has committed to issuing written guidance on this point. The CARS Act guidance in this Part reflects California law. Dealers should be aware that their advertising is also subject to the FTC Act, should discuss the federal exposure with counsel, and should watch for CNCDA updates when the FTC's written guidance issues.

Ads compliant with both the FTC's position and the CARS Act are included in several of the examples in [Appendix D of this guide](#).

¹⁴Cal. Civ. Code § 1784.41(f); Cal. Veh. Code §§ 11713.1, 11713.16.

¹⁵Cal. Civ. Code § 1784.31(j)(1).

¹⁶Cal. Civ. Code § 1784.31(j)(2).

¹⁷Cal. Civ. Code § 1784.31(j)(3).

When must total price be disclosed?

A vehicle's total price must be clearly and conspicuously disclosed:¹⁸

1. In any **advertisement that references a specific vehicle** for sale;
2. In any **advertisement that represents any monetary amount or financing term for a specific vehicle**; and
3. In the **first written communication** with a consumer that references a specific vehicle for sale — **or any monetary amount or financing term for any vehicle**.

DEALER TIP — BUILD “TOTAL PRICE” INTO YOUR CRM AND BDC RESPONSE

TEMPLATES: The total price for the vehicle must then be disclosed at least once in the dealer's first response to a customer regarding a specific vehicle.¹⁹ Build the total price into your CRM and BDC response templates so it cannot be omitted, and train internet sales staff that the first substantive reply is the compliance event.

CAUTION — MIND THE AUTOMATED FIRST TOUCH. The 'first written communication' is frequently an automated acknowledgment or the first text, not a human reply. An auto-responder or first text that references the vehicle, a price, or a payment without the total price can itself be the violation. Build the total price into auto-responders, chat modules, and CRM templates, or sequence messaging so the total-price disclosure goes out before or with any other substantive message.

Two additional obligations attach to the first written communication: the dealer must **retain a copy for at least two years** and must **provide a copy to the customer upon written request**.²⁰

Advertisements that do not reference a specific vehicle — general brand, Tier 1, and Tier 2 advertising — are not regulated by these CARS Act provisions, although all existing Vehicle Code advertising requirements continue to apply.

Can rebates be included in the advertised total price?

No. The advertised total price may not include a deduction for any rebate. A rebate may, however, be advertised separately, and a dealer may still advertise a separate “net cost” figure that reflects a rebate, so long as the presentation complies with preexisting advertising law.²¹

May a dealer advertise MSRP or “call for price” instead of the vehicle's total price?

No. A dealer may identify MSRP in an advertisement, but MSRP is the manufacturer's suggested price; it is not the dealer's total price and does not substitute for it. If the dealer has installed items on the vehicle or applied a markup, the total price will differ from MSRP and must be disclosed. Even if the dealer's total price equals MSRP, the dealer must disclose its total

¹⁸Cal. Civ. Code § 1784.41(a). The clear-and-conspicuous standard applies to every disclosure required by section 1784.41.

¹⁹Cal. Civ. Code § 1784.41(a)(3)(A).

²⁰Cal. Civ. Code § 1784.41(a)(3)(B).

²¹Cal. Civ. Code §§ 1784.31(j)(3), 1784.41(f); Cal. Veh. Code § 11713.16(e).

price. Further, advertising MSRP with a disclaimer that it is not the selling price does not satisfy the Act; the dealer's actual total price must still appear in the ad.

Also, advertising "contact dealer for price," or something similar, does not satisfy the Act. Again, the dealer's actual total price must appear in the ad.

May a dealer still include MSRP in its advertisements for new vehicles?

Yes, with caveats. The CARS Act does not prohibit advertising MSRP, but MSRP is not a substitute for the dealer's "total price." If a dealer includes MSRP, it should be clearly labeled as the manufacturer's suggested retail price and displayed no more prominently than the total price, so that consumers do not mistake MSRP for the price at which the dealer will sell the vehicle.

May a dealer sell above or below the total price?

A dealer may not sell a vehicle above its communicated total price but may sell below it. A dealer may also sell optional add-on products that increase the total transaction amount above the vehicle's total price — provided the products are genuinely optional, properly disclosed as illustrated in [Part 3](#), and lawful to sell as illustrated in [Part 4](#).

Should dealers still date offers?

Yes. Date your offers. Under preexisting law, the duty to sell at the advertised total price continues while the vehicle remains unsold — unless the advertisement states that the price is good only for a specified time and that time has elapsed.²² An expiration date in every price advertisement reduces the dealership's exposure and works alongside the CARS Act's safe harbor for withdrawing an advertisement within 48 hours after the vehicle is sold (see Part 6).

May a dealer exclude installed items from the total price if the customer can elect to remove them?

The CARS Act requires dealers to include the price of any item installed on the vehicle at the time of the advertisement or communication and it does not contain any exception for removable items. This issue is discussed further in [Part 4 of this Guide](#).

SUPERSEDED PRACTICES — DO NOT RELY ON PRE-2026 ADVERTISING GUIDANCE:

Two long-standing advertising practices do not survive the CARS Act.

First, excluding an installed item from the advertised price of a specific vehicle — even with a disclosure that the product "may be purchased for an additional cost or removed at the customer's option" — is unlawful effective October 1, 2026. A device installed on the vehicle at the time of the advertisement must be included in the vehicle's total price (Civ. Code § 1784.31(j)(2)), and the "pay or remove" framing raises the preinstalled-product optionality concerns discussed in [Part 4](#).

The "pay or remove" framing is distinct from the sale of "hybrid" products, which combine physical items that include a modest warranty (included in the total price) with optional products (sold in F&I). As an example, a pre-installed theft deterrent device that includes a theft benefit must be included in the total price, but the dealer may sell an upgrade in F&I.

²²Cal. Veh. Code § 11713.1(e).

Such a structure is comparable to a dealer offering a vehicle with a maintenance plan (included in the total price) and offering upgraded maintenance coverage in F&I.

Dealers that are considering this “hybrid” approach are encouraged to [review Part 4](#) and the corresponding [memo on the sale of optional products](#), developed by Scali Rasmussen.

Dealers should ensure that all personnel follow established protocols to help manage potential increased risks associated with hybrid products.

Second, the class-advertising disclaimer that an advertised price “does not apply to vehicles with dealer-added options or accessories” survives only for true class advertising in which no specific vehicle is identified; it can no longer be used to advertise a specific vehicle at a price that excludes accessories already installed on it.

CNCDA’s 2022 Advertising Law Manual predates the CARS Act on these points; an updated edition is forthcoming. Until then, follow this guide where the two conflict.

May dealers still advertise payments, APR, and terms?

Yes, dealers may still advertise APR, payment, or term information — with conditions. Existing disclosure requirements continue to apply, including disclosures of total repayment, any assumed down payment or trade equity, and qualification limitations. A “well-qualified buyers only” disclaimer is not, by itself, sufficient. If the advertisement as a whole could mislead consumers about actual availability or total cost, the disclaimer will not cure it. Remember also that an advertisement representing any monetary amount or financing term for a specific vehicle triggers the total price disclosure.

Does a vehicle’s “total price” need to be included in the supplemental price sticker?

The CARS Act does not modify the supplemental price sticker requirements in Vehicle Code section 1784.41(q),²³ but it also does not exempt stickers from the total price disclosure. Because a sticker on a specific vehicle offered for sale may qualify as an “advertisement” under section 1784.41(a)(1), as a best practice, dealers should consider it to be one and disclose the vehicle’s total price on the sticker, confirm it matches the total price advertised elsewhere, and retain a copy of the sticker.

As a reminder, subdivision (q) permits an asking price above MSRP only if the sticker conspicuously identifies the price as the dealer’s asking price rather than MSRP, discloses the MSRP, itemizes each added item with its price, and labels any remaining difference “added mark-up.” Review the subdivision closely for its structure and print size requirements.

Subdivision (q) applies only to new vehicles. Using a supplemental sticker on a used vehicle implies an MSRP baseline that does not exist and risks a misrepresentation claim. Although the supplemental price sticker should not be on a used vehicle, used vehicles remain subject to the CARS Act total price requirements, discussed elsewhere in this Guide.

Are ads by third-party listing services covered?

Because the Act imposes obligations on the dealer’s own advertising and representations, regulators are unlikely to accept “the vendor did it” as a complete defense. The records retention requirement reaches internet-based listings that display a vehicle’s total price,

²³Civ. Code § 1784.41(f).

features, or financing terms **disseminated by the dealer** — which likely includes listings the dealer feeds to third-party platforms such as Cars.com or Edmunds.²⁴

Dealers should consider periodically reviewing how their vehicles and prices appear on the platforms they feed, and auditing the data their DMS or inventory provider transmits. The statute does not address listings created by third parties scraping dealer data without the dealer's involvement; arguably, such listings are not disseminated by the dealer and are outside the scope of the Act. Note that the retention requirement contains a carve-out: records generated solely by interactive tools that let consumers adjust variables (down payment, credit tier, rate, term) to receive personalized financing estimates need not be retained, provided the tools do not alter or misrepresent the vehicle's advertised total price.²⁵

²⁴Cal. Civ. Code § 1784.44(a)(1).

²⁵Cal. Civ. Code § 1784.44(a)(1).

Form: Total Price Disclosure (Form No. LAWCA-TOTPRCDISC)

LAW LAWCA-TOTPRCDISC

***** The Reynolds and Reynolds Company *****

TOTAL PRICE DISCLOSURE

Date: _____

Customer Name and Address	Co-Customer Name and Address	Seller/Dealer Name and Address
Email: _____ Phone: _____ Cell: _____	Email: _____ Phone: _____ Cell: _____	Deal Number: _____

"Customer", "you", and "your" refer to the above Customer and Co-Customer, separately and together. "Seller/Dealer", "we", "us", and "our" refer to the above Seller/Dealer. "Vehicle" refers to the vehicle described below.

VEHICLE DESCRIPTION					
Year	Make	Model	Mileage	Stock Number	Vehicle Identification Number (VIN)

VEHICLE'S TOTAL PRICE
The Total Price for the Vehicle is: \$ _____

IMPORTANT NOTICE ABOUT THE VEHICLE'S TOTAL PRICE
THE TOTAL PRICE DOES NOT INCLUDE ALL CHARGES YOU WILL PAY TO BUY OR LEASE THE VEHICLE. California law has a specific definition for Total Price that does not include: (1) any rebates you qualify to receive to buy or lease the vehicle. (2) all taxes, fees, and certain other charges. This Total Price Disclosure states the Vehicle's current Total Price. This is not an agreement to hold the Vehicle for you. We may sell the Vehicle to another customer.

By signing below, you acknowledge and agree that:

1. We provided the Vehicle's Total Price in our first written response to you referencing the Vehicle.
2. The Vehicle's Total Price does not include any rebates that may apply to the sale or lease of the Vehicle or all taxes, fees, and certain other charges.

 Customer

 Co-Customer

 Date

 Date

LAW FORM NO. LAWCA-TOTPRCDISC (Rev. 10/24)
© 2025, ® The Reynolds and Reynolds Company. TO ORDER: www.reynolds.com, 1-800-248-0996, fax 1-800-551-9205
 THE PRINTED NAME IS NEARLY ALWAYS THE SAME, AS TO CONTENT OR PURPOSE OF THIS FORM. CONSULT YOUR OWN LEGAL COUNSEL.

Reynolds and Reynolds, in coordination with CNCDA, has developed a Total Price Disclosure form. In cases where the customer has not already received the total price disclosure (for example, if a customer walked into the dealership without previously communicating with the dealership), this form satisfies the dealership's total price communication requirement under the CARS Act.

In other cases, the form serves two purposes: it creates a signed record that the vehicle's total price was communicated, supporting the dealer's records-retention obligation,²⁶ and it documents for the customer that the stated total price is current and does not include taxes, fees, certain other charges, or rebates — language aimed at the Act's prohibition on misrepresenting vehicle availability at a communicated price.²⁷

USE OF FORM DOES NOT CURE NONCOMPLIANCE: This form is evidence of compliance; it is not compliance itself. The statute requires the total price to appear in the advertisement or in the dealer's actual first written response to the customer. If the BDC's first e-mail omitted the total price, having the customer later sign this form does not cure the violation. Compliance starts in the CRM templates, not in the F&I office.

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Completing the form

- **Identification sections.** Complete customer, co-customer, dealership, and full vehicle identification (year, make, model, mileage, stock number, VIN). The VIN must match the vehicle referenced in the advertising or communications the form documents.
- **Total price box.** Enter the vehicle's total price as defined by California law: the sale price including any dealer markup and the cost of every item installed on the vehicle at

²⁶Cal. Civ. Code § 1784.44(a)(1).

²⁷Cal. Civ. Code § 1784.40(d).

the time of the communication, excluding only the taxes, fees, and charges permitted by statute. Do not enter MSRP, and do not deduct rebates. The amount entered must match the total price stated in the dealer's advertisements and first written response for this vehicle — if the price has changed since an earlier communication, the form states the current total price, and earlier communications should be retained as required.

- **Signatures and dating.** Obtain customer and co-customer signatures and date the form on the date presented. Retain the original in the deal jacket with copies of the underlying advertisement or first written communication.

DEALER TIP: Pair this form with the actual first written communication (if different) in the deal jacket. An auditor or plaintiff's attorney will compare the two. A signed disclosure stapled to a first e-mail that contains the total price is a strong record.

Part 3: Transaction Disclosures

Legal Background

Before the CARS Act, California's precontract disclosure requirements — created by the Car Buyer's Bill of Rights and codified in the Automobile Sales Finance Act (ASFA) — applied only to financed sales.²⁸ The CARS Act layers new written disclosure requirements on top of the ASFA regime and extends optionality and payment disclosures to **all** transaction types: financed, leased, and cash. The new disclosures are:

1. **Add-on optionality.** When the dealer makes any written representation during the negotiation about an add-on product or service, the dealer must disclose at least once, clearly and conspicuously and in writing, that the add-on is not required and the consumer can purchase or lease the vehicle without it.²⁹
2. **Total amount at a quoted monthly payment.** When the dealer makes any written representation during the negotiation about a monthly payment, the dealer must disclose at least once, clearly and conspicuously and in writing, the total amount the consumer will pay at that monthly payment after making all payments as scheduled. If that total assumes consideration from the consumer — a cash down payment, trade-in value — the amount of consideration must also be disclosed.³⁰ As a best practice, treat an applied rebate the same way and disclose the rebate amount separately from other consideration.
3. **Lower-payment comparisons.** If the dealer makes any written comparison between payment options that includes discussion of lower monthly payments, the dealer must disclose that lower monthly payments often increase the total amount the consumer will pay. Internet-based tools that let consumers adjust financing parameters do not, by themselves, trigger a violation.³¹

The optionality, payment, and comparison disclosures may be combined into the document containing the ASFA precontract disclosures.³² That is exactly what the updated Reynolds precontract disclosure form does for financed deals.

LANGUAGE REQUIREMENT: If the transaction is negotiated primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean (the languages identified in Civil Code section 1632(b)), the disclosures identified in points 1 and 2 above (i.e., add-on optionality, total amount at quoted monthly payment) must also be provided in that language.³³ Stock translated versions of the disclosure forms as needed (available from Reynolds & Reynolds) and follow your existing section 1632 translation procedures.

NOTE: [WORKED EXAMPLES IN APPENDIX E](#). Appendix E provides multiple worked examples that show how some key rules discussed in Parts 3 and 4 apply. Not all rules

²⁸Cal. Civ. Code § 2982.2.

²⁹Cal. Civ. Code § 1784.41(b).

³⁰Cal. Civ. Code § 1784.41(c).

³¹Cal. Civ. Code § 1784.41(d).

³²Cal. Civ. Code § 1784.41(e).

³³Cal. Civ. Code § 1784.41(b), (c).

discussed in [Part 3](#) are applied in [Appendix E](#). Consider reviewing Appendix E after you familiarize yourselves with the rules described in Part 3.

Which Forms on Which Deals

The table below summarizes the expected form usage by transaction type.

Transaction	Disclosure forms	Three-day cancellation forms
New vehicle — financed (RISC)	Pre-Contract Disclosure (LAWCA-PCD 10/26); if optional accessories offered, also use Optional Add-On Products or Services Disclosure (LAWCA-OPD)	Not applicable (new vehicles have no cancellation right)
New vehicle — lease or cash	Optional Add-On Products or Services Disclosure (LAWCA-OPD); payment/comparison disclosures via worksheet or menu	Not applicable
Used vehicle \$50,000 or less — financed	Pre-Contract Disclosure (LAWCA-PCD 10/26), if optional accessories offered, also use Optional Add-On Products or Services Disclosure (LAWCA-OPD); payment/comparison disclosures via worksheet or menu.	Cancellation Disclosure (LAWCA-CANCELDSCL) on every deal; Acknowledgment (LAWCA-CANCELACKNWDG) and Failure Notice (LAWCA-CANCELFAIL) as events require
Used vehicle \$50,000 or less — lease or cash	LAWCA-OPD; payment/comparison disclosures via worksheet or menu	Same as above
Used vehicle over \$50,000 (any structure)	PCD 10/26 or OPD as applicable; payment/comparison disclosures via worksheet or menu as applicable.	Not applicable — no cancellation right
Lease-end buyout (lessee in possession)	PCD 10/26 or OPD as applicable; payment/comparison disclosures via worksheet or menu as applicable.	Not applicable — statutory exemption

USING THE LAWCA-OPD FOR ALL TRANSACTIONS: While it is not required for all financed deals, dealers may want to consider using the Optional Add-On Products or Services Disclosure (LAWCA-OPD) for all transactions. Such a practice may be easier to implement than only using the form during certain finance transactions where accessories are offered.

The Total Price Disclosure form ([Part 2](#)) is keyed to advertising and the first written communication for a specific vehicle rather than to a transaction type and may be used on any deal.

CRITICAL — THE FORM MUST MATCH THE CONTRACT: The most common precontract disclosure violation is a mismatch between the disclosure and the final contract. The final signed disclosure — including the “Installment Payment INCLUDING Listed Items” and the new “Total Amount You Will Pay” figures — must precisely match the conditional sale contract at signing. Train F&I personnel to compare the two documents line by line before handing the contract to the customer. A disclosure that does not match the contract is not protective; it is evidence of a violation.

Completing the form

- **Identification of parties and vehicle.** Complete fully. The contract date box must never be dated later than the conditional sale contract — the disclosure precedes the contract by definition.
- **Optional add-on products or services box.** List only the statutory categories printed on the form — theft deterrent devices, surface protection products, service contracts, debt cancellation/GAP, and insurance products — one item per line, with the charge for each. Other dealer charges belong in the Other Goods, Services and Miscellaneous Charges section, not here. The bold statement that the listed products are not required and the vehicle can be purchased without them satisfies the CARS Act optionality disclosure for items presented on this form.³⁴
- **Optional accessories can be disclosed in the OPD Form.** Optional vehicle accessories ordered by the customer during negotiations (e.g., tow hitch, roof rack, floor mats, etc.) are considered “add-ons” under the Act but fall outside the scope of the ASFA and the PCD. Use the Optional Add-On Products or Services Disclosure (Form No. LAWCA-OPD), discussed below, for such accessories in financed deals.
- **Installment payment and total amount fields.** Quote the payment including and excluding the listed items, calculated identically except for those items, and complete the corresponding “Total Amount You Will Pay” for each — the scheduled payments to maturity. These figures implement the CARS Act’s total-cost disclosure and must match the final contract.³⁵
- **Downpayments section.** Complete the trade-in, deferred down payment, rebate, and cash lines. The statute requires the amount of consideration to be disclosed because the disclosed totals assume this consideration — this section is how the form does it.³⁶
- **Lower-monthly-payment notice.** The boxed notice (“Lower monthly payments often increase the total amount you will pay to buy the Vehicle”) is preprinted and appears on every form, even though the statute requires it only when the dealer makes a written comparison involving lower payments. This is deliberate: the form’s own including/excluding payment quote is a written payment comparison, and printing the notice on every form removes the risk of a missed conditional disclosure. The accompanying sentence — that the notice is required by California law and may not apply in all circumstances — is there to reduce customer confusion about the nature of the disclosure. F&I personnel should be prepared to explain this if customers ask.³⁷

³⁴Cal. Civ. Code § 1784.41(b), (e).

³⁵Cal. Civ. Code § 1784.41(c).

³⁶Cal. Civ. Code § 1784.41(c)(2).

³⁷Cal. Civ. Code § 1784.41(d).

- **Signatures.** Obtain buyer and co-buyer signatures (if applicable), retain the original in the deal jacket, and provide copies to the buyer and any co-buyer ([see Part 7 for a more detailed discussion on records retention](#)).

Form: Optional Add-On Products or Services Disclosure (Form No. LAWCA-OPD)

[illegible]

The Optional Add-On Products or Services Disclosure (OPD) is the stand-alone vehicle for the CARS Act optionality disclosure. Its core statements: the add-ons are not required; the customer can buy or lease the vehicle without them; the customer does not need to buy any add-on to obtain credit or lease approval; each add-on has its own terms presented before purchase; add-ons may be taxed and may cost more over time when financed; and the dealer has answered the customer's questions. The form then lists each add-on the customer has chosen, with its price.

When required and timing

Use this form for lease and cash deals and on finance deals if add-ons are presented outside the precontract disclosure's five statutory categories (such as accessories ordered by the customer). Dealers may also consider using the OPD in all transactions (including all finance deals) for administrative ease. The statutory trigger is important: the OPD is required when the dealer makes **any written representation during the negotiation** about an add-on — which usually means the

F&I menu, a desking worksheet, or a digital retailing screen, not the contracting ceremony at the end.³⁸

³⁸Cal. Civ. Code § 1784.41(b).

CRITICAL — DISCLOSE AT FIRST WRITTEN PRESENTATION, DOCUMENT AT SIGNING: The CARS Act requires dealers to make the optionality disclosure when add-ons are first presented in writing — by including the disclosure language on the F&I menu, worksheet, or digital retailing interface. Dealers may then use the signed LAWCA-OPD at contracting as the documented record of the disclosure and of which add-ons the customer selected. Do not treat the signature at the end of the deal as the only compliance event: the statute keys the disclosure to written representations made during the negotiation.

Completing the form

- **Add-on description and price.** List each add-on the customer has chosen, one per line, with a clear plain-English description (e.g., “5-year/60,000-mile vehicle service contract — [provider]”) and the price. Avoid vague entries such as “protection package.” The descriptions and prices must match the contract and any product agreements.
- **Consistency with the deal.** If the customer adds or drops a product after the form is signed, prepare a corrected form. An OPD listing products that do not appear on the contract — or omitting ones that do — undercuts the form’s protective value and invites a packing claim.
- **List all-add ons, regardless of whether they’re included in the PCD.** In financed deals, dealers will also present the customer with the Pre-Contract Disclosure (PCD) form described above, which will list add-ons that fall within the five categories identified by the Automobile Sales Finance Act (e.g., service contracts, theft deterrent devices, etc.). These add-ons should also be listed in the OPD, in addition to items that are outside the scope of the PCD, such as accessories.
- **Translation.** Provide the translated version when the negotiation is conducted primarily in a section 1632(b) language.

Customer Worksheets and Payment Comparisons

Desking worksheets, four-squares, and digital retailing screens that compare payment options in writing — including any presentation discussing lower monthly payments — must carry the statement that lower monthly payments often increase the total amount the consumer will pay.³⁹ Review and update worksheet templates and desking software output accordingly. Any written monthly-payment representation during negotiation also triggers the total-amount disclosure described above, so worksheets that quote payments should display the total dollar amount of all scheduled payments plus any assumed consideration.⁴⁰

³⁹Cal. Civ. Code § 1784.41(d).

⁴⁰Cal. Civ. Code § 1784.41(c).

Part 4: Add-On Products and Services

This Part summarizes the CARS Act's rules on what add-on products may be sold and how product handling affects the advertised price. It is intentionally only a summary: product classification — particularly for “hybrid” products combining a physical item with coverage — raises Insurance Code and structuring questions that warrant legal review. CNCDA has published a [detailed legal memorandum on add-on products prepared by outside counsel](#); dealers and their counsel should consult it before restructuring product offerings.

NOTE: [WORKED EXAMPLES IN APPENDIX E](#). [Appendix E](#) provides multiple worked examples that show how some key rules discussed in Parts [3](#) and [4](#) apply. Not all rules discussed in Part 4 are applied in Appendix E. Consider reviewing Appendix E after you familiarize yourself with the rules described in Part 4.

What Counts as an “Add-On”

The Act defines “add-on” as “any product or service not provided to the purchaser or lessee or installed on the vehicle by the vehicle manufacturer and for which the dealer, directly or indirectly, charges a purchaser or lessee in connection with a vehicle sale, lease, or financing transaction.”⁴¹ The scope here is broad, and includes items or services sold in F&I.

Two Questions for Every Product

Every non-OEM product your dealership offers should be run through two questions:

1. **Is it on the vehicle when you advertise it?** If a product is physically installed on the vehicle at the time of the advertisement or first written price communication, its cost must be included in the vehicle's advertised total price.⁴²
2. **Would the customer benefit from it?** A dealer may not charge for an add-on the customer would not benefit from.⁴³ Products with coverage, warranty, or subscription components also raise Insurance Code classification questions — confirm with the vendor, in writing, the California-law basis for how the product is classified and who the obligor is.

In practice these questions sort products into four groups: preinstalled physical equipment (in the advertised price; value generally supportable by the equipment itself); hybrid products with a physical component plus coverage (physical component in the advertised price; coverage component optional, disclosed, and reviewed for benefit and insurance classification); traditional F&I products (optional, disclosed, reviewed for benefit and eligibility); and due bill accessories installed after sale (not in the advertised price; documented specifically on the due bill). Your own process decides the category: the same trailer hitch is in the advertised price if installed on receipt, and a due bill item if ordered at sale. Make those choices deliberately.

⁴¹Cal. Civ. Code § 1784.31(a).

⁴²Cal. Civ. Code §§ 1784.31(j)(2), 1784.41(a).

⁴³Cal. Civ. Code § 1784.42(a).

REVIEW MEMO ON ADD-ON PRODUCTS: CNCDA commissioned a comprehensive memorandum on the sale of “add-ons” under the CARS Act. Developed by the law firm Scali Rasmussen, PC, the memo evaluates which non-OEM products and services a dealer may lawfully sell under the Act, and in what structures. Towards this end, the memo discusses in detail the four groups of add-ons noted in this Guide. CNCDA members may download a copy of the memo on [CNCDA Comply](#).

WARNING: “HYBRID” PRODUCTS WARRANT HEIGHTENED SCRUTINY: The recommended structure for hybrid products is to include the physical component in the advertised total price, accompanied by a meaningful (but modest) complimentary warranty, with separately offered optional upgraded coverage. The base warranty must provide real coverage, not merely paper coverage. **Closely review the guidance in the [Scali Rasmussen memo](#) on add-on products and consult counsel before implementing a policy at your dealership.**

Products That May Not Be Charged For

The Act identifies a non-exhaustive list of no-benefit products:⁴⁴

- Nitrogen-filled tire products or services with less than 95 percent nitrogen purity;
- Products or services that do not provide coverage for the vehicle, the consumer, or the transaction;
- A GAP agreement not in compliance with existing California GAP law (including the loan-to-value restrictions of Civil Code section 2982.12 — dealers should already be calculating and retaining LTV ratios on every GAP deal);
- A service contract void due to preexisting conditions, including prior crash or flood damage or preexisting mechanical conditions;
- Oil changes for electric vehicles;
- Catalytic converter markings for a vehicle without a catalytic converter; and
- Surface protection products that void the manufacturer’s paint warranty.

The scope of the benefit requirement is narrow in one important respect: a customer benefits from a product the customer **selected** even if the customer never uses it or no coverage event occurs.⁴⁵ But note the statutory phrasing — “selected by, and would benefit” — ties the safe harbor to genuine customer election. A product embedded in a payment without a specific, documented customer choice may not get the benefit of this provision even if the product itself was sound. Opt-in menu presentation and the signed disclosure forms in Part 3 are how dealerships document election.

DEALER TIP — BUILD ELIGIBILITY SCREENS: Configure the F&I menu and DMS so ineligible products cannot be sold: no EV oil-change products on electric vehicles, no catalytic converter marking on vehicles without converters, no service contracts on vehicles

⁴⁴Cal. Civ. Code § 1784.42(a)(1)–(7).

⁴⁵Cal. Civ. Code § 1784.42(c).

whose condition voids them, no GAP outside the section 2982.12 loan-to-value parameters. A blocked sale costs nothing; each of these sales is a per-se violation.

Watch Your Penetration Rates

As discussed in greater depth in the [Scali Rasmussen memo on add-on products](#), federal and state enforcement actions against dealer groups have used very high penetration rates on “optional” products as evidence that the products were effectively mandatory and the advertised price deceptive. The practical question enforcers ask is whether a customer can in fact buy the advertised vehicle at the advertised price — not whether the paperwork says so. A product preinstalled on every inbound unit whose associated coverage sells to nearly every customer should be treated as a structural compliance flag: either the product genuinely benefits nearly everyone (in which case it arguably belongs in the vehicle’s price), or its optionality is illusory in practice. Monitor product-level penetration as a standing compliance metric — and involve counsel in any internal penetration review to preserve privilege.

Pay Add-On Vendors Within 10 Days

The Act requires the dealer to pay the person or entity that provides the benefit of an add-on within **10 days** of the date the buyer or lessee signs the purchase or lease — unless the dealer has an agreement with the provider for later payment **and** the customer’s coverage is not affected by the later payment.⁴⁶

ACCOUNTING OFFICE ACTION ITEM: Many dealerships remit to product vendors on monthly statements. Before October 1, 2026, either move add-on remittances to a within-10-days cycle, or obtain written agreements from each product vendor authorizing later payment and confirming that customer coverage is effective regardless of remittance timing. Retain proof of timely payment — it is an enumerated records-retention item.⁴⁷

Benefit Documentation

For each product offered, maintain a product file supporting customer benefit: vendor invoice and product description; contract or warranty terms; eligibility rules; evidence of efficacy and OEM warranty compatibility where relevant; the vendor’s written California-law classification representation; and, for due bill items, the completed due bill identifying the specific product, price treatment, installation timing, and any warranty. Avoid vague due bill descriptions such as “accessory package.”

⁴⁶Cal. Civ. Code § 1784.42(b).

⁴⁷Cal. Civ. Code § 1784.44(a)(3).

Part 5: The Three-Day Right to Cancel Used Vehicle Purchases and Leases

Effective October 1, 2026, a dealer may not sell or lease a used vehicle at retail at a price of \$50,000 or less without providing the buyer or lessee a three-day right to cancel.⁴⁸ The right replaces the two-day contract cancellation option agreement, which is repealed as of the same date.⁴⁹ Unlike the old option, the new right is free — the dealer cannot charge for the right itself, although a restocking fee applies when it is exercised.

Three Reynolds and Reynolds forms support the cancellation process: a disclosure given on every covered deal (LAWCA-CANCELDSCL), an acknowledgment and receipt completed when a customer cancels (LAWCA-CANCELACKN), and a notice used when an attempted cancellation does not meet the statutory requirements (LAWCA-CANCELFIL). Each is discussed below.

NOTE: [WORKED EXAMPLES IN APPENDIX F](#). [Appendix F](#) provides multiple worked examples that show how some key rules discussed in [Part 5](#) apply. Not all rules discussed in Part 5 are applied in Appendix F. Consider reviewing Appendix F after you familiarize yourself with the rules described in Part 5.

FORMS ARE YOUR DEFENSE — IF COMPLETED CORRECTLY: The cancellation statute makes it a violation to impede a cancellation, overcharge the restocking fee, withhold a down payment or trade-in, fail to refund timely, or claim damage without reasonable basis.⁵⁰ These forms exist to prove the dealership did none of those things. A correctly completed set is strong protection; an incorrect deadline, an unsupported fee, or a damage claim with no documentation converts the same forms into the customer's evidence. Treat completion accuracy as a trained, audited process.

Which Vehicles Are Covered

- **Used vehicles only**, priced at \$50,000 or less. The threshold is “equal to or less than” — a \$50,000 sale is covered; \$50,001 is not.⁵¹
- **Not motorcycles.** “Used vehicle” under the Act excludes motorcycles.⁵²
- **Not new vehicles** — at any price.
- **Not lease-end buyouts.** The sale of a leased vehicle to a lessee already in possession is exempt.⁵³
- **Not auction sales** of used vehicles conducted in compliance with the Vehicle Code.⁵⁴

⁴⁸Cal. Civ. Code § 1784.43(a)(1)(A).

⁴⁹Cal. Veh. Code § 11713.21 (repealed effective October 1, 2026).

⁵⁰Cal. Civ. Code § 1784.43(c).

⁵¹Cal. Civ. Code § 1784.43(a)(1)(A), (g).

⁵²Cal. Civ. Code § 1784.31(k)(2).

⁵³Cal. Civ. Code § 1784.43(h).

⁵⁴Cal. Civ. Code § 1784.43(i).

- **Mileage cutoff.** The right does not apply if the vehicle has been driven more than 400 miles between execution of the agreement and the attempted cancellation.⁵⁵

What is a "used vehicle"?

The CARS Act does not write its own definition — it incorporates existing Vehicle Code § 665, which is the basis for determining whether a vehicle is identified as “used” in advertising.⁵⁶ Under § 665, a vehicle is “used” if any one of the following is true: it has been sold (except same line-make wholesales); it has been registered with the California DMV or in another state or jurisdiction; it has been sold and operated on the highways; it is a dealer demonstrator vehicle; or it is an unregistered vehicle regularly used or operated by a manufacturer in its sales or distribution work. **Meeting any single trigger makes the vehicle “used.”**

May add-ons purchased by the customer be included in determining whether a vehicle's price exceeds \$50,000?

CNCDA recommends that dealers not reduce a vehicle's eligibility for the 3-day right to cancel based on optional add-ons the customer elects to purchase, and that they provide the right whenever the vehicle's price is \$50,000 or less — even if optional add-ons bring the total amount financed higher. **Structuring a deal to block a customer's right to cancel can be the basis for legal action against the dealer.**

Computing the Three-Day Period

The period is **three calendar days commencing the calendar day after** the purchase or lease is executed, and it ends at the **close of business** on the last day. If the third day falls on a day the dealership is closed to the public, the period extends to the next day the dealership is open.⁵⁷

Contract executed	Day 1 / Day 2 / Day 3	Deadline
Monday	Tuesday / Wednesday / Thursday	Close of business Thursday
Tuesday	Wednesday / Thursday / Friday	Close of business Friday
Thursday (dealership closed Sundays)	Friday / Saturday / Sunday	Extended to close of business Monday — day three falls on a closed day
Saturday (open seven days)	Sunday / Monday / Tuesday	Close of business Tuesday

A dealer may voluntarily offer **greater** protections — a longer period, additional vehicles, or a reduced restocking fee — and may reflect those enhancements in the required notices.⁵⁸ A dealer may never offer less: a deadline entered on the disclosure form earlier than the statutory minimum is a violation, and a later deadline becomes a commitment the dealership must honor.

⁵⁵Cal. Civ. Code § 1784.43(a)(1)(B).

⁵⁶Civ. Code § 1784.31(k)(1).

⁵⁷Cal. Civ. Code § 1784.31(i).

⁵⁸Cal. Civ. Code § 1784.43(j).

The Restocking Fee

A dealer may charge a customer who exercises the right a restocking fee with two components:⁵⁹

1. **Base charge:** 1.5% of the vehicle's sale price, but no less than \$200 and no more than \$600. Alternatively, a dealer that charged the customer a shipping fee for transporting the vehicle may instead retain its actual shipping cost, up to the same cap, refunding any balance of the amount charged.
2. **Excess mileage charge:** if the vehicle has been driven over 250 miles, an additional \$1.00 per mile over 250, not to exceed \$150.

Worked example: A used SUV sells for \$28,000. The customer cancels on day two having driven 310 miles. Base charge: $1.5\% \times \$28,000 = \$420$ (within the \$200–\$600 band). Mileage charge: $310 - 250 = 60$ miles $\times \$1.00 = \$60$. Total restocking fee: \$480. On a \$12,000 vehicle, 1.5% is \$180, so the \$200 minimum applies; on a \$45,000 vehicle, 1.5% is \$675, so the \$600 cap applies.

CRITICAL — DEDUCT THE FEE FROM THE REFUND FIRST: The restocking fee must be deducted from any refund owed to the customer. Only if the refund does not cover the full fee is the balance due from the customer at the time of cancellation.⁶⁰ Demanding cash payment of a fee the refund would cover — or refusing to process a cancellation until the fee is paid separately — is overcharging and impeding, both independent violations. This is the single most important point to train at the sales desk.

⁵⁹Cal. Civ. Code § 1784.31(g).

⁶⁰Cal. Civ. Code § 1784.43(a)(2)(B).

3-Day Right to Cancel Disclosure (Form No. LAWCA-CANCELDSCL)

LAW LAWCA-CANCELDSCL

3-Day Right to Cancel Used Car Purchase or Lease

Date: _____

Buyer/Lessee Name and Address	Co-Buyer/Co-Lessee Name and Address	Seller/Lessor Name and Address
Email: _____ Phone: _____ Cell: _____	Email: _____ Phone: _____ Cell: _____	Deal Number: _____

"Buyer/Lessee", "you", and "your" refer to the above Buyer/Lessee and Co-Buyer/Co-Lessee, separately and together. "Seller/Lessor", "we", "us", and "our" refer to the above Seller/Lessor. "Vehicle" refers to the vehicle described below. "Trade-In Vehicle" refers to any used vehicle you are selling to us as part of the down payment to purchase or lease of the Vehicle.

VEHICLE DESCRIPTION				
Year	Make	Model	Mileage at Delivery	Vehicle Identification Number (VIN)

Transaction Type: ☐ Sale ☐ Lease

It is important that you understand the following information about your 3-Day Right to Cancel the Vehicle sale or lease ("Right"):

- Time to Cancel.** To exercise your Right, you must tell us and return the Vehicle to us at the address above before your Right ends at _____ on _____.
- Restocking Fee.** Although we do not charge a fee for the Right, we will charge you a Restocking Fee if you exercise your Right. The Restocking Fee includes a base charge, which will either be: (i) 1.5% of the Vehicle sale price, but no less than \$200 and no more than \$600; or (ii) any cost we incurred to ship or transport the Vehicle to you up to the amount allowed in (i). We may also charge an excess mileage charge as part of the Restocking Fee. The excess mileage charge will be \$1.00 for each mile driven over 250 miles, not to exceed \$150. We will subtract the Restocking Fee from any amount we owe you. If the amount we owe you is less than the Restocking Fee, you will have to pay us the difference at the time you exercise your Right.
- Cancellation Requirements.** You must meet all of the following requirements when you attempt to exercise your Right:
 - Time to Cancel.** You return the Vehicle before the Time to Cancel.
 - Maximum Mileage.** The Vehicle is driven 400 miles or less between when you signed the sale or lease agreement and when you attempt to exercise your Right.
 - Restocking Fee.** You pay the Restocking Fee.
 - Liens.** The Vehicle does not have any lien or encumbrance other than ones created by or incidental to the sale or lease of the Vehicle.
 - Vehicle Condition.** The Vehicle is in the same condition as when we delivered it to you, except reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by you.
 - Return Cash or Item(s).** You return any cash or items you received in connection with the sale or lease of the Vehicle.
- Required Signature.** If you exercise your Right, you agree to complete any documents that are reasonably necessary to complete the cancellation and refund and are reasonably required to comply with California law.
- Trade-In Vehicle.** If you traded in a vehicle as part of the sale or lease, then the following applies:
 - Return the Trade-In Vehicle.** If we have not sold or begun the process of transferring the title of the Trade-In Vehicle, then we will return the Trade-In Vehicle to you.
 - Trade-In Vehicle Refund.** If we have sold or begun the process of transferring the Trade-In Vehicle's title, then we will pay you the greatest of: (i) the agreed-upon value of the Trade-In Vehicle in the sale or lease agreement; (ii) the amount we sold the Trade-In Vehicle; or (iii) the fair market value of the Trade-In Vehicle. We may reduce your refund by any amount we paid to satisfy any outstanding indebtedness secured by the Trade-In Vehicle.
 - Right to Proof.** If we tell you that we cannot return the Trade-In Vehicle because we have sold it, we must provide you with a copy of the document showing the sale of the Trade-In. We will redact the new customer's personal information.

By signing below, you agree and acknowledge that you received this disclosure on the date you signed the sale or lease agreement for the Vehicle.

Buyer/Lessee _____	Date _____	Co-Buyer/Co-Lessee _____	Date _____
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LAW FORM NO. LAWCA-CANCELDSCL (Rev. 10/24)
©2024 by The Reynolds and Reynolds Company. TO ORDER: www.reynolds.com; 1-800-344-0999; fax 1-800-531-9055
THE PRINTER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO CONTENT OR FITNESS FOR PURPOSE OF THIS FORM. CONSULT YOUR OWN LEGAL COUNSEL.

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When required

On every sale or lease of a covered used vehicle, the dealer must provide a disclosure titled "3-Day Right to Cancel Used Car Purchase or Lease" on a document separate from the contract.⁶¹ The Reynolds form contains the statutorily required content: the parties and vehicle; the cancellation deadline; how both components of the restocking fee are calculated (including the shipping-cost alternative); the 400-mile limitation; the conditions for exercising the right; the documents the customer may be asked to execute; the trade-in refund rules; and the customer's right to proof, with personal information redacted, if the dealer has sold the trade-in. If the transaction is negotiated primarily in a section 1632(b) language, the disclosure must also be provided in that language.

Completing the form

- The deadline fields — the most important entries on the form.** Enter the date and time the right ends, computed under the rules above: three calendar days starting the day after execution, ending at your posted close of

business, extended to the next open day if day three falls on a day the dealership is closed. Never enter a deadline earlier than the statutory minimum. Check the dealership's actual operating calendar — holiday closures extend the deadline. If the dealership voluntarily allows longer, enter the longer deadline and honor it.

- Vehicle identification and mileage at delivery.** Complete fully and accurately. The mileage-at-delivery entry is the baseline for both the 400-mile eligibility cutoff and the excess-mileage charge; an error here compromises any later mileage-based position the dealership takes.

⁶¹Cal. Civ. Code § 1784.43(b).

- **Timing and signatures.** Provide the disclosure during the sale or lease process and obtain signatures dated the same date as the sale or lease agreement — the acknowledgment on the form recites that the customer received it on the date the agreement was signed. Give the customer a copy; retain the original in the deal jacket.
- **Translation.** Provide the translated version when required, and retain it with the English original.

Acknowledgment of Cancellation and Receipt

When a customer returns within the period and meets the requirements, the dealership must cancel the contract and provide a full refund, minus permitted deductions, within **48 hours** of the time the right is exercised. One exception: if the customer paid by a method that does not produce immediately verified funds — a personal check, for example — the refund may be delayed until two business days after the payment is verified, and the dealer must provide the customer documentation showing when verification occurred. The dealer is not responsible for delays outside its control, such as bank or card processing times.⁶²

Must a dealer refund a buyer who exercises the right to cancel before the buyer's downpayment has been verified?

No. While the Act generally requires the dealer to cancel the contract and provide the refund within 48 hours of cancellation,⁶³ that deadline is subject to an express exception: where the buyer made a payment by a method that does not result in an immediate, verified transfer of funds — such as a personal check — the dealer may delay the refund until two business days after the payment is verified.⁶⁴ **A dealer should not issue a refund on a payment that has not yet cleared, because refunding before the funds are verified leaves the dealership exposed if the original payment is later dishonored.** The dealer must document the date on which the payment was verified, as the statute requires.

May I reject the customer's cancellation if the payment has not been verified?

No. Payment verification affects only the timing of the refund, not the buyer's right to cancel. The 3-day right to cancel is exercised when the buyer timely returns the vehicle and the other items the statute requires;⁶⁵ verification of the buyer's payment is not a condition of that right. The Act directs the dealer to cancel the contract and refund the buyer, and where payment was made by a non-immediate method it permits the dealer to delay the refund — not to reject the cancellation.⁶⁶

⁶²Cal. Civ. Code § 1784.43(d).

⁶³Cal. Civ. Code § 1784.43(d)(1).

⁶⁴Cal. Civ. Code § 1784.43(d)(2).

⁶⁵Cal. Civ. Code § 1784.43(b)(6).

⁶⁶Cal. Civ. Code § 1784.43(d).

Form No. LAWCA-CANCELACKN (Acknowledgment of Cancellation and Receipt)

LAWCA-CANCELACKN

ACKNOWLEDGMENT OF CANCELLATION AND RECEIPT

Date: _____

Buyer/Lessee Name and Address Email: Phone: Cell:	Co-Buyer/Co-Lessee Name and Address Email: Phone: Cell:	Seller/Lessor Name and Address Deal Number:
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"Buyer/Lessee", "you", and "your" refer to the above Buyer/Lessee and Co-Buyer/Co-Lessee, separately and together. "Seller/Lessor", "we", "us", and "our" refer to the above Seller/Lessor. "Vehicle" refers to the vehicle described below. "Trade-In Vehicle" refers to any used vehicle you are selling to us as part of the down payment to purchase or lease of the Vehicle.

Year	Make	Model	Vehicle Description	Stock Number	Vehicle Identification Number (VIN)

Transaction Type: ☐ Sale ☐ Lease

TERMS OF CANCELLATION	EXERCISING THE RIGHT TO CANCEL																																																								
By exercising your 3-Day Right to Cancel the Vehicle sale or lease ("Right"), you and we acknowledge the following Terms of Cancellation: 1. Cancellation. We will cancel the contract and provide you with a full refund, minus any permitted deductions within 48 hours of the time you exercised your Right. However, if we have not received immediate verified funds from you, we may delay providing a refund until 2-business days after all your payments have been verified. Additionally, we are not responsible for any delays in processing your refund that are outside of our control. 2. Cancellation Requirements. You are confirming that you and the Vehicle meet all Cancellation Requirements below. a. You are exercising your Right within the required three (3)-day period. b. The Vehicle was driven 400 miles or less between when you signed the sale or lease agreement and when you exercise your Right. c. The Vehicle does not have any lien or encumbrance other than ones that were created by or incidental to the sale or lease of the vehicle. d. The Vehicle is in the same condition as when we delivered it to you, except reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by you. e. You pay us the Amount You Owe Us at the time you exercise your Right. f. You return any cash or items you received in connection with the sale or lease of the Vehicle. 3. Required Signature. You agree to complete any documents that are reasonably necessary to complete the cancellation and refund and as reasonably required to comply with California law. 4. Trade-In Vehicle. If the transaction includes a Trade-In Vehicle, the Refund Itemization notes whether we are returning or refunding the Trade-In Vehicle. We will return the Trade-In Vehicle to you unless we have already sold it or begun the process of transferring the title of the Trade-In Vehicle. If you are owed a refund, we will pay you the greatest of: (i) the agreed-upon value of the Trade-In Vehicle in the sale or lease agreement ("Allowance"); (ii) the amount we sold the Trade-In Vehicle ("Sale Amount"); or (iii) the fair market value of the Trade-In Vehicle ("Fair Market Value"). We may reduce the amount We Owe You or increase the Amount You Owe Us by any amount we paid to satisfy any outstanding indebtedness secured by the Trade-In Vehicle ("Prior Outstanding Indebtedness Paid by Us"). You are also entitled to proof if we have sold the Trade-In Vehicle to someone else. PROOF OF TRADE-IN VEHICLE SALE ☐ If checked, we must provide a copy of the document showing the sale of the Trade-In Vehicle. By signing below, you acknowledge that we provided that proof with the new customer's personal information redacted. By signing below, you understand that you: (1) are exercising your Right to Cancel on the date and time listed above; (2) acknowledge the Terms of Cancellation; (3) have reviewed the Refund Itemization; and (4) agree to pay us the Amount You Owe Us or receive a refund of the Amount We Owe You.	Date: _____ Time: _____ REFUND ITEMIZATION <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">Refund Amount</th> </tr> <tr> <td>Downpayments You Paid Us</td> <td> </td> </tr> <tr> <td>☐ Trade-In Vehicle(s) Returned</td> <td> </td> </tr> <tr> <td>☐ Trade-In Vehicle 1 Refund</td> <td> </td> </tr> <tr> <td>Allowance</td> <td> </td> </tr> <tr> <td>Sale Amount</td> <td> </td> </tr> <tr> <td>Fair Market Value</td> <td> </td> </tr> <tr> <td>☐ Trade-In Vehicle 2 Refund</td> <td> </td> </tr> <tr> <td>Allowance</td> <td> </td> </tr> <tr> <td>Sale Amount</td> <td> </td> </tr> <tr> <td>Fair Market Value</td> <td> </td> </tr> <tr> <td>Total Refund Amount</td> <td> </td> </tr> <tr> <th colspan="2">Restocking Fee</th> </tr> <tr> <td>Base Charge</td> <td> </td> </tr> <tr> <td>Excess Mileage</td> <td> </td> </tr> <tr> <td>Total Restocking Fee</td> <td> </td> </tr> <tr> <th colspan="2">Refund Deductions</th> </tr> <tr> <td>Total Refund Amount</td> <td> </td> </tr> <tr> <td>Total Restocking Fee</td> <td>()</td> </tr> <tr> <td>Prior Outstanding Indebtedness Paid by Us</td> <td>()</td> </tr> <tr> <td>Amount We Owe You</td> <td> </td> </tr> <tr> <td>Amount You Owe Us</td> <td> </td> </tr> <tr> <td colspan="2">How Amount You Owe Us will be Paid:</td> </tr> <tr> <td>☐ Credit Card</td> <td> </td> </tr> <tr> <td>☐ Cash</td> <td> </td> </tr> <tr> <td>☐ Debit</td> <td> </td> </tr> <tr> <td>☐ Check No. _____</td> <td> </td> </tr> <tr> <td>☐ Other: _____</td> <td> </td> </tr> </table>	Refund Amount		Downpayments You Paid Us		☐ Trade-In Vehicle(s) Returned		☐ Trade-In Vehicle 1 Refund		Allowance		Sale Amount		Fair Market Value		☐ Trade-In Vehicle 2 Refund		Allowance		Sale Amount		Fair Market Value		Total Refund Amount		Restocking Fee		Base Charge		Excess Mileage		Total Restocking Fee		Refund Deductions		Total Refund Amount		Total Restocking Fee	()	Prior Outstanding Indebtedness Paid by Us	()	Amount We Owe You		Amount You Owe Us		How Amount You Owe Us will be Paid:		☐ Credit Card		☐ Cash		☐ Debit		☐ Check No. _____		☐ Other: _____	
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Buyer/Lessee _____ Date _____

Co-Buyer/Co-Lessee _____ Date _____

Seller/Lessor _____ Date _____

LAWCA FORM NO. LAWCA-CANCELACKN (Rev. 10/25)
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The Acknowledgment of Cancellation and Receipt documents the entire unwind. It satisfies the statutory requirement that the dealer provide a receipt with an itemized breakdown of the basis for each deduction and the date and time the right was exercised.⁶⁷

Completing the form

- Date and time of exercise.** Record the actual date and time the customer exercised the right. This entry establishes that the cancellation was timely and starts the 48-hour refund clock. Do not backdate or round.
- Refund itemization.** Itemize every component: down payments received, trade-in treatment, the restocking fee broken into its base and excess-mileage components, and any deduction for prior outstanding indebtedness the dealership paid on a trade-in. Every deduction needs a stated basis — that is what the statute requires the receipt to show.
- Trade-in treatment.** If the trade-in has not been sold or the title transfer process has not begun, return the trade-in and all keys, and check the box so indicating. If the dealership has

sold the trade-in or initiated title transfer, refund the **greatest** of: (i) the agreed value in the sale or lease agreement; (ii) the amount the dealership sold it for; or (iii) its fair market value.⁶⁸

- Fair market value support.** If the dealership cannot return the trade-in because it has been sold or the title transfer process has begun, document fair market value under one of the statute's two presumption methods: (i) a written purchase offer the customer received and the dealership honored, valid for at least seven days; or (ii) the vehicle's

⁶⁷Cal. Civ. Code § 1784.43(a)(3)(B).

⁶⁸Cal. Civ. Code § 1784.43(a)(3)(A).

trade-in valuation from a nationally recognized pricing guide selected by the dealer, determined as of the date the right was exercised and considering the vehicle's condition at trade-in.⁶⁹ Print the guide valuation and retain it with the form — a bare number with no support invites a dispute.

- **Proof of trade-in sale.** If the dealership tells the customer the trade-in was sold, it must provide a copy of the document showing the sale, with the new purchaser's personal information redacted, and the form's checkbox acknowledgment should be completed.⁷⁰
- **Payment verification documentation.** If the refund is delayed pending verification of the customer's funds, provide the customer documentation showing when verification occurred, and retain a copy with this form.

Worked refund example: Customer paid a \$3,000 cash down payment, no trade-in, and cancels timely at 310 miles on the \$28,000 SUV above. Restocking fee is \$480, deducted from the refund: the dealership owes the customer \$2,520, payable within 48 hours of the exercise. If instead the down payment had been \$300, the customer would owe the dealership the \$180 balance of the fee at the time of cancellation.

CAUTION — WATCH OVER-ALLOWANCES: When the trade-in has already been sold, the dealer must refund the greatest of the trade allowance stated in the contract, the actual resale price, or fair market value (§ 1784.43(a)(3)(A)). An inflated trade allowance therefore becomes a floor the dealership must return in cash if the customer cancels after the trade is gone, which turns a paper over-allowance into a real loss even where the store only realized wholesale.

⁶⁹Cal. Civ. Code § 1784.43(a)(3)(C).

⁷⁰Cal. Civ. Code § 1784.43(b)(9).

Notice of Failure to Meet Cancellation Requirement(s) (Form No: LAWCA-CANCELFAIL)

LAW LAWCA-CANCELFAIL

NOTICE OF FAILURE TO MEET CANCELLATION REQUIREMENT(S)

Date: _____

Buyer/Lessee Name and Address	Co-Buyer/Co-Lessee Name and Address	Seller/Lessor Name and Address
Email: _____ Phone: _____ Cell: _____	Email: _____ Phone: _____ Cell: _____	Deal Number: _____

"Buyer/Lessee", "you", and "your" refer to the above Buyer/Lessee and Co-Buyer/Co-Lessee, separately and together. "Seller/Lessor", "we", "us", and "our" refer to the above Seller/Lessor. "Vehicle" refers to the vehicle described below.

VEHICLE DESCRIPTION					
Year	Make	Model	Mileage at Delivery	Stock Number	Vehicle Identification Number (VIN)

Transaction Type: ☐ Sale ☐ Lease

You had a 3-Day Right to Cancel the Vehicle sale or lease ("Right") as part of your transaction. You attempted to exercise your Right to _____ on _____. However, you have not met all the Cancellation Requirements below to exercise your Right. Therefore, you are unable to cancel the Vehicle sale or lease for one or more of the following reasons (as checked):

☐ **Your Right has Expired.** You did not return the Vehicle before your three (3)-day period expired at _____ on _____.

☐ **The Vehicle Exceeded Maximum Mileage.** The Vehicle had _____ miles on the odometer at the time you attempted to exercise your Right. The Vehicle was driven more than 400 miles between when you signed the sale or lease agreement and when you attempted to exercise your Right.

☐ **You failed or are unwilling to pay the Restocking Fee.** To exercise your Right, you must pay us a \$ _____ Restocking Fee. You have failed or refused to pay us the Restocking Fee.

☐ **You refused to complete necessary documents.** You have refused to complete all documents that are reasonably necessary to complete the cancellation and refund and are reasonably required to comply with California law. Those include: _____

☐ **The Vehicle has lien(s) or encumbrance(s) not related to the sale or lease.** The Vehicle is subject to an additional lien or encumbrance that was not created by or incidental to the sale or lease of the Vehicle.

☐ **You Failed to Return Cash or Item(s).** You have failed to return all cash or items you received in connection with the sale or lease of the Vehicle. Those include: _____

☐ **The Vehicle cannot be returned in the same condition.** The Vehicle cannot be returned in the same condition as when we delivered it to you, except reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by you. During our inspection, we noted the following damage or defects: _____

This Notice is being provided to you because you tried to exercise your Right to return the Vehicle. Since you have not met the Cancellation Requirements, you cannot cancel the sale or lease and return the Vehicle. Please make arrangements to take the Vehicle. For any questions about this Notice, you may contact:

Name: _____	Seller/Lessor's Representative _____
Title: _____	Date: _____
Phone: _____	
Email: _____	Printed Name: _____

LAW FORM NO. LAWCA-CANCELFAIL (Rev. 10/25)
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Not every attempted cancellation qualifies. The Notice of Failure to Meet Cancellation Requirements documents the dealership's reasonable, specific basis for declining one that does not. The form is not required by statute — it exists to protect the dealership, and it does so only when the stated grounds are accurate and supported. Because the statute separately prohibits impeding a cancellation and claiming damage without reasonable basis,⁷¹ a Failure Notice issued on thin grounds is not a shield; it is documentation of the violation. Use it carefully.

Completing the form

- **Expiration ground.** Before checking the expired box, pull the original Cancellation Disclosure and confirm the deadline as actually entered — including any closed-day extension and any voluntarily extended deadline. The date and time on this form must match that disclosure. Declining a cancellation that was timely under the disclosure the dealership itself issued is indefensible.

- **Mileage ground.** Record the odometer reading at the

attempted exercise and compute miles driven against the mileage-at-delivery entry on the Cancellation Disclosure. The cutoff is more than 400 miles driven between execution and the attempted exercise.

- **Restocking fee ground — use with care.** This ground applies only when the customer owes a fee balance after deduction from the refund and refuses to pay that balance. If the refund covers the fee, the customer owes nothing at the door and this box must not be checked. Enter the specific dollar amount and show the deduction math.

⁷¹Cal. Civ. Code § 1784.43(c)(1), (7).

- **Condition ground.** Reasonable wear and tear are excepted, as is any defect or mechanical problem that manifests after delivery and was not caused by the customer. Describe the specific damage in the space provided, photograph it, and retain the inspection documentation — the statute independently requires the dealer to maintain documentation describing any damage beyond reasonable wear and tear.⁷²
- **Liens, unreturned items, refused documents.** Identify the specific lien, the specific cash or items not returned, or the specific documents refused. Generic entries do not establish a reasonable basis.
- **Representative information.** Complete the contact block so the customer has a named person to follow up with, and have a manager — not a salesperson — review and sign the form before it is delivered.

DEALER TIP: If a customer cures the deficiency within the 3-day cancellation period — returns the missing items, pays the fee balance, clears the lien — the cancellation should then be processed. The Failure Notice documents a specific attempt; it does not extinguish the right for the remainder of the period.

Contract Language and Showroom Signage

Two fixed texts accompany the cancellation right, and they are not identical — use each in its proper place.

1. First page of every purchase and lease agreement. The following must appear clearly and conspicuously on the first page:⁷³

“CALIFORNIA DOES NOT HAVE A COOLING-OFF PERIOD FOR NEW VEHICLES. HOWEVER, IF YOU PURCHASED OR LEASED A USED VEHICLE FOR \$50,000 OR LESS, YOU HAVE 3 DAYS TO CANCEL THIS CONTRACT FOR ANY REASON. ADDITIONAL RESTRICTIONS MAY APPLY, INCLUDING A RESTOCKING FEE. You have up to 3 days to return the vehicle to the dealer and cancel this contract and obtain a refund. Please review the disclosure, which the dealer is required by law to provide, for the details about this right and how to exercise it.”

An updated version of the Reynolds & Reynolds Retail Installment Sales Contract (553CA1026) will be available before October 1, 2026, that contains this required language. Dealers should contact providers of lease agreements (e.g., leasing companies) for updated lease agreements.

2. Showroom signage. Dealers must replace their current “no cooling off” signage with updated notices. Every dealer must conspicuously display a physical notice, in at least 36-point type, in each sales office and sales cubicle where written terms are discussed and in each room where contracts are regularly executed:⁷⁴

“CALIFORNIA DOES NOT HAVE A COOLING-OFF PERIOD FOR NEW VEHICLES. BUT IF YOU PURCHASED OR LEASED A USED VEHICLE FOR \$50,000 OR LESS, YOU HAVE 3 DAYS TO CANCEL THIS CONTRACT FOR ANY REASON. ADDITIONAL

⁷²Cal. Civ. Code § 1784.43(b)(6)(B)(ii).

⁷³Cal. Civ. Code §§ 1784.43(e), 2982(r), 2985.8(e). The Reynolds retail installment sale contract and lease contract will carry this language; no separate dealer action is needed beyond using current forms.

⁷⁴Cal. Veh. Code § 11709.2 (as added effective October 1, 2026).

RESTRICTIONS MAY APPLY, INCLUDING A RESTOCKING FEE. ASK THE DEALER FOR MORE INFORMATION ABOUT HOW TO EXERCISE THIS RIGHT.”

Dealers that also sell or lease motorcycles or off-highway motor vehicles at the same location must add the following to the sign, also in at least 36-point type: *“This cooling-off period also does not apply to the sale of a motorcycle or an off-highway motor vehicle subject to registration under California law. See the vehicle contract for details.”*

Sales Tax Treatment on Cancellation

Amounts of the sales price returned to the purchaser on cancellation, and restocking fees retained under the Act, are excluded from “gross receipts” for sales tax purposes.⁷⁵ The accounting office should configure the DMS to reverse the tax on refunded amounts as part of the unwind and to treat the restocking fee as non-taxable. Refund the tax attributable to refunded amounts as part of the customer’s refund.

⁷⁵Cal. Rev. & Tax. Code § 6012.3 (as amended effective October 1, 2026).

Part 6: Prohibited Misrepresentations

The CARS Act prohibits any misrepresentation of material information — information likely to affect a person’s choice or conduct regarding goods or services⁷⁶ — in thirteen enumerated categories.⁷⁷ Most overlap with existing law (the Consumers Legal Remedies Act and the Vehicle Code dealer prohibitions), but their restatement in the CARS Act invites renewed enforcement focus. The categories:

1. The costs or terms of purchasing, financing, or leasing a vehicle.
2. Any costs, limitation, benefit, or other aspect of an add-on product or service.
3. Whether the final contract is for a lease or a sale. Presenting multiple financing and lease payment options before sale is expressly permitted.
4. The availability of vehicles at a total price the dealer communicated. A dealer is not in violation if the advertisement is withdrawn following the sale of the vehicle in compliance with Vehicle Code section 11713(c) — within 48 hours after the sale.
5. Whether any consumer has been or will be preapproved or guaranteed for any product, service, or term.
6. Information on or about a consumer’s financing application.
7. Whether the dealer will keep cash down payments or trade-in vehicles, charge fees, or initiate legal process or any action if a transaction is not finalized or the consumer does not proceed.
8. Whether, and when, the dealer will pay off financing or a lease on a trade-in, and what happens if the dealer fails to pay it off within the time required by Vehicle Code section 11709.4.
9. The remedy available if a dealer fails to sell or lease a vehicle at the total price.
10. Affiliation with, or endorsement or approval by, the United States government or any government agency or military department.
11. Whether, or under what circumstances, a vehicle may be repossessed.
12. Whether a vehicle can be moved outside California or outside the United States.
13. Any of the required disclosures identified in the Act — a catch-all that turns a misstatement about any CARS Act disclosure into an independent violation.

DEALER TIP: Review sales scripts, BDC templates, F&I menus, and advertising against this list. The categories most likely to generate complaints in daily operations are availability at the advertised price (pull sold units from listings promptly), trade-in payoff promises (commit only to what Vehicle Code section 11709.4 requires and the deal documents state), and preapproval language in marketing.

⁷⁶Cal. Civ. Code § 1784.31(e).

⁷⁷Cal. Civ. Code § 1784.40.

Part 7: Records Retention

Primary records retention requirement

A dealer must create and retain, for **two years from the date the record is created**, all records necessary to demonstrate compliance with the Act — and the statute makes failure to keep required records itself a violation.⁷⁸ The enumerated categories:

1. Records demonstrating that communications and advertisements of a vehicle's total price comply with the Act — including internet listings disseminated by the dealer, but excluding records generated solely by interactive consumer financing-estimate tools that do not alter or misrepresent the advertised total price.
2. Copies of all purchase orders, financing and lease documents signed by the consumer (whether or not the contract is ultimately approved or assigned), and all written sales/financing/leasing communications with any customer who signs a purchase order or contract.
3. Records demonstrating that add-ons in customer contracts meet the benefit requirements — including service contracts, GAP agreements, proof of timely vendor payment, and GAP loan-to-value calculations.
4. Copies of all cancellation requests, proof of refunds of down payments or other consideration, and proof of return of trade-in vehicles.
5. Copies of written complaints relating to sales, financing, leasing, or cancellation requests, written inquiries related to add-ons, and written inquiries and responses about advertised vehicles. "Complaints" does not include survey responses or online reviews and testimonials.

Records may be kept in any legible form, and in the same manner, format, or place the dealership already keeps records in the ordinary course of business.⁷⁹

"Total price" disclosure records provision

The requirement described above is not the Act's only retention obligation. The total price disclosure rules impose a separate one: a dealer must retain a copy of its first written communication with a consumer that references a specific vehicle for sale, or any monetary amount or financing term, for at least two years, and must provide a copy to the consumer upon written request.⁸⁰

This requirement is easy to overlook because it sits with the disclosure rules rather than the records rules, and it works differently in two respects. It applies whether the consumer ever buys or leases anything, so it reaches internet leads, emails, and text responses that never became deals. **And it is the only place in the Act that obligates a dealer to hand a record to the customer on demand.** Because these communications usually live in the CRM rather than the deal jacket, dealers should confirm that the CRM retains them for the full two years, that the full exchange is preserved rather than only the dealership's outgoing message, and that someone at the store knows how to retrieve one when a customer asks.

⁷⁸Cal. Civ. Code § 1784.44(a), (b).

⁷⁹Cal. Civ. Code § 1784.44(b).

⁸⁰Cal. Civ. Code § 1784.41(a)(3)(B).

This requirement underscores the importance of requiring all dealership personnel to communicate to customers through the dealership's CRM, as communications through other means (e.g., an SMS text message from a salesperson's phone) will be difficult (if not impossible) to retain consistently.

Relationship to existing retention requirements

The two-year CARS Act period is in addition to — not in place of — existing retention obligations, several of which are longer: DMV regulations require multi-year retention of deal jacket documents, and the ASFA effectively requires retention of the sale contract for seven years or more. Follow the longest applicable period for any given document. Dealers can consult the CNCDA Records Retention Template in [Chapter 13 of the Dealership Operations Guide, available to members on CNCDA Comply](#).

Can records be digitized?

Yes. California DMV regulations already permit electronic retention of dealer business records once initial retention requirements are satisfied, provided the records remain accessible and reproducible. Current DMV guidance indicates that wet-signed records must be retained in original form for 90 days before digitizing, while digitally signed records may be retained electronically from execution. Confirm your document management vendor's process meets these conditions.

Should we keep more records than the Act requires, just to be safe?

Generally, no. Retaining records longer than the Act requires does not improve your position under the CARS Act, and it creates costs and risks that the Act itself does not impose. The goal is to keep what the Act requires for as long as it requires and then dispose of it pursuant to a records retention schedule.

The downside risks of over-retention are several. Anything the dealership has can be demanded in litigation. Retaining too many documents for too long can also expose the dealership to increased liability under federal and state privacy laws.

How do we know whether we are retaining enough?

The Act does not prescribe a filing system or a compliance checklist. It requires records sufficient to show that you followed the Act's substantive rules — total price disclosures, add-on optionality and benefit requirements, and the three-day right to cancel. The practical test is whether, if the DMV, the Attorney General, or a plaintiff's attorney questioned a specific deal, you could show what was advertised, what was disclosed, what add-ons were sold, and how any cancellation request was handled.

Part 8: Enforcement

Dealer advocacy eliminated the bill's enhanced private right of action, which would have made every violation — however technical — a deceptive practice under the Consumers Legal Remedies Act (CLRA). The CARS Act as enacted contains no express private right of action, and the DMV has no direct authority to enforce it.

That is not the end of the analysis. The Act's remedies are expressly non-exclusive,⁸¹ and CNCDA expects plaintiffs' attorneys to pursue CARS Act violations through other vehicles — most prominently the Unfair Competition Law (Business and Professions Code section 17200), as well as the False Advertising Law and the CLRA where the conduct independently fits those statutes.

Dealers should note that California law changed in 2024 to broadly prohibit businesses from hiding mandatory fees.⁸² Private attorneys can enforce violations through CLRA lawsuits. While CNCDA secured a safe harbor for dealers, it is limited: dealers may exclude from an advertised price only the specific fees enumerated in Vehicle Code section 11713.1(b) (such as the document processing charge and registration fees). Excluding anything else — for example, a required dealer-added product — falls outside the safe harbor and now exposes the dealer to private CLRA lawsuits on top of traditional Vehicle Code advertising liability.

The Attorney General and county district attorneys may also enforce the CARS Act, and the DMV may pursue parallel theories under its existing Vehicle Code authority (for example, advertising violations that overlap with section 11713.1). Federally, the FTC's Section 5 deception authority continues to apply to dealer advertising and add-on practices, and the FTC's recent enforcement matters and 2026 warning-letter campaign signal continued attention to advertised pricing and add-on optionality.

The most reliable protection is the least dramatic: adopt compliant processes, complete the forms correctly, keep the records, and resolve customer complaints quickly — enforcement actions overwhelmingly begin with consumer complaints.

⁸¹Cal. Civ. Code § 1784.22.

⁸²See [SB 478 \(2023\)](#); Cal. Vehicle Code § 11713.27.

Appendix A: Department-by-Department Implementation Checklist

Appendix A is designed to provide a simplified checklist to aid each dealership department in complying with the CARS Act. It is not a substitute to reading the Guide itself, as many items are mentioned here in shorthand and depend on an understanding of the concepts discussed in Parts 1-8 of the Guide.

Advertising, Marketing, and Internet

- Confirm every advertised price for a specific vehicle is the CARS Act total price: includes markup and every item installed at the time of the ad; does not include rebate deductions; and rebates and net-cost figures are presented separately and compliantly.
- Update website, window sticker addendums, and every third-party syndication feed; periodically review how listings actually display.
- Verify manufacturer and national ads that reference individual vehicles are compliant.
- Remove sold units from advertising within 48 hours of sale.
- Monitor CNCDA updates on the FTC's position regarding inclusion of the document processing charge in advertised prices and review federal advertising exposure with counsel.
- Identify every specific advertised vehicle by its model, model-year, and either its license number or the distinguishing portion of its VIN — a stock number alone is not sufficient. (Veh. Code § 11713.1(a).)
- Include the statutory "Plus Disclosure" in qualifying print advertisements and on every webpage displaying a vehicle's price, with no abbreviations. (Veh. Code § 11713.1(c).)
- Disclose the number of vehicles available at the advertised price whenever "starting at," "from," or similar phrasing is used — immediately adjacent to the price, and at the prescribed type size in print. (Veh. Code § 11713.1(i).)
- Include an expiration date in price advertisements and maintain the showroom listing or price posting for vehicles advertised at a specific price. (Veh. Code §§ 11713.1(e), 11709.3.)

BDC and Internet Sales

- Build the vehicle's total price into CRM e-mail and text templates so it appears in the first written response regarding any specific vehicle — and remember the trigger includes any first written message quoting a monetary amount or financing term.
- Retain first written communications for two years; be prepared to provide a copy on a customer's written request.

Sales Desk

- Add the lower-monthly-payment statement to every worksheet and desking output that compares payment options in writing.
- Display the total of scheduled payments and assumed consideration whenever a monthly payment is quoted in writing.

- Train on the three-day cancellation mechanics — especially that the restocking fee comes out of the refund first.

F&I

- Use the updated Pre-Contract Disclosure (financed deals) and the Optional Add-On Disclosure (lease and cash deals); ensure disclosure figures match the contract exactly, regenerating the form whenever the deal changes.
- Place optionality language on menus and digital retailing screens — disclose at first written presentation, document at signing.
- Whenever comparing monthly payments, add a disclosure informing customers that lower monthly payments often increase the total amount the consumer will pay to purchase or lease the vehicle. This does not apply to internet-based tools that allow customers to make these comparisons themselves.
- Configure eligibility screens to block per-se no-benefit products; calculate and retain GAP loan-to-value on every GAP deal.
- Stock translated disclosure forms and follow section 1632 procedures.
- Post the new 36-point cancellation signage in every office and cubicle where terms are discussed or contracts executed (with the motorcycle/OHV supplement where applicable).

Used Vehicle Department

- Issue the Cancellation Disclosure on every used deal at \$50,000 or less; compute deadlines correctly, including closed-day extensions.
- Establish the return inspection process: odometer reading, condition inspection with photographs, documentation of any damage beyond reasonable wear and tear.
- Hold customer trade-ins where practicable during open cancellation windows; where a trade-in is sold, retain the sale document and redact accordingly for proof and support of any fair market value figure with a dated pricing-guide printout.

Accounting Office

- Implement the 10-day add-on vendor payment cycle, or obtain written vendor agreements permitting later payment without affecting customer coverage; retain proof of timely payment.
- Build the cancellation unwind: refund within 48 hours of exercise, funds-verification exception with documentation to the customer, sales tax reversal on refunded amounts, restocking fee treated as non-taxable.
- Confirm lender notification and contract unwinding procedures for cancelled financed deals.

Compliance Lead / Office Manager

- Map every record category in Part 7 to a retention location and owner; failure to keep a required record is itself a violation.

- Audit completed forms on a reoccurring basis — deadlines on Cancellation Disclosures, itemizations on Acknowledgments, grounds and support on any Failure Notices, disclosure-to-contract matching in F&I.
- Track product-level add-on penetration rates; escalate outliers to management and counsel.

Appendix B: Glossary

Term	Meaning
Add-on	Any product or service not provided to the purchaser or lessee or installed on the vehicle by the vehicle manufacturer and for which the dealer, directly or indirectly, charges a purchaser or lessee in connection with a vehicle sale, lease, or financing transaction. (Civ. Code § 1784.31(a).)
Total price	The total sale price of the vehicle, excluding the taxes, fees, and charges described in Vehicle Code § 11713.1(e); including any dealer markup and the cost of items installed at the time of the advertisement or communication; with no deduction for rebates. (Civ. Code § 1784.31(j).)
Hard add	Industry shorthand for an item physically installed on the vehicle before the dealer's first price communication. Its cost must be included in the advertised total price.
Due bill / "we-owe"	A written commitment to provide or install an item after sale. Because the item is not on the vehicle at the time of the price communication, it is not included in the advertised total price.
Document processing charge (DPC)	The dealer's document processing charge authorized by Vehicle Code § 4456.5. Excluded from the CARS Act total price; must be disclosed as not a governmental fee. See the Federal Note in Part 2 regarding the FTC's position.
Restocking fee	The fee a dealer may charge a customer exercising the three-day right: 1.5% of the sale price (\$200 minimum / \$600 maximum), or actual shipping cost up to that cap, plus \$1 per mile over 250 miles driven (maximum \$150). (Civ. Code § 1784.31(g).)
Three-day period	Three calendar days commencing the day after the purchase or lease is executed, ending at close of business on the last day, extended to the next open day if day three falls on a day the dealership is closed. (Civ. Code § 1784.31(i).)
GAP agreement	An agreement to indemnify or waive the difference between the amount owed and the insured value on unrecovered theft or total loss, however titled. (Civ. Code § 1784.31(d).)
Commercial purchaser	A person purchasing five or more vehicles from the dealer per year primarily for business or commercial use; excluded from the Act. (Civ. Code § 1784.31(f)(2)(D).)
Fleet sale	More than one vehicle sold in a single transaction primarily for business or commercial use; excluded from the Act. (Civ. Code § 1784.31(f)(2)(C).)
Penetration rate	The percentage of transactions in which a given product is sold. Very high penetration on an "optional" product is treated by enforcement authorities as evidence the product is effectively mandatory.
Plus Disclosure	The statutory fee disclosure required in qualifying print advertising and on dealer webpages displaying a vehicle's price, stated with no abbreviations: "Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge." (Veh. Code § 11713.1(c).)

Term	Meaning
Section 1632(b) language	Shorthand for Spanish, Chinese, Tagalog, Vietnamese, or Korean (the languages identified in Civil Code section 1632(b)). If a transaction is negotiated primarily in one of these languages, California law requires certain disclosures to be provided in that language.

Appendix C: Referenced Forms

The following Reynolds and Reynolds forms, developed in coordination with CNCDA, are referenced in this guide. All are in final proof stages as of this draft; final form images will be inserted upon release.

Form No.	Title	Discussed in
LAWCA-TOTPRCDISC	Total Price Disclosure	Part 2
LAWCA-PCD 10/26	Pre-Contract Disclosure (Retail Installment Sale Contract)	Part 3
LAWCA-OPD	Optional Add-On Products or Services Disclosure	Part 3
LAWCA-CANCELDSC	3-Day Right to Cancel Used Car Purchase or Lease (Disclosure)	Part 5
LAWCA-CANCELACKN	Acknowledgment of Cancellation and Receipt	Part 5
LAWCA-CANCELFAIL	Notice of Failure to Meet Cancellation Requirement(s)	Part 5

In addition, the Reynolds retail installment sale contract and lease contract are being revised to carry the first-page cancellation disclosure required by the Act, and updated 36-point showroom signage will be available through Reynolds.

How to Order the Forms

For pre-print forms, contact your local Document Service Consultant or Customer Service at CelinaCustomerService@reyrey.com or 1.800.344.0996.

For eForms, contact your DMS provider to determine when the forms will be available. Reynolds works with all major DMS providers.

Appendix D: Advertising Examples

This appendix illustrates the CARS Act total price advertising and communication requirements through paired examples. Each example shows a noncompliant presentation and a compliant counterpart (or, in Example 6, an advertisement outside the scope of the requirements and one within it). The explanatory annotations appear outside each advertisement frame.

All names are fictitious. “Capitol Valley Motors” and the “Meridian” brand and its models (“Cascade,” “Kestrel,” “Wren”) are fictitious and used for illustration only; any resemblance to actual businesses, brands, or vehicles is coincidental. Prices, payments, and figures are illustrative only and must not be copied into actual advertising.

Scope note. These examples illustrate CARS Act requirements, with select ads noting options to satisfy the FTC’s position on the inclusion of the DPC in the vehicle’s advertised price. All preexisting California advertising law — including Vehicle Code sections 11713, 11713.1, and 11713.16 and the FTC Act — continues to apply to every advertisement shown here. A presentation that satisfies the CARS Act may still violate other law if, taken as a whole, it is misleading.

FEDERAL (FTC) GUIDANCE IN THESE EXAMPLES — SUBJECT TO CHANGE

Several examples include an optional “federal presentation” panel (Figures D-1C, D-2C, D-4C, and D-5C) that displays the document processing charge. The Federal Trade Commission’s position reflected in those panels is based primarily on verbal statements made by FTC staff on a webinar held by NADA in April 2026. As of the date of this publication of this Guide, the FTC has not yet issued the written guidance it has said will follow. That position is subject to change following additional FTC announcements, including the forthcoming written guidance, and it is in tension with California law, which permits the document processing charge to be excluded from a vehicle’s “total price.” **The panels are illustrative of one approach to the federal posture; they are not represented as definitively satisfying federal law. Because this area of law is changing rapidly, dealers should consult counsel before relying on any presentation in this appendix.**

Preexisting-law elements built into the frames. The compliant frames also reflect advertising requirements that predate the CARS Act and continue to apply: identification of each specific vehicle by model, model-year, and the distinguishing portion of the VIN or the license number — a stock number alone is not sufficient (Veh. Code § 11713.1(a)); the statutory fee disclosure (Veh. Code § 11713.1(c)); quantity disclosure where “starting at” phrasing is used (Veh. Code § 11713.1(i)); and expiration dates (Veh. Code § 11713.1(e)). Remember that vehicles advertised at a specific price may trigger the showroom posting and price-posting rules (Veh. Code § 11709.3). CNCDA’s Advertising Law Manual is the companion resource for these and other preexisting requirements.

Example 1: Preinstalled Items and the Advertised Price

Figure D-1A — Noncompliant: items on the vehicle excluded from the advertised price

EXAMPLE 1A — NONCOMPLIANT: ITEMS ON VEHICLE EXCLUDED FROM PRICE

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



2023 Meridian Cascade Touring

Stock #P4821 • VIN ...KD240087 •
24,310 miles • Used

Dealer-installed: premium protection
package, wheel locks, all-weather
mats (on vehicle now)

\$31,995*

*Plus government fees and taxes.

*Price excludes dealer-installed Premium Protection Package (\$1,495) and accessory group (\$895), which are already installed on this vehicle and will be added at time of sale.

Why this violates the CARS Act. The protection package and accessories are installed on the vehicle at the time of the advertisement, so their cost must be included in the advertised total price. The customer cannot buy this vehicle at \$31,995, so the advertised figure is not the vehicle's total price. (Civ. Code §§ 1784.31(j)(2), 1784.41(a)(1).)

Figure D-1B — CARS Act compliant: total price includes installed items**EXAMPLE 1B — CARS COMPLIANT: TOTAL PRICE INCLUDES INSTALLED ITEMS****CAPITOL VALLEY MOTORS**

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100

**2023 Meridian Cascade Touring**

Stock #P4821 • VIN ...KD240087 • 24,310 miles • Used

Dealer-installed: premium protection package, wheel locks, all-weather mats (included in price)

\$34,385**Total Price — includes all dealer-installed equipment**

Total price includes dealer-installed Premium Protection Package and accessory group. Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. Price does not apply to leases. Offer expires [date].

Why this complies with California law. The advertised figure is the vehicle's total price: it includes the cost of every item installed on the vehicle at the time of the advertisement, excludes only the statutorily permitted charges, and the customer can buy the vehicle at this price. (Civ. Code §§ 1784.31(j), 1784.41(a).) The fee disclaimer uses the verbatim statutory "Plus Disclosure" required in qualifying print advertising and on dealer web pages displaying a price (Veh. Code § 11713.1(c)), and the expiration date limits the duty to sell at the advertised price to the stated period (Veh. Code § 11713.1(e)), complementing the CARS Act's 48-hour post-sale withdrawal safe harbor.

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission's staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle's advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Figure D-1C — FTC presentation: federal advertising considerations**EXAMPLE 1C — FTC PRESENTATION: TOTAL PRICE, DPC, AND PRICE INCLUDING DPC****CAPITOL VALLEY MOTORS**

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100

**2023 Meridian
Cascade Touring**

Stock #P4821 • VIN
...KD240087 • 24,310 miles •
Used • Dealer-installed
equipment included in price

Total Price: \$34,385

Document processing charge
(not a governmental fee): \$85

**Price including
document processing
charge: \$34,470**

Total Price plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. The price including the document processing charge excludes all other such charges; taxes and government fees still apply. Prices do not apply to leases. Offer expires [date].

About this presentation. California law does not require this format; Figure D-1B is fully compliant with the CARS Act. This presentation additionally discloses the document processing charge and a price including it, addressing the federal advertising posture described in the Federal Note in Part 2 of this guide. Dealers using it should give the DPC-inclusive figure prominence at least equal to the total price, and should never label it an “out-the-door” price — taxes and government fees are still excluded. Note that third-party listing platforms that accept a single price field present a separate question this format does not solve. Consult counsel regarding federal advertising exposure.

Example 2: Rebates and the Advertised Price

Figure D-2A — Noncompliant: rebate deducted from the headline price

EXAMPLE 2A — NONCOMPLIANT: REBATE DEDUCTED FROM HEADLINE PRICE

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



NEW 2026 MERIDIAN KESTREL SE

Stock #N3302 • VIN ...LM118842

\$27,495 AFTER \$2,000 REBATE!

Plus government fees and taxes.

Why this violates the CARS Act. The only price advertised for this specific vehicle reflects a \$2,000 rebate deduction. A vehicle's total price may not include a deduction for any rebate, and no undiscounted total price appears anywhere in the advertisement. (Civ. Code §§ 1784.31(j)(3), 1784.41(a).)

Figure D-2B — CARS Act compliant: total price stated; rebate presented separately

EXAMPLE 2B — CARS COMPLIANT: TOTAL PRICE STATED; REBATE SEPARATE

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



NEW 2026 MERIDIAN KESTREL SE

Stock #N3302 • VIN ...LM118842

Total Price \$29,495

Factory Rebate -\$2,000

Net Cost \$27,495

Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. Price does not apply to leases. Offer expires [date].

Why this complies with California law. The total price is stated without any rebate deduction, satisfying the CARS Act. (Civ. Code §§ 1784.31(j)(3), 1784.41(f).) The net-cost presentation follows preexisting law: the price before the rebate and the specific dollar rebate are shown in close proximity to the net cost, each identified as such, with the rebate labeled a “Factory Rebate” and the after-rebate figure labeled “net cost” — never “price.” (Veh. Code §§ 11713.1(j), 11713.16(e).) Related rules: dealer rebates or “cash back” are not permitted; “up to \$X in rebates” phrasing is problematic because rebates must be stated in specific dollar amounts; and conflicting stacked rebate deductions may not be advertised. If a rebate is limited to a specialized group, the qualification details must be disclosed in close proximity to the offer — see Figure D-2C.

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission’s staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle’s advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Figure D-2C — FTC presentation: federal advertising considerations**EXAMPLE 2C — FTC PRESENTATION: DPC AND REBATE ELIGIBILITY STATED****CAPITOL VALLEY MOTORS**

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100

**NEW 2026 MERIDIAN KESTREL SE**

Stock #N3302 • VIN ...LM118842

Total Price: \$29,495

Document processing charge (not a governmental fee): \$85

Price including document processing charge: \$29,580

Factory Rebate -\$2,000 • Net Cost \$27,495. Rebate available to [state eligibility — e.g., current Meridian lessees]; not all buyers will qualify.

Total Price plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. The price including the document processing charge excludes all other such charges; taxes and government fees still apply. Prices do not apply to leases. Offer expires [date].

About this presentation. California law does not require this format; Figure D-2B is fully compliant with the CARS Act. This presentation additionally discloses the document processing charge and a price including it, and states the rebate's eligibility conditions expressly — addressing the federal posture that an advertised price must be available to the typical consumer and that prices net of rebates only some buyers qualify for can be deceptive. A rebate conditioned on dealer-arranged financing requires especially clear and conspicuous disclosure of that condition. See the Federal Note in Part 2 of this guide; consult counsel regarding federal advertising exposure.

Example 3: MSRP Is Not the Total Price

Figure D-3A — Noncompliant: MSRP shown in place of the dealer's total price

EXAMPLE 3A — NONCOMPLIANT: MSRP SUBSTITUTED FOR TOTAL PRICE

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



New 2026 Meridian Cascade Summit

Stock #M1187 • VIN ...RC551019 •
New

Dealer-installed: roof crossbars, premium
window tint, door edge guards (on vehicle
now)

MSRP \$38,500

Plus government fees and taxes.

Why this violates the CARS Act. MSRP is the manufacturer's suggested price; it is not this dealer's total price for this vehicle, which includes the dealer-installed accessories already on it. An advertisement for a specific vehicle must disclose the dealer's total price — identifying MSRP is permitted, but it is not a substitute. (Civ. Code §§ 1784.31(j), 1784.41(a)(1).)

Figure D-3B — CARS Act compliant: total price prominent; MSRP identified separately

**EXAMPLE 3B — CARS COMPLIANT:
TOTAL PRICE SHOWN; MSRP
IDENTIFIED**

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916)
555-0100



**New 2026 Meridian Cascade
Summit**

Stock #M1187 • VIN ...RC551019 • New

Dealer-installed: roof crossbars, premium window
tint, door edge guards (included in price)

Total Price
\$39,985

MSRP \$38,500 (manufacturer's suggested
retail price)

Total price includes dealer-installed accessories. Plus
government fees and taxes, any finance charges, any
dealer document processing charge, any electronic
filing charge, and any emission testing charge. Price
does not apply to leases. Offer expires [date].

Why this complies with California law. The dealer's total price — including the installed accessories — is the prominent advertised figure, and MSRP is identified for what it is. (Civ. Code §§ 1784.31(j), 1784.41(a).) The federal presentation in Figure D-1C may be adapted to this format; see the Federal Note in Part 2 of this guide.

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission's staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle's advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Example 4: Payment Advertising for a Specific Vehicle

Figure D-4A — Noncompliant: payment advertised without total price or total-cost disclosures

EXAMPLE 4A — NONCOMPLIANT: PAYMENT QUOTED, NO TOTAL PRICE

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



\$349/MO

Drive this 2023 Meridian Wren today!

Stock #B2214 • VIN ...WN077263 • Well-qualified buyers.

Why this violates the CARS Act. The advertisement represents a financing amount for a specific vehicle, which requires disclosure of the vehicle's total price clearly and conspicuously — and none appears. A written monthly payment representation also requires disclosure of any assumed down payment or trade-in consideration. The “well-qualified buyers” disclaimer cures none of this. (Civ. Code § 1784.41.)

Figure D-4B — CARS Act compliant: payment with total price, total-cost, and credit-term disclosures

EXAMPLE 4B — CARS COMPLIANT: PAYMENT WITH REQUIRED DISCLOSURES

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



\$349/MO

Total Price: \$24,985

2023 Meridian Wren • Stock #B2214 • VIN ...WN077263

72 monthly payments of \$349 at 6.99% APR with \$4,500 down payment. On approved credit.

Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. Price does not apply to leases. Offer expires [date].

Why this complies with California law. In any advertisement that represents any monetary amount or financing term for a specific vehicle, a vehicle's total price must be disclosed clearly and conspicuously. (Civ. Code § 1784.41(a)(2).) The advertisement also satisfies federal Regulation Z: stating a down payment amount or a payment amount is a "triggering term" that requires the credit advertisement to disclose the down payment, the terms of repayment, and the annual percentage rate. (12 C.F.R. § 1026.24(d).) Only terms actually available may be advertised (12 C.F.R. § 1026.24(a)), and California law independently incorporates the Regulation Z disclosure requirements and requires escalated payments, balloon payments, and deferred down payments to be clearly identified as to amount and time due. (Veh. Code § 11713.16(d).)

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission's staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle's advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Figure D-4C — FTC presentation: federal advertising considerations**EXAMPLE 4C — FTC PRESENTATION: PAYMENT AD WITH DPC DISPLAYED****CAPITOL VALLEY MOTORS**

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100

**\$349/MO****2023 Meridian Wren • Stock #B2214 • VIN ...WN077263****Total Price: \$24,985**

Document processing charge (not a governmental fee): \$85

Price including document processing charge: \$25,070

72 monthly payments of \$349 at 6.99% APR with \$4,500 down payment. On approved credit.

Total Price plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. The price including the document processing charge excludes all other such charges; taxes and government fees still apply. Prices do not apply to leases. Offer expires [date].

About this presentation. California law does not require this format; Figure D-4B is fully compliant with the CARS Act and Regulation Z. This presentation additionally discloses the document processing charge and a price including it, addressing the federal posture described in the Federal Note in Part 2 of this guide. The Regulation Z triggering-term disclosures (down payment, terms of repayment, APR) remain required either way; for lease payment advertising, Regulation M imposes the parallel lease disclosure requirements. (12 C.F.R. §§ 1026.24(d), 1013.7.) Give the DPC-inclusive figure prominence at least equal to the total price, and never label it an “out-the-door” price. Consult counsel regarding federal advertising exposure.

Example 5: The First Written Response to an Internet Lead

Figure D-5A — Noncompliant: first reply quotes a payment with no total price

EXAMPLE 5A — NONCOMPLIANT: FIRST WRITTEN REPLY, NO TOTAL PRICE

From: Alex Romero <sales@capitolvalleymotors.example>
To: Jordan T.
Subject: Re: 2023 Meridian Cascade — Stock #P4821 (VIN ...KD240087)

Hi Jordan,

Thanks for reaching out! Great news — the 2023 Cascade you asked about is still available. With money down, you'd be looking at around \$350/month.

When can you come in for a test drive?

— Alex Romero, Capitol Valley Motors

Why this violates the CARS Act. This is the dealer's first written communication with the customer, and it quotes a financing amount ("around \$350/month") — which triggers the obligation to disclose the vehicle's total price at least once in this response. No total price appears. The trigger reaches any first written message that includes a monetary amount or financing term for any vehicle, not only messages naming a price. (Civ. Code § 1784.41(a)(3).)

Figure D-5B — CARS Act compliant: first reply discloses the total price**EXAMPLE 5B — CARS COMPLIANT: FIRST WRITTEN REPLY WITH TOTAL PRICE**

From: Alex Romero <sales@capitolvalleymotors.example>
To: Jordan T.
Subject: Re: 2023 Meridian Cascade — Stock #P4821 (VIN ...KD240087)

Hi Jordan,

Thanks for reaching out! Great news — the 2023 Cascade you asked about is still available. The vehicle's Total Price is \$26,450. (Total price excludes government fees and taxes, finance charges, dealer document processing charge, and emission testing charge.)

A range of financing options is available on approved credit — I'd be glad to go over real numbers with you at the store or by phone. When can you come in for a test drive?

— Alex Romero, Capitol Valley Motors

Why this complies with California law. The total price for the specific vehicle is disclosed in the first written response. Note that this reply deliberately avoids quoting a monthly payment: a written payment quote during the negotiation would additionally require disclosure of the total amount payable at that payment and any assumed consideration (Civ. Code § 1784.41(c)) — the safest BDC practice is to disclose total price and reserve payment figures for desked terms. Retain this communication for two years and provide a copy on the customer's written request. (Civ. Code § 1784.41(a)(3).) This frame shows an individualized reply to a customer inquiry; bulk marketing email must additionally satisfy the commercial e-mail requirements — identification as an advertisement, a functioning opt-out mechanism, and the dealer's physical address — illustrated in Example #17 of CNCDA's Advertising Law Manual. The optional federal presentation in Figure D-1C may be adapted to this format; see the Federal Note in Part 2 of this guide.

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission's staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle's advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Figure D-5C — FTC presentation: first reply addressing federal advertising considerations

EXAMPLE 5C — FTC PRESENTATION: FIRST WRITTEN REPLY WITH DPC DISPLAYED

From: Alex Romero <sales@capitolvalleymotors.example>
To: Jordan T.
Subject: Re: 2023 Meridian Cascade — Stock #P4821 (VIN ...KD240087)

Hi Jordan,

Thanks for reaching out! Great news — the 2023 Cascade you asked about (Stock #P4821) is still available. Here is the pricing for this specific vehicle:

Total Price: \$26,450

Document processing charge (not a governmental fee): \$85

Price including document processing charge: \$26,535

Both figures exclude government fees and taxes (such as sales tax, title, and registration), which depend on your situation. A range of financing options is available on approved credit — I'd be glad to go over real numbers with you at the store or by phone.

When can you come in for a test drive?

— Alex Romero, Capitol Valley Motors

About this presentation. California law does not require this format; Figure D-5B is fully compliant with the CARS Act. This version satisfies the CARS Act first-written-communication requirement — the vehicle's total price is disclosed in the first written response (Civ. Code § 1784.41(a)(3)) — and additionally discloses the document processing charge and a price including it, addressing the federal posture that a dealer's most prominent advertised or communicated price should reflect all dealer-imposed mandatory charges (see the Federal Note in Part 2 of this guide). The DPC-inclusive figure is given prominence at least equal to the total price; the message states that taxes and government fees are still excluded and avoids any "out-the-door" label, which would wrongly imply taxes and registration are included. As in Figure D-5B, the reply does not quote a monthly payment: a written payment quote would additionally trigger the total-amount and assumed-consideration disclosures (Civ. Code § 1784.41(c)). Retain this communication for two years and provide a copy on the customer's written request. Consult counsel regarding federal advertising exposure.

Example 6: Class Advertising vs. Specific-Vehicle Advertising

Unlike Examples 1 through 5, this pair does not contrast a violation with a cure. It shows where the CARS Act total price requirements begin: they attach to advertisements referencing a **specific vehicle** or representing a monetary amount or financing term for a specific vehicle — not to advertising for a class of vehicles generally.

Figure D-6A — Not covered: class advertising with no identified vehicle

EXAMPLE 6A — NOT COVERED BY THE CARS ACT TOTAL PRICE REQUIREMENTS

CAPITOL VALLEY MOTORS

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100



NEW 2026 MERIDIAN CASCADES

Starting at \$32,000

5 at this price

Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge.

Why the CARS Act total price requirements do not apply. No specific vehicle is referenced — no stock number, no VIN, no identified unit — and no monetary amount is represented for a specific vehicle. The total price disclosure triggers are therefore not met. (Civ. Code § 1784.41(a).) This is not a loophole from advertising regulation: all preexisting law governing “starting at” claims, vehicle availability, and truthful advertising continues to apply, and at least one vehicle must genuinely be available on the advertised basis. Because the advertisement uses “starting at,” existing law requires it to disclose the number of vehicles available at that price — here, “5 at this price” — immediately above, below, or beside the price with no intervening content; in newspaper advertising the quantity phrase must be at least one-quarter the type size of the price, never below 8-point, in the same style and color. (Veh. Code § 11713.1(i).) A class of five or more identical new vehicles need not list VINs, but four or fewer requires them, and advertised new vehicles must carry all manufacturer standard equipment. (Veh. Code §§ 11713.1(a), 11713.16(h).) Note also the downstream trap: when a customer responds to this ad, the dealer’s first written reply quoting any monetary amount or financing term triggers the total price disclosure for the specific vehicle discussed (see Example 5).

Figure D-6B — Covered: the same campaign tied to an identified vehicle**EXAMPLE 6B — COVERED: SPECIFIC VEHICLE IDENTIFIED****CAPITOL VALLEY MOTORS**

Sacramento, CA • capitolvalleymotors.example • (916) 555-0100

**NEW 2026 MERIDIAN CASCADE SUMMIT**

Stock #M1187 • VIN ...RC551019

Total Price \$32,760

Plus government fees and taxes, any finance charges, any dealer document processing charge, any electronic filing charge, and any emission testing charge. Price does not apply to leases. Offer expires [date].

Why the requirements apply — and are satisfied here. Adding the stock number identifies a specific vehicle, so the advertisement must disclose that vehicle's total price — and it does. (Civ. Code § 1784.41(a)(1).) The same result follows from a photograph of an identified unit, a VIN, or any monetary amount or financing term stated for a particular vehicle. The optional federal presentation in Figure D-1C may be adapted to this format; see the Federal Note in Part 2 of this guide.

WARNING – FEDERAL COMPLIANCE

The Federal Trade Commission's staff has stated that they believe federal law requires dealers to include all required charges, including the document processing charge, in a vehicle's advertised price. As of the date of the publication of this Guide, written guidance from the FTC on this topic has not yet been issued. **To comply with both federal and state law, dealers should consider alternative advertising presentations that include the document processing charge.**

Appendix E: Add-on Products Examples

These four worked examples illustrate how the sale of add-on products operates under the CARS Act, concentrating on the points that carry real-world compliance risk. Appendix E is designed to apply the rules discussed in [Part 4 of this Guide](#).

Examples 1 and 2 are financed sales and show how the Optional Add-On Products or Services Disclosure (OPD) and the Pre-Contract Disclosure (PCD) work together. Example 3 is a cash sale, where the PCD is not used at all. Example 4 addresses the benefit requirement and product-selection risk — the area of greatest enforcement exposure. Each example gives the scenario, the step-by-step handling, and the forms involved. This material summarizes operational rules; for product classification and structuring questions, see [CNCDA's add-on products memorandum](#).

All names, figures, and dates are illustrative. Civil Code citations are to the law as added by SB 766.

Two forms do the disclosure work:

- **PCD (LAWCA-PCD 10/26)** — used on financed (retail installment) deals. It itemizes the statutory optional-product categories (theft deterrent, surface protection, service contract, debt cancellation/GAP, and insurance products) and carries a bold statement that those products are not required and the vehicle can be purchased without them. That statement satisfies the CARS Act optionality disclosure for the products listed in its optional-products section, combined into the precontract disclosure as the statute permits. (Civ. Code §§ 1784.41(b), (e), 2982.2.)
- **OPD (LAWCA-OPD)** — the stand-alone CARS Act optionality disclosure. It is the disclosure vehicle on cash and lease deals (where no PCD is used), and it is **used in addition to the PCD** whenever an add-on falls outside the PCD's optional-product categories. Best practice is to list **all** add-ons on the OPD — even those already itemized on the PCD — so there is a single, complete record of optionality and customer selection.

Example 1: Financed Sale — All Add-Ons Fit the PCD Categories

Why this matters

This is the baseline financed deal: every add-on the customer buys falls within one of the PCD's statutory optional-product categories. The compliance risk here is not which form to use — it is making the PCD match the contract exactly and confirming each product is eligible and beneficial. This example also shows the best practice of mirroring the products on the OPD.

Scenario.

- A customer finances the purchase of a used Meridian Cascade on a retail installment sale contract.
- The customer chooses three add-ons: a vehicle service contract, a GAP waiver, and a theft-deterrent product.
- All three fall within the PCD's enumerated optional-product categories.

Step by step

1. **Identify the add-ons.** Each is an add-on — a product not installed by the OEM that the dealer charges for in connection with the transaction. (Civ. Code § 1784.31(a).)
2. **Use the PCD (financed deal).** List the service contract, GAP waiver, and theft-deterrent product on their corresponding lines in the PCD's optional-products section, each with its price.
3. **The PCD's optionality statement covers these items.** Because all three are listed in the PCD's optional-products section, the form's bold "not required" statement provides the CARS Act optionality disclosure for them, combined into the precontract disclosure. A separate OPD is not strictly required for these products. (Civ. Code §§ 1784.41(b), (e).)
4. **List them on the OPD anyway (optional best practice).** Mirror all three products on the OPD so there is a single, signed record of what the customer was told was optional and what the customer elected.
5. **Confirm GAP eligibility.** Calculate and retain the loan-to-value ratio; confirm the waiver is within the § 2982.12 parameters. A noncompliant GAP waiver is a statutorily identified no-benefit product. (Civ. Code § 1784.42(a)(3).)
6. **Make the PCD match the contract.** The payment including and excluding the listed items, and the "Total Amount You Will Pay" figures, must match the final contract exactly. Regenerate the PCD if the deal changes. (Civ. Code § 1784.41(c).)

Where each item goes.

Add-on	PCD (LAWCA-PCD 10/26) treatment	OPD (LAWCA-OPD)
Vehicle service contract	Optional Service Contract(s) line	List (best practice)
GAP waiver	Optional Debt Cancellation / GAP Waiver line	List (best practice)
Theft-deterrent product	Optional Theft Deterrent Device(s) line	List (best practice)

Common errors to avoid. A PCD that does not match the signed contract is the classic precontract-disclosure violation — compare the two line by line before the customer signs.

Add-on	PCD (LAWCA-PCD 10/26) treatment	OPD (LAWCA-OPD)
Selling GAP without calculating the loan-to-value ratio risks selling a no-benefit product. Treating the end-of-deal signature as the only disclosure event is risky: present the optionality disclosure when the products are first presented in writing (menu), and document selection at contracting.		

Forms involved

PCD (LAWCA-PCD 10/26), primary. OPD (LAWCA-OPD), best practice.

Example 2: Financed Sale — An Add-On Outside the PCD Categories

Why this is important

This is the interaction most likely to be missed. When a financed deal includes an add-on that does not fit any of the PCD's optional-product categories — most commonly a physical accessory the customer ordered — the PCD does not provide the optionality disclosure for that item, even though the item's price may be itemized elsewhere on the PCD. The OPD must then be used to disclose optionality for that add-on. Assuming “the PCD covers everything” is the error.

Scenario.

- A customer finances the purchase of a new Meridian Cascade on a retail installment sale contract.
- The customer buys a vehicle service contract and also orders a set of accessories — all-weather floor liners, a cargo organizer, and roof cross-bars — that the customer requested and that will be installed after sale on a due bill.
- The accessories were not on the vehicle when the dealer first communicated its price, so they are not part of the advertised total price (a due bill / “we-owe” item).

Step by step

1. **Identify the two add-ons and how they differ.** The service contract fits a PCD optional-product category. The customer-ordered accessories are an add-on under § 1784.31(a), but they are not a theft-deterrent, surface-protection, service-contract, GAP, or insurance product — so they fall outside the PCD's optional-product categories.
2. **Put the service contract on the PCD.** List it on the Optional Service Contract(s) line, with price; the PCD's optionality statement covers it.
3. **Recognize the gap for the accessories.** The accessory price is itemized on the PCD in the “Other Goods, Services and Miscellaneous Charges” section (additional accessories) — but that section does **not** carry the optionality disclosure. So the PCD alone does not disclose optionality for the accessories.
4. **Use the OPD for the accessories — required, not optional.** Because the accessories fall outside the PCD's optional-product categories, the OPD must be used to provide the CARS Act optionality disclosure for them. (Civ. Code § 1784.41(b).)
5. **List both add-ons on the OPD (best practice).** Include the service contract and the accessories on the OPD, so the record of optionality is complete and in one place.
6. **Document the due bill.** Record the accessories on a due bill identifying the specific products, the installation timing, the price treatment, and any warranty. Avoid vague descriptions such as “accessory package.”
7. **Confirm benefit and fit.** Physical accessories with inherent value are generally supportable; confirm vehicle fit and screen against the no-benefit examples.
8. **Match the contract.**

Where each item goes.

Add-on	PCD (LAWCA-PCD 10/26) treatment	OPD (LAWCA-OPD)
Vehicle service contract	Optional Service Contract(s) line	List (best practice)
Customer-ordered accessories (floor liners, cargo organizer, cross-bars)	Itemized in “Other Goods — additional accessories”; not in the optional-products section, so no optionality disclosure on the PCD	Required — the OPD provides the optionality disclosure

Watch the timing trap, too. These accessories are outside the advertised total price only because they were not installed when the dealer first communicated the vehicle’s price. The identical accessories preinstalled on the vehicle before that first price communication would have had to be included in the advertised total price (see [Part 2](#) and the [advertising examples](#)), and would be supported on benefit as installed equipment. Dealer process — install-then-list versus order-at-sale — determines the treatment, and should be deliberate.

Forms involved

PCD (LAWCA-PCD 10/26) for the service contract and accessory itemization. OPD (LAWCA-OPD), **required** for the accessories’ optionality disclosure and best practice for the service contract. Due bill for the accessories.

Example 3: Cash Sale — the OPD Stands Alone

Why this is important

Before the CARS Act, precontract add-on disclosures applied only to financed sales. The CARS Act extends the optionality disclosure to cash and lease deals — so a store that thinks “no financing, no disclosure” will miss it. On a cash deal there is no retail installment contract and no PCD; the OPD is the disclosure vehicle.

Scenario.

- A customer pays cash for a used Meridian Wren — no financing, no retail installment sale contract.
- The customer buys a vehicle service contract and tire-and-wheel coverage.

Step by step

1. **Recognize the CARS Act reaches cash deals.** The optionality disclosure applies regardless of how the transaction is paid for. (Civ. Code § 1784.41(b).)
2. **No PCD on a cash deal.** The PCD is a precontract disclosure for retail installment sales; it is not used here. The OPD carries the optionality disclosure.
3. **List both products on the OPD.** Enter the service contract and the tire-and-wheel coverage on the OPD with plain descriptions and prices.
4. **Disclose at first written presentation; document at signing.** Present the optionality disclosure when the products are first presented in writing (menu), and obtain the signed OPD at contracting.
5. **Screen for benefit and eligibility.** Confirm each product provides coverage and the customer is eligible.
6. **Match the contract.**

Common errors to avoid. Skipping the OPD on cash and lease deals because no financing is involved. Forgetting the optionality disclosure must be in the language of the negotiation when that language is one identified by Civil Code § 1632(b). On lease deals, omitting the payment and comparison disclosures that the CARS Act now requires.

Forms involved

OPD (LAWCA-OPD), primary. No PCD. (On a lease, add the lease payment/comparison disclosure mechanism.)

Example 4: The Benefit Requirement and Product Selection

Why this is important

The benefit requirement and the related question of genuine customer selection are where enforcement exposure concentrates — in the FTC matters, in plaintiff theories, and in the CARS Act's own no-benefit list. Two failures recur: charging for a product the customer cannot benefit from, and treating a product as “selected” when it was defaulted into the deal. This example collects the high-risk checks on a single deal.

Scenario.

- A customer finances the purchase of a Meridian Cascade **EV**.
- The F&I menu, as configured, would add: a prepaid oil-change/maintenance plan, a GAP waiver, and an appearance-protection product.
- The amount financed is low relative to the vehicle's value, and the oil-change plan and appearance product sell on nearly every deal at the store.

Step by step

1. **Block per-se no-benefit products.** Oil-change products for an electric vehicle are a statutory no-benefit product and cannot be charged. An EV-appropriate maintenance plan (e.g., tire rotation, cabin filter, brake service) may be sold if it actually provides coverage. The eligibility screen should block the oil-change plan on an EV. (Civ. Code § 1784.42(a)(5).)
2. **Run the GAP loan-to-value screen.** Calculate the LTV ratio. If the amount financed is below the § 2982.12 parameters, GAP cannot be sold — it is a no-benefit product on this deal. Retain the calculation. (Civ. Code §§ 1784.42(a)(3), 2982.12.)
3. **Treat very high penetration as a structural flag.** A product that sells on nearly every deal invites the inference that it is mandatory in practice and that the advertised price was deceptive. Review such products; involve counsel in any penetration-rate review to preserve privilege.
4. **Document benefit.** Maintain a benefit file for each product sold: eligibility rules, coverage terms, and evidence the product provides real benefit.
5. **Disclose and record on the PCD and OPD.** Products that survive screening and are genuinely selected go on the PCD (financed deal), mirrored on the OPD. (Civ. Code §§ 1784.41.)

Common errors to avoid. Selling oil-change coverage on an EV, or GAP outside the loan-to-value parameters — each is a per-se violation a point-of-sale screen should prevent. Defaulting products into the menu so they are charged without a specific customer choice. Ignoring penetration rates approaching 100 percent on “optional” products. Failing to keep benefit documentation, which is a records-retention failure.

Forms involved

Eligibility screens upstream of the forms; PCD and OPD for products that survive screening and are genuinely selected.

Appendix F: Three-Day Right to Cancel Examples

These three worked examples apply the rule discussed in [Part 5 of this Guide](#). They illustrate how the used-vehicle three-day right to cancel operates in practice, concentrating on the points that carry heightened real-world compliance risk: (1) computing the deadline when the dealership is closed on the third day; (2) the requirement to deduct the restocking fee from the refund first, rather than demanding it at the door; and (3) the trade-in unwind when the trade has already been sold and fair market value is disputed. Each example gives the scenario, the step-by-step handling, and the forms involved.

All names, figures, and dates are illustrative. Civil Code citations are to the law as added by SB 766. Figures assume the statutory minimum restocking fee structure; a dealership that has voluntarily adopted greater consumer protections should apply its own terms where more favorable to the customer.

Forms referenced: 3-Day Right to Cancel Disclosure (LAWCA-CANCELDSC); Acknowledgment of Cancellation and Receipt (LAWCA-CANCELACKNWDG); Notice of Failure to Meet Cancellation Requirements (LAWCA-CANCELFAIL).

Example 1: Computing the Deadline Across a Closed Day

Why this is important

The deadline on the Cancellation Disclosure may be the most error-prone entry in the cancellation process. The three-day period is measured in calendar days but extends when the dealership is closed on the third day — so a deadline entered mechanically as “three days later” may be wrong, and a deadline entered earlier than the statutory minimum is itself a violation. Getting this right on the disclosure also determines whether a later refusal (Example handled on the Failure Notice) is defensible.

Scenario.

- Capitol Valley Motors is open Monday through Saturday and closed Sundays.
- A customer signs a contract to purchase a used vehicle for \$28,000 on **Thursday, October 8, 2026**, and takes delivery the same day at 5,000 miles on the odometer.
- The vehicle is used and priced at \$50,000 or less, so the three-day right to cancel applies.

Step by step

1. **Confirm coverage at the time of sale.** The vehicle is used, the price is \$50,000 or less, and it is not a motorcycle, a lease-end buyout, or an auction sale. The right applies. (Civ. Code § 1784.43(a)(1)(A).)
2. **Compute the deadline.** The period is three calendar days commencing the day after execution. Day 1 is Friday, October 9; Day 2 is Saturday, October 10; Day 3 is Sunday, October 11. Because the dealership is closed Sunday, the period extends to the close of business on the next open day — **Monday, October 12, 2026**. (Civ. Code § 1784.31(i).)
3. **Enter the deadline on the disclosure.** On the LAWCA-CANCELDSCL, enter the deadline as the dealership’s posted close of business on Monday, October 12, 2026 (for example, 8:00 p.m.). Never enter a date or time earlier than this statutory minimum. Record mileage at delivery (5,000) accurately — it is the baseline for the 400-mile cutoff and any later excess-mileage charge.
4. **Deliver and retain.** Provide the disclosure on a document separate from the contract, obtain the customer’s signature dated October 8 (the contract date), give the customer a copy, and retain the original. If the negotiation was conducted primarily in a Civil Code § 1632(b) language, provide and retain the translated version.

Common errors to avoid. Entering “Sunday, October 11” as the deadline (ignoring the closed-day extension) understates the customer’s right and is a violation. Counting from the day of sale rather than the day after is also wrong. If the dealership later observes a holiday closure within the period, the deadline extends again — always check the actual operating calendar, not a generic “+3 days.”

Forms involved

LAWCA-CANCELDSCL only, at this stage. The Acknowledgment and the Failure Notice come into play only if the customer later attempts to cancel.

Example 2: The Restocking Fee Must Come Out of the Refund First

Why this is important

The statute requires the restocking fee to be deducted from any refund owed to the customer; only a shortfall is collected from the customer at the door. A salesperson who instead demands cash payment of the full fee before processing the cancellation — or who treats nonpayment as a basis to refuse — has overcharged and impeded the cancellation, each an independent violation. (Civ. Code §§ 1784.43(a)(2)(B), (c).)

Scenario.

- Same used vehicle, sold for \$28,000. The customer made a \$3,000 cash down payment and financed the balance.
- The customer returns within the period and meets all conditions (timely, no excess liens, vehicle in delivered condition, all items returned).
- The customer has driven the vehicle **310 miles** since delivery.

Step by step

1. **Verify eligibility on return.** Confirm the attempt is within the deadline on the disclosure, the vehicle has been driven 400 miles or less (310 is within the limit), there is no disqualifying lien, the vehicle is in delivered condition (ordinary wear and tear and post-delivery defects not caused by the customer excepted), and all cash and items received are returned.
2. **Calculate the restocking fee.** Base charge is 1.5% of the \$28,000 sale price = \$420, which falls within the \$200–\$600 band. Excess mileage: 310 – 250 = 60 miles × \$1.00 = \$60 (within the \$150 cap). Total restocking fee = \$480. (Civ. Code § 1784.31(g).)
3. **Deduct the fee from the refund — do not demand it separately.** The customer paid \$3,000 down. Deduct the \$480 fee from that amount; the dealership refunds \$2,520. The customer owes nothing at the door because the refund fully covers the fee. (Civ. Code § 1784.43(a)(2)(B).)
4. **Refund within 48 hours.** Provide the \$2,520 refund within 48 hours of the time the right was exercised, and unwind the financing with the lender. If the down payment had been made by a method not yet producing verified funds, the refund could be delayed until two business days after verification, with documentation of the verification timing provided to the customer. (Civ. Code § 1784.43(d).)
5. **Document the unwind on the Acknowledgment.** Record the date and time the right was exercised and itemize each component on the LAWCA-CANCELACKNWDG.

Refund itemization.

Down payment received from customer	\$3,000.00
Less: restocking fee — base charge (1.5% × \$28,000)	–\$420.00
Less: restocking fee — excess mileage (60 mi × \$1.00)	–\$60.00
Net refund owed to customer (within 48 hours)	\$2,520.00

Contrast — the noncompliant handling. If the down payment had been only \$300, the fee (\$480) would exceed the refund. The dealership refunds \$0 and the customer owes the \$180 balance at the time of cancellation — that shortfall, and only that shortfall, must be paid by the customer at the door. In neither case may the dealership require the customer to pay the full \$480 in cash up front or tell the customer “the manager isn’t available” to process it. Each of those is an impeding or overcharging violation under § 1784.43(c).

Forms involved

LAWCA-CANCELACKNWDG (the itemized receipt and unwind). The original LAWCA-CANCELDSCL is pulled to confirm the deadline and mileage-at-delivery baseline.

Example 3: Trade-In Already Sold, Fair Market Value Disputed

Why this is high-risk

When the customer's trade-in has already been sold or sent to title transfer before the customer cancels, the dealership cannot simply return it. The statute then requires the dealership to pay the customer the **greatest** of three values, and the fair-market-value branch must be supported under one of two presumption methods — not a number picked by the desk. Disputes here are common because the trade is gone, the customer feels shortchanged, and an unsupported FMV figure is easy to attack. **To avoid this complexity and risk, dealers may consider holding trades for the three-day return period.**

Scenario.

- A customer buys a used vehicle for \$24,000 and trades in her old car. The contract assigned the trade-in an **allowance of \$9,000**, against which a **\$4,000 payoff** on the trade was owed and paid by the dealership.
- Two days later the customer exercises the right to cancel. By then the dealership has **already sold the trade-in** to a wholesaler for **\$8,200**.
- A nationally recognized pricing guide selected by the dealer, valued as of the date the right is exercised and reflecting the trade-in's condition at trade-in, shows a trade-in value of **\$9,400**. The customer paid a \$2,000 cash down payment and drove the purchased vehicle 90 miles.

Step by step

1. **Determine the trade-in is not returnable.** Because the dealership has already sold the trade-in, it cannot return it and must instead refund the trade-in's value. (Civ. Code § 1784.43(a)(3)(A).)
2. **Identify the three candidate values.** (i) the contract allowance, \$9,000; (ii) the amount the dealership sold the trade-in for, \$8,200; and (iii) fair market value. The dealership must pay the **greatest** of the three.
3. **Support the fair market value figure.** FMV must be established under a statutory presumption method: either a written purchase offer the customer received and the dealership honored, valid for at least seven days, or the trade-in valuation from a nationally recognized pricing guide selected by the dealer, determined as of the date the right is exercised and considering the vehicle's condition at trade-in. Here the pricing guide supports \$9,400; print and retain that valuation. (Civ. Code § 1784.43(a)(3)(C).)
4. **Select the greatest value.** Among \$9,000, \$8,200, and \$9,400, the trade-in value used is **\$9,400**.
5. **Account for the payoff the dealership advanced.** The dealership paid \$4,000 to satisfy the loan on the trade-in. It may reduce the amount it owes the customer by that prior outstanding indebtedness it paid. (Civ. Code § 1784.43(a)(3)(A).)
6. **Apply the restocking fee.** Base charge: $1.5\% \times \$24,000 = \$360$ (within the \$200–\$600 band). Excess mileage: 90 miles is under 250, so no mileage charge. Total restocking fee = \$360.
7. **Provide proof of the trade-in sale, redacted.** Because the dealership told the customer the trade-in was sold, it must give her a copy of the document showing that sale, with the

new purchaser's personal information redacted, and complete the corresponding acknowledgment on the form. (Civ. Code § 1784.43(b)(9).)

8. **Refund within 48 hours and document.** Itemize every component on the LAWCA-CANCELACKNWDG, including each of the three trade-in values considered, the value used, the payoff deduction, and the restocking fee, with the date and time of exercise.

Refund itemization.

Trade-in value used — greatest of allowance \$9,000 / sale \$8,200 / FMV \$9,400	\$9,400.00
Plus: cash down payment received	\$2,000.00
Subtotal owed to customer before deductions	\$11,400.00
Less: prior trade-in indebtedness paid by dealer	-\$4,000.00
Less: restocking fee (1.5% × \$24,000; no excess mileage)	-\$360.00
Net refund owed to customer (within 48 hours)	\$7,040.00

Common errors to avoid. Using the contract allowance or the wholesale sale price by default, rather than the greatest of the three values, shortchanges the customer and is the most likely source of a dispute here. Picking an FMV number without a retained pricing-guide printout or a qualifying written offer leaves the figure indefensible. Forgetting to provide the redacted proof of sale — or failing to redact the buyer's personal information — are separate violations. The payoff deduction applies only to indebtedness the dealership actually paid.

CAUTION — WATCH OVER-ALLOWANCES: When the trade-in has already been sold, the dealer must refund the greatest of the trade allowance stated in the contract, the actual resale price, or fair market value (§ 1784.43(a)(3)(A)). An inflated trade allowance therefore becomes a floor the dealership must return in cash if the customer cancels after the trade is gone, which turns a paper over-allowance into a real loss even where the store only realized wholesale.

Forms involved

LAWCA-CANCELACKNWDG, including the trade-in valuation lines and the redacted proof-of-sale acknowledgment. The retained pricing-guide valuation is kept with the form. The original LAWCA-CANCELDSCL is pulled to confirm the deadline and mileage baseline.