

NEW JERSEY MOTOR VEHICLE DEALER COMPLIANCE MANUAL

Applicable to Licensed Motor Vehicle Dealers

Version Date: May 2026

Prepared for by New Jersey Motor Vehicle Dealer Association LLC for ADMS Tenants  
(Educational Resource Only)

**FEDERAL STATUTES AND REGULATIONS**

**Volume Two**

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3. Regulation Z, 12 C.F.R. 1026, implements the Truth in Lending Act (TILA) and requires creditors to give consumers clear, accurate, and meaningful disclosures about the cost and terms of consumer credit. The goal is to help consumers shop for and understand credit (so they can compare offers) and to prevent deceptive lending practices. Key requirements include:

- Accurate disclosure of the Annual Percentage Rate (APR) and finance charge.
- Itemization of the amount financed.
- Proper advertising rules (if you mention certain “trigger terms” like monthly payment or APR, you must also disclose other key terms).
- Rules for closed-end credit (e.g., auto loans/retail installment contracts) and open-end credit (e.g., credit cards).

It also contains substantive protections such as rules on billing-error resolution, right of rescission in certain cases, and restrictions on certain high-cost loans.

Code of Federal Regulations  
Title 12. Banks and Banking  
Chapter X. Consumer Financial Protection Bureau  
Part 1026. Truth in Lending (Regulation Z)

C.F.R. T. 12, Ch. X, Pt. 1026, Refs & Annos  
Currentness

Authority: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 3353, 3354, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 et seq.

**Credits**

Source: 76 FR 79772, Dec. 22, 2011; 77 FR 69738, Nov. 21, 2012; 77 FR 69739, Nov. 21, 2012; 77 FR 70114, Nov. 23, 2012; 78 FR 44718, July 24, 2013; 80 FR 32687, June 9, 2015; 81 FR 25325, April 28, 2016; 82 FR 30948, July 5, 2017; 89 FR 64577, Aug. 7, 2024; 90 FR 58144, Dec. 16, 2025; 91 FR 449, Jan. 7, 2026, unless otherwise noted.

Current through May 12, 2026, 91 FR 25808. Some sections may be more current. See credits for details.

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End of Document

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Code of Federal Regulations  
Title 12. Banks and Banking  
Chapter X. Consumer Financial Protection Bureau (Refs & Annos)  
Part 1026. Truth in Lending (Regulation Z) (Refs & Annos)  
Subpart A. General

12 C.F.R. § 1026.2

§ 1026.2 Definitions and rules of construction.

Effective: October 1, 2025

Currentness

<PL 119-10, May 9, 2025, 139 Stat. 53, S.J. Res 18, resolves that Congress "disapproves the final rule submitted by the Bureau of Consumer Financial Protection relating to 'Overdraft Lending: Very Large Financial Institutions' (89 Fed. Reg. 106768 (December 30, 2024)), and such rule shall have no force or effect.">

(a) Definitions. For purposes of this part, the following definitions apply:

(1) Act means the Truth in Lending Act (15 U.S.C. 1601 et seq.).

(2) Advertisement means a commercial message in any medium that promotes, directly or indirectly, a credit transaction.

(3)(i) Application means the submission of a consumer's financial information for the purposes of obtaining an extension of credit.

(ii) For transactions subject to § 1026.19(e), (f), or (g) of this part, an application consists of the submission of the consumer's name, the consumer's income, the consumer's social security number to obtain a credit report, the property address, an estimate of the value of the property, and the mortgage loan amount sought.

(4) Billing cycle or cycle means the interval between the days or dates of regular periodic statements. These intervals shall be equal and no longer than a quarter of a year. An interval will be considered equal if the number of days in the cycle does not vary more than four days from the regular day or date of the periodic statement.

(5) Bureau means the Bureau of Consumer Financial Protection.

(6) Business day means a day on which the creditor's offices are open to the public for carrying on substantially all of its business functions. However, for purposes of rescission under §§ 1026.15 and 1026.23, and for purposes of §§ 1026.19(a)(1)(ii), 1026.19(a)(2), 1026.19(e)(1)(iii)(B), 1026.19(e)(1)(iv), 1026.19(e)(2)(i)(A), 1026.19(e)(4)(ii), 1026.19(f)(1)(ii), 1026.19(f)(1)(iii), 1026.20(c)(5), 1026.31, and 1026.46(d)(4), the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as New Year's Day, the Birthday of Martin Luther King, Jr.,

Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

(7) Card issuer means a person that issues a credit card or that person's agent with respect to the card.

(8) Cardholder means a natural person to whom a credit card is issued for consumer credit purposes, or a natural person who has agreed with the card issuer to pay consumer credit obligations arising from the issuance of a credit card to another natural person. For purposes of § 1026.12(a) and (b), the term includes any person to whom a credit card is issued for any purpose, including business, commercial or agricultural use, or a person who has agreed with the card issuer to pay obligations arising from the issuance of such a credit card to another person.

(9) Cash price means the price at which a creditor, in the ordinary course of business, offers to sell for cash property or service that is the subject of the transaction. At the creditor's option, the term may include the price of accessories, services related to the sale, service contracts and taxes and fees for license, title, and registration. The term does not include any finance charge.

(10) Closed-end credit means consumer credit other than "open-end credit" as defined in this section.

(11) Consumer means a cardholder or natural person to whom consumer credit is offered or extended. However, for purposes of rescission under §§ 1026.15 and 1026.23, the term also includes a natural person in whose principal dwelling a security interest is or will be retained or acquired, if that person's ownership interest in the dwelling is or will be subject to the security interest. For purposes of § 1026.42(i), the term means a natural person to whom credit is offered or extended, even if the credit is primarily for business, commercial, agricultural, or organizational purposes. For purposes of §§ 1026.20(c) through (e), 1026.36(c), 1026.39, and 1026.41, the term includes a confirmed successor in interest.

(12) Consumer credit means credit offered or extended to a consumer primarily for personal, family, or household purposes.

(13) Consummation means the time that a consumer becomes contractually obligated on a credit transaction.

(14) Credit means the right to defer payment of debt or to incur debt and defer its payment.

(15)(i) Credit card means any card, plate, or other single credit device that may be used from time to time to obtain credit. The term credit card includes both a hybrid prepaid-credit card as defined in § 1026.61 and a hybrid debit-credit card as defined in § 1026.62.

(ii) Credit card account under an open-end (not home-secured) consumer credit plan means any open-end credit account that is accessed by a credit card, except:

(A) A home-equity plan subject to the requirements of § 1026.40 that is accessed by a credit card; or

(B) A covered overdraft credit account as defined in § 1026.62 offered by a creditor other than a very large financial institution as defined in § 1026.62 that is accessed by a debit card or account number.

(iii) Charge card means a credit card on an account for which no periodic rate is used to compute a finance charge. The term does not include a hybrid debit-credit card as defined in § 1026.62.

(iv) Debit card means any card, plate, or other single device that may be used from time to time to access an asset account other than a prepaid account as defined in § 1026.61. The term debit card does not include a prepaid card as defined in § 1026.61.

(16) Credit sale means a sale in which the seller is a creditor. The term includes a bailment or lease (unless terminable without penalty at any time by the consumer) under which the consumer:

(i) Agrees to pay as compensation for use a sum substantially equivalent to, or in excess of, the total value of the property and service involved; and

(ii) Will become (or has the option to become), for no additional consideration or for nominal consideration, the owner of the property upon compliance with the agreement.

(17) Creditor means:

(i) A person who regularly extends consumer credit that is subject to a finance charge or is payable by written agreement in more than four installments (not including a down payment), and to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.

(ii) For purposes of §§ 1026.4(c)(8) (Discounts), 1026.9(d) (Finance charge imposed at time of transaction), and 1026.12(e) (Prompt notification of returns and crediting of refunds), a person that honors a credit card.

(iii) For purposes of subpart B, any card issuer that extends either open-end credit or credit that is not subject to a finance charge and is not payable by written agreement in more than four installments.

(iv) For purposes of subpart B (except for the credit and charge card disclosures contained in §§ 1026.60 and 1026.9(e) and (f), the finance charge disclosures contained in § 1026.6(a)(1) and (b)(3)(i) and § 1026.7(a)(4) through (7) and (b)(4) through (6) and the right of rescission set forth in § 1026.15) and subpart C, any card issuer that extends closed-end credit that is subject to a finance charge or is payable by written agreement in more than four installments.

(v) A person regularly extends consumer credit only if it extended credit (other than credit subject to the requirements of § 1026.32) more than 25 times (or more than 5 times for transactions secured by a dwelling) in the preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year. A person regularly extends consumer credit if, in any 12-month period, the person originates

more than one credit extension that is subject to the requirements of § 1026.32 or one or more such credit extensions through a mortgage broker.

(18) Downpayment means an amount, including the value of property used as a trade-in, paid to a seller to reduce the cash price of goods or services purchased in a credit sale transaction. A deferred portion of a downpayment may be treated as part of the downpayment if it is payable not later than the due date of the second otherwise regularly scheduled payment and is not subject to a finance charge.

(19) Dwelling means a residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

(20) Open-end credit means consumer credit extended by a creditor under a plan in which:

(i) The creditor reasonably contemplates repeated transactions;

(ii) The creditor may impose a finance charge from time to time on an outstanding unpaid balance; and

(iii) The amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.

(21) Periodic rate means a rate of finance charge that is or may be imposed by a creditor on a balance for a day, week, month, or other subdivision of a year.

(22) Person means a natural person or an organization, including a corporation, partnership, proprietorship, association, cooperative, estate, trust, or government unit.

(23) Prepaid finance charge means any finance charge paid separately in cash or by check before or at consummation of a transaction, or withheld from the proceeds of the credit at any time.

(24) Residential mortgage transaction means a transaction in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained in the consumer's principal dwelling to finance the acquisition or initial construction of that dwelling.

(25) Security interest means an interest in property that secures performance of a consumer credit obligation and that is recognized by State or Federal law. It does not include incidental interests such as interests in proceeds, accessions, additions, fixtures, insurance proceeds (whether or not the creditor is a loss payee or beneficiary), premium rebates, or interests in after-acquired property. For purposes of disclosures under §§ 1026.6, 1026.18, 1026.19(e) and (f), and 1026.38(1)(6), the term does not include an interest that arises solely by operation of law. However, for purposes of the right of rescission under §§ 1026.15 and 1026.23, the term does include interests that arise solely by operation of law.

(26) State means any state, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(27)(i) Successor in interest means a person to whom an ownership interest in a dwelling securing a closed-end consumer credit transaction is transferred from a consumer, provided that the transfer is:

(A) A transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety;

(B) A transfer to a relative resulting from the death of the consumer;

(C) A transfer where the spouse or children of the consumer become an owner of the property;

(D) A transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the consumer becomes an owner of the property; or

(E) A transfer into an inter vivos trust in which the consumer is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the property.

(ii) Confirmed successor in interest means a successor in interest once a servicer has confirmed the successor in interest's identity and ownership interest in the dwelling.

(28) The Board-selected benchmark replacement for consumer loans means the SOFR-based index selected by the Board of Governors of the Federal Reserve System to replace, as applicable, the 1-month, 3-month, 6-month, or 12-month tenor of U.S. Dollar LIBOR, as set forth in the Board of Governors of the Federal Reserve System's regulation at 12 CFR part 253, which implements the Adjustable Interest Rate (LIBOR) Act, Public Law 117-103, division U.

(b) Rules of construction. For purposes of this part, the following rules of construction apply:

(1) Where appropriate, the singular form of a word includes the plural form and plural includes singular.

(2) Where the words obligation and transaction are used in the regulation, they refer to a consumer credit obligation or transaction, depending upon the context. Where the word credit is used in the regulation, it means consumer credit unless the context clearly indicates otherwise.

(3) Unless defined in this part, the words used have the meanings given to them by state law or contract.

(4) Where the word amount is used in this part to describe disclosure requirements, it refers to a numerical amount.

Code of Federal Regulations  
Title 12. Banks and Banking  
Chapter X. Consumer Financial Protection Bureau (Refs & Annos)  
Part 1026. Truth in Lending (Regulation Z) (Refs & Annos)  
Subpart C. Closed-End Credit

12 C.F.R. § 1026.17

§ 1026.17 General disclosure requirements.

Effective: October 3, 2015

Currentness

(a) Form of disclosures. Except for the disclosures required by § 1026.19(e), (f), and (g):

(1) The creditor shall make the disclosures required by this subpart clearly and conspicuously in writing, in a form that the consumer may keep. The disclosures required by this subpart may be provided to the consumer in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 et seq.). The disclosures required by §§ 1026.17(g), 1026.19(b), and 1026.24 may be provided to the consumer in electronic form without regard to the consumer consent or other provisions of the E-Sign Act in the circumstances set forth in those sections. The disclosures shall be grouped together, shall be segregated from everything else, and shall not contain any information not directly related to the disclosures required under § 1026.18, § 1026.20(c) and (d), or § 1026.47. The disclosures required by § 1026.20(d) shall be provided as a separate document from all other written materials. The disclosures may include an acknowledgment of receipt, the date of the transaction, and the consumer's name, address, and account number. The following disclosures may be made together with or separately from other required disclosures: The creditor's identity under § 1026.18(a), the variable rate example under § 1026.18(f) (1)(iv), insurance or debt cancellation under § 1026.18(n), and certain security interest charges under § 1026.18(o). The itemization of the amount financed under § 1026.18(c)(1) must be separate from the other disclosures under § 1026.18, except for private education loan disclosures made in compliance with § 1026.47.

(2) Except for private education loan disclosures made in compliance with § 1026.47, the terms "finance charge" and "annual percentage rate," when required to be disclosed under § 1026.18(d) and (e) together with a corresponding amount or percentage rate, shall be more conspicuous than any other disclosure, except the creditor's identity under § 1026.18(a). For private education loan disclosures made in compliance with § 1026.47, the term "annual percentage rate," and the corresponding percentage rate must be less conspicuous than the term "finance charge" and corresponding amount under § 1026.18(d), the interest rate under §§ 1026.47(b)(1)(i) and (c)(1), and the notice of the right to cancel under § 1026.47(c)(4).

(b) Time of disclosures. The creditor shall make disclosures before consummation of the transaction. In certain residential mortgage transactions, special timing requirements are set forth in § 1026.19(a). In certain variable-rate transactions, special timing requirements for variable-rate disclosures are set forth in §§ 1026.19(b) and 1026.20(c) and (d). For private education loan disclosures made in compliance with § 1026.47, special timing requirements are set forth in § 1026.46(d). In certain

transactions involving mail or telephone orders or a series of sales, the timing of disclosures may be delayed in accordance with paragraphs (g) and (h) of this section. This paragraph (b) does not apply to the disclosures required by §§ 1026.19(e), (f), and (g) and 1026.20(c).

(c) Basis of disclosures and use of estimates.

(1) The disclosures shall reflect the terms of the legal obligation between the parties.

(2)(i) If any information necessary for an accurate disclosure is unknown to the creditor, the creditor shall make the disclosure based on the best information reasonably available at the time the disclosure is provided to the consumer, and shall state clearly that the disclosure is an estimate.

(ii) For a transaction in which a portion of the interest is determined on a per-diem basis and collected at consummation, any disclosure affected by the per-diem interest shall be considered accurate if the disclosure is based on the information known to the creditor at the time that the disclosure documents are prepared for consummation of the transaction.

(3) The creditor may disregard the effects of the following in making calculations and disclosures.

(i) That payments must be collected in whole cents.

(ii) That dates of scheduled payments and advances may be changed because the scheduled date is not a business day.

(iii) That months have different numbers of days.

(iv) The occurrence of leap year.

(4) In making calculations and disclosures, the creditor may disregard any irregularity in the first period that falls within the limits described below and any payment schedule irregularity that results from the irregular first period:

(i) For transactions in which the term is less than 1 year, a first period not more than 6 days shorter or 13 days longer than a regular period;

(ii) For transactions in which the term is at least 1 year and less than 10 years, a first period not more than 11 days shorter or 21 days longer than a regular period; and

(iii) For transactions in which the term is at least 10 years, a first period shorter than or not more than 32 days longer than a regular period.

(5) If an obligation is payable on demand, the creditor shall make the disclosures based on an assumed maturity of 1 year. If an alternate maturity date is stated in the legal obligation between the parties, the disclosures shall be based on that date.

(6)(i) A series of advances under an agreement to extend credit up to a certain amount may be considered as one transaction.

(ii) When a multiple-advance loan to finance the construction of a dwelling may be permanently financed by the same creditor, the construction phase and the permanent phase may be treated as either one transaction or more than one transaction.

(d) Multiple creditors; multiple consumers. If a transaction involves more than one creditor, only one set of disclosures shall be given and the creditors shall agree among themselves which creditor must comply with the requirements that this part imposes on any or all of them. If there is more than one consumer, the disclosures may be made to any consumer who is primarily liable on the obligation. If the transaction is rescindable under § 1026.23, however, the disclosures shall be made to each consumer who has the right to rescind.

(e) Effect of subsequent events. If a disclosure becomes inaccurate because of an event that occurs after the creditor delivers the required disclosures, the inaccuracy is not a violation of this part, although new disclosures may be required under paragraph (f) of this section, § 1026.19, § 1026.20, or § 1026.48(c)(4).

(f) Early disclosures. Except for private education loan disclosures made in compliance with § 1026.47, if disclosures required by this subpart are given before the date of consummation of a transaction and a subsequent event makes them inaccurate, the creditor shall disclose before consummation (subject to the provisions of § 1026.19(a)(2), (e), and (f)):

(1) Any changed term unless the term was based on an estimate in accordance with § 1026.17(c)(2) and was labeled an estimate;

(2) All changed terms, if the annual percentage rate at the time of consummation varies from the annual percentage rate disclosed earlier by more than  $\frac{1}{8}$  of 1 percentage point in a regular transaction, or more than  $\frac{1}{4}$  of 1 percentage point in an irregular transaction, as defined in § 1026.22(a).

(g) Mail or telephone orders—delay in disclosures. Except for private education loan disclosures made in compliance with § 1026.47 and mortgage disclosures made in compliance with § 1026.19(a) or (c), (f), and (g), if a creditor receives a purchase order or a request for an extension of credit by mail, telephone, or facsimile machine without face-to-face or direct telephone solicitation, the creditor may delay the disclosures until the due date of the first payment, if the following information for representative amounts or ranges of credit is made available in written form or in electronic form to the consumer or to the public before the actual purchase order or request:

(1) The cash price or the principal loan amount.

(2) The total sale price.

(3) The finance charge.

(4) The annual percentage rate, and if the rate may increase after consummation, the following disclosures:

(i) The circumstances under which the rate may increase.

(ii) Any limitations on the increase.

(iii) The effect of an increase.

(5) The terms of repayment.

(h) Series of sales—delay in disclosures. Except for mortgage disclosures made in compliance with § 1026.19(a) or (e), (f), and (g), if a credit sale is one of a series made under an agreement providing that subsequent sales may be added to an outstanding balance, the creditor may delay the required disclosures until the due date of the first payment for the current sale, if the following two conditions are met:

(1) The consumer has approved in writing the annual percentage rate or rates, the range of balances to which they apply, and the method of treating any unearned finance charge on an existing balance.

(2) The creditor retains no security interest in any property after the creditor has received payments equal to the cash price and any finance charge attributable to the sale of that property. For purposes of this provision, in the case of items purchased on different dates, the first purchased is deemed the first item paid for; in the case of items purchased on the same date, the lowest priced is deemed the first item paid for.

(i) Interim student credit extensions. For transactions involving an interim credit extension under a student credit program for which an application is received prior to the mandatory compliance date of §§ 1026.46, 47, and 48, the creditor need not make the following disclosures: the finance charge under § 1026.18(d), the payment schedule under § 1026.18(g), the total of payments under § 1026.18(h), or the total sale price under § 1026.18(j) at the time the credit is actually extended. The creditor must make complete disclosures at the time the creditor and consumer agree upon the repayment schedule for the total obligation. At that time, a new set of disclosures must be made of all applicable items under § 1026.18.

#### **Credits**

[78 FR 11004, Feb. 14, 2013; 78 FR 69753, Nov. 21, 2013; 78 FR 80107, Dec. 31, 2013; 80 FR 43911, July 24, 2015]

Code of Federal Regulations  
Title 12. Banks and Banking  
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Part 1026. Truth in Lending (Regulation Z) (Refs & Annos)  
Subpart C. Closed-End Credit

12 C.F.R. § 1026.18

§ 1026.18 Content of disclosures.

Effective: October 3, 2015

Currentness

For each transaction other than a mortgage transaction subject to § 1026.19(c) and (f), the creditor shall disclose the following information as applicable:

(a) Creditor. The identity of the creditor making the disclosures.

(b) Amount financed. The amount financed, using that term, and a brief description such as the amount of credit provided to you or on your behalf. The amount financed is calculated by:

- (1) Determining the principal loan amount or the cash price (subtracting any downpayment);
- (2) Adding any other amounts that are financed by the creditor and are not part of the finance charge; and
- (3) Subtracting any prepaid finance charge.

(c) Itemization of amount financed.

(1) Except as provided in paragraphs (c)(2) and (c)(3) of this section, a separate written itemization of the amount financed, including:

(i) The amount of any proceeds distributed directly to the consumer.

(ii) The amount credited to the consumer's account with the creditor.

(iii) Any amounts paid to other persons by the creditor on the consumer's behalf. The creditor shall identify those persons. The following payees may be described using generic or other general terms and need not be further identified: public officials or government agencies, credit reporting agencies, appraisers, and insurance companies.

(iv) The prepaid finance charge.

(2) The creditor need not comply with paragraph (c)(1) of this section if the creditor provides a statement that the consumer has the right to receive a written itemization of the amount financed, together with a space for the consumer to indicate whether it is desired, and the consumer does not request it.

(3) Good faith estimates of settlement costs provided for transactions subject to the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq ) may be substituted for the disclosures required by paragraph (c)(1) of this section.

(d) Finance charge. The finance charge, using that term, and a brief description such as “the dollar amount the credit will cost you.”

(1) Mortgage loans. In a transaction secured by real property or a dwelling, the disclosed finance charge and other disclosures affected by the disclosed finance charge (including the amount financed and the annual percentage rate) shall be treated as accurate if the amount disclosed as the finance charge:

(i) Is understated by no more than \$100; or

(ii) Is greater than the amount required to be disclosed.

(2) Other credit. In any other transaction, the amount disclosed as the finance charge shall be treated as accurate if, in a transaction involving an amount financed of \$1,000 or less, it is not more than \$5 above or below the amount required to be disclosed; or, in a transaction involving an amount financed of more than \$1,000, it is not more than \$10 above or below the amount required to be disclosed.

(c) Annual percentage rate. The annual percentage rate, using that term, and a brief description such as “the cost of your credit as a yearly rate.” For any transaction involving a finance charge of \$5 or less on an amount financed of \$75 or less, or a finance charge of \$7.50 or less on an amount financed of more than \$75, the creditor need not disclose the annual percentage rate.

(f) Variable rate.

(1) Except as provided in paragraph (f)(3) of this section, if the annual percentage rate may increase after consummation in a transaction not secured by the consumer's principal dwelling or in a transaction secured by the consumer's principal dwelling with a term of one year or less, the following disclosures:

(i) The circumstances under which the rate may increase.

(ii) Any limitations on the increase.

- (iii) The effect of an increase.
  - (iv) An example of the payment terms that would result from an increase.
- (2) If the annual percentage rate may increase after consummation in a transaction secured by the consumer's principal dwelling with a term greater than one year, the following disclosures:
- (i) The fact that the transaction contains a variable-rate feature.
  - (ii) A statement that variable-rate disclosures have been provided earlier.
- (3) Information provided in accordance with §§ 1026.18(f)(2) and 1026.19(b) may be substituted for the disclosures required by paragraph (f)(1) of this section.
- (g) Payment schedule. Other than for a transaction that is subject to paragraph (s) of this section, the number, amounts, and timing of payments scheduled to repay the obligation.
- (1) In a demand obligation with no alternate maturity date, the creditor may comply with this paragraph by disclosing the due dates or payment periods of any scheduled interest payments for the first year.
  - (2) In a transaction in which a series of payments varies because a finance charge is applied to the unpaid principal balance, the creditor may comply with this paragraph by disclosing the following information:
    - (i) The dollar amounts of the largest and smallest payments in the series.
    - (ii) A reference to the variations in the other payments in the series.
- (h) Total of payments. The total of payments, using that term, and a descriptive explanation such as "the amount you will have paid when you have made all scheduled payments." In any transaction involving a single payment, the creditor need not disclose the total of payments.
- (i) Demand feature. If the obligation has a demand feature, that fact shall be disclosed. When the disclosures are based on an assumed maturity of 1 year as provided in § 1026.17(c)(5), that fact shall also be disclosed.
- (j) Total sale price. In a credit sale, the total sale price, using that term, and a descriptive explanation (including the amount of any downpayment) such as "the total price of your purchase on credit, including your downpayment of \$ \_\_\_." The total sale price is the sum of the cash price, the items described in paragraph (b)(2), and the finance charge disclosed under paragraph (d) of this section.

(k) Prepayment.

(1) When an obligation includes a finance charge computed from time to time by application of a rate to the unpaid principal balance, a statement indicating whether or not a charge may be imposed for paying all or part of a loan's principal balance before the date on which the principal is due.

(2) When an obligation includes a finance charge other than the finance charge described in paragraph (k)(1) of this section, a statement indicating whether or not the consumer is entitled to a rebate of any finance charge if the obligation is prepaid in full or in part.

(l) Late payment. Any dollar or percentage charge that may be imposed before maturity due to a late payment, other than a deferral or extension charge.

(m) Security interest. The fact that the creditor has or will acquire a security interest in the property purchased as part of the transaction, or in other property identified by item or type.

(n) Insurance and debt cancellation. The items required by § 1026.4(d) in order to exclude certain insurance premiums and debt cancellation fees from the finance charge.

(o) Certain security interest charges. The disclosures required by § 1026.4(c) in order to exclude from the finance charge certain fees prescribed by law or certain premiums for insurance in lieu of perfecting a security interest.

(p) Contract reference. A statement that the consumer should refer to the appropriate contract document for information about nonpayment, default, the right to accelerate the maturity of the obligation, and prepayment rebates and penalties. At the creditor's option, the statement may also include a reference to the contract for further information about security interests and, in a residential mortgage transaction, about the creditor's policy regarding assumption of the obligation.

(q) Assumption policy. In a residential mortgage transaction, a statement whether or not a subsequent purchaser of the dwelling from the consumer may be permitted to assume the remaining obligation on its original terms.

(r) Required deposit. If the creditor requires the consumer to maintain a deposit as a condition of the specific transaction, a statement that the annual percentage rate does not reflect the effect of the required deposit. A required deposit need not include, for example:

(1) An escrow account for items such as taxes, insurance or repairs;

(2) A deposit that earns not less than 5 percent per year; or

(3) Payments under a Morris Plan.

(s) Interest rate and payment summary for mortgage transactions. For a closed-end transaction secured by real property or a dwelling, other than a transaction that is subject to § 1026.19(e) and (f), the creditor shall disclose the following information about the interest rate and payments:

(1) Form of disclosures. The information in paragraphs (s)(2)-(4) of this section shall be in the form of a table, with no more than five columns, with headings and format substantially similar to Model Clause H-4(E), H-4(F), H-4(G), or H-4(H) in appendix H to this part. The table shall contain only the information required in paragraphs (s)(2)-(4) of this section, shall be placed in a prominent location, and shall be in a minimum 10 point font.

(2) Interest rates—

(i) Amortizing loans.

(A) For a fixed-rate mortgage, the interest rate at consummation.

(B) For an adjustable-rate or step-rate mortgage:

(1) The interest rate at consummation and the period of time until the first interest rate adjustment may occur, labeled as the “introductory rate and monthly payment”;

(2) The maximum interest rate that may apply during the first five years after the date on which the first regular periodic payment will be due and the earliest date on which that rate may apply, labeled as “maximum during first five years”; and

(3) The maximum interest rate that may apply during the life of the loan and the earliest date on which that rate may apply, labeled as “maximum ever.”

(C) If the loan provides for payment increases as described in paragraph (s)(3)(i)(B) of this section, the interest rate in effect at the time the first such payment increase is scheduled to occur and the date on which the increase will occur, labeled as “first adjustment” if the loan is an adjustable-rate mortgage or, otherwise, labeled as “first increase.”

(ii) Negative amortization loans. For a negative amortization loan:

- (A) The interest rate at consummation and, if it will adjust after consummation, the length of time until it will adjust, and the label “introductory” or “intro”;
  - (B) The maximum interest rate that could apply when the consumer must begin making fully amortizing payments under the terms of the legal obligation;
  - (C) If the minimum required payment will increase before the consumer must begin making fully amortizing payments, the maximum interest rate that could apply at the time of the first payment increase and the date the increase is scheduled to occur; and
  - (D) If a second increase in the minimum required payment may occur before the consumer must begin making fully amortizing payments, the maximum interest rate that could apply at the time of the second payment increase and the date the increase is scheduled to occur.
- (iii) Introductory rate disclosure for amortizing adjustable-rate mortgages. For an amortizing adjustable-rate mortgage, if the interest rate at consummation is less than the fully-indexed rate, placed in a box directly beneath the table required by paragraph (s)(1) of this section, in a format substantially similar to Model Clause H-4(I) in appendix H to this part:

- (A) The interest rate that applies at consummation and the period of time for which it applies;
- (B) A statement that, even if market rates do not change, the interest rate will increase at the first adjustment and a designation of the place in sequence of the month or year, as applicable, of such rate adjustment; and
- (C) The fully-indexed rate.

(3) Payments for amortizing loans—

(i) Principal and interest payments. If all periodic payments will be applied to accrued interest and principal, for each interest rate disclosed under paragraph (s)(2)(i) of this section:

- (A) The corresponding periodic principal and interest payment, labeled as “principal and interest;”
- (B) If the periodic payment may increase without regard to an interest rate adjustment, the payment that corresponds to the first such increase and the earliest date on which the increase could occur;
- (C) If an escrow account will be established, an estimate of the amount of taxes and insurance, including any mortgage insurance or any functional equivalent, payable with each periodic payment; and

(D) The sum of the amounts disclosed under paragraphs (s)(3)(i)(A) and (C) of this section or (s)(3)(i)(B) and (C) of this section, as applicable, labeled as "total estimated monthly payment."

(ii) Interest-only payments. If the loan is an interest-only loan, for each interest rate disclosed under paragraph (s)(2)(i) of this section, the corresponding periodic payment and:

(A) If the payment will be applied to only accrued interest, the amount applied to interest, labeled as "interest payment," and a statement that none of the payment is being applied to principal;

(B) If the payment will be applied to accrued interest and principal, an itemization of the amount of the first such payment applied to accrued interest and to principal, labeled as "interest payment" and "principal payment," respectively;

(C) The escrow information described in paragraph (s)(3)(i)(C) of this section; and

(D) The sum of all amounts required to be disclosed under paragraphs (s)(3)(ii)(A) and (C) of this section or (s)(3)(ii)(B) and (C) of this section, as applicable, labeled as "total estimated monthly payment."

(4) Payments for negative amortization loans. For negative amortization loans:

(i)(A) The minimum periodic payment required until the first payment increase or interest rate increase, corresponding to the interest rate disclosed under paragraph (s)(2)(ii)(A) of this section;

(B) The minimum periodic payment that would be due at the first payment increase and the second, if any, corresponding to the interest rates described in paragraphs (s)(2)(ii)(C) and (D) of this section; and

(C) A statement that the minimum payment pays only some interest, does not repay any principal, and will cause the loan amount to increase;

(ii) The fully amortizing periodic payment amount at the earliest time when such a payment must be made, corresponding to the interest rate disclosed under paragraph (s)(2)(ii)(B) of this section; and

(iii) If applicable, in addition to the payments in paragraphs (s)(4)(i) and (ii) of this section, for each interest rate disclosed under paragraph (s)(2)(ii) of this section, the amount of the fully amortizing periodic payment, labeled as the "full payment option," and a statement that these payments pay all principal and all accrued interest.

(5) Balloon payments.

(i) Except as provided in paragraph (s)(5)(ii) of this section, if the transaction will require a balloon payment, defined as a payment that is more than two times a regular periodic payment, the balloon payment shall be disclosed separately from other periodic payments disclosed in the table under this paragraph (s), outside the table and in a manner substantially similar to Model Clause H-4(J) in appendix H to this part.

(ii) If the balloon payment is scheduled to occur at the same time as another payment required to be disclosed in the table pursuant to paragraph (s)(3) or (s)(4) of this section, then the balloon payment must be disclosed in the table.

(6) Special disclosures for loans with negative amortization. For a negative amortization loan, the following information, in close proximity to the table required in paragraph (s)(1) of this section, with headings, content, and format substantially similar to Model Clause H-4(G) in appendix H to this part:

(i) The maximum interest rate, the shortest period of time in which such interest rate could be reached, the amount of estimated taxes and insurance included in each payment disclosed, and a statement that the loan offers payment options, two of which are shown.

(ii) The dollar amount of the increase in the loan's principal balance if the consumer makes only the minimum required payments for the maximum possible time and the earliest date on which the consumer must begin making fully amortizing payments, assuming that the maximum interest rate is reached at the earliest possible time.

(7) Definitions. For purposes of this § 1026.18(s):

(i) The term "adjustable-rate mortgage" means a transaction secured by real property or a dwelling for which the annual percentage rate may increase after consummation.

(ii) The term "step-rate mortgage" means a transaction secured by real property or a dwelling for which the interest rate will change after consummation, and the rates that will apply and the periods for which they will apply are known at consummation.

(iii) The term "fixed-rate mortgage" means a transaction secured by real property or a dwelling that is not an adjustable-rate mortgage or a step-rate mortgage.

(iv) The term "interest-only" means that, under the terms of the legal obligation, one or more of the periodic payments may be applied solely to accrued interest and not to loan principal; an "interest-only loan" is a loan that permits interest-only payments.

(v) The term "amortizing loan" means a loan in which payment of the periodic payments does not result in an increase in the principal balance under the terms of the legal obligation; the term "negative amortization" means payment of periodic payments that will result in an increase in the principal balance under the terms of the legal obligation; the term "negative amortization loan" means a loan, other than a reverse mortgage subject to § 1026.33, that provides for a minimum periodic payment that covers only a portion of the accrued interest, resulting in negative amortization.

(vi) The term “fully-indexed rate” means the interest rate calculated using the index value and margin at the time of consummation.

(t) “ No-guarantee-to-refinance” statement—

(1) Disclosure. For a closed-end transaction secured by real property or a dwelling, other than a transaction that is subject to § 1026.19(e) and (f), the creditor shall disclose a statement that there is no guarantee the consumer can refinance the transaction to lower the interest rate or periodic payments.

(2) Format. The statement required by paragraph (t)(1) of this section must be in a form substantially similar to Model Clause H-4(K) in appendix H to this part.

#### **Credits**

[78 FR 80108, Dec. 31, 2013; 80 FR 43911, July 24, 2015]

SOURCE: 76 FR 44242, July 22, 2011; 76 FR 79772, Dec. 22, 2011; 77 FR 69738, Nov. 21, 2012; 77 FR 69739, Nov. 21, 2012; 77 FR 70114, Nov. 23, 2012; 78 FR 44718, July 24, 2013; 80 FR 32687, June 9, 2015; 81 FR 25325, April 28, 2016; 82 FR 30948, July 5, 2017; 88 FR 16537, March 20, 2023; 89 FR 64577, Aug. 7, 2024; 90 FR 58144, Dec. 16, 2025; 91 FR 449, Jan. 7, 2026, unless otherwise noted.

AUTHORITY: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 3353, 3354, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 et seq.

Notes of Decisions (6)

Current through May 12, 2026, 91 FR 25808. Some sections may be more current. See credits for details.

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Code of Federal Regulations  
Title 12. Banks and Banking  
Chapter X. Consumer Financial Protection Bureau (Refs & Annos)  
Part 1026. Truth in Lending (Regulation Z) (Refs & Annos)  
Subpart C. Closed-End Credit

12 C.F.R. § 1026.24

§ 1026.24 Advertising.

Effective: December 30, 2011

Currentness

(a) Actually available terms. If an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.

(b) Clear and conspicuous standard. Disclosures required by this section shall be made clearly and conspicuously.

(c) Advertisement of rate of finance charge. If an advertisement states a rate of finance charge, it shall state the rate as an “annual percentage rate,” using that term. If the annual percentage rate may be increased after consummation, the advertisement shall state that fact. If an advertisement is for credit not secured by a dwelling, the advertisement shall not state any other rate, except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate. If an advertisement is for credit secured by a dwelling, the advertisement shall not state any other rate, except that a simple annual rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate.

(d) Advertisement of terms that require additional disclosures—

(1) Triggering terms. If any of the following terms is set forth in an advertisement, the advertisement shall meet the requirements of paragraph (d)(2) of this section:

(i) The amount or percentage of any downpayment.

(ii) The number of payments or period of repayment.

(iii) The amount of any payment.

(iv) The amount of any finance charge.

(2) Additional terms. An advertisement stating any of the terms in paragraph (d)(1) of this section shall state the following terms, as applicable (an example of one or more typical extensions of credit with a statement of all the terms applicable to each may be used):

(i) The amount or percentage of the downpayment.

(ii) The terms of repayment, which reflect the repayment obligations over the full term of the loan, including any balloon payment.

(iii) The “annual percentage rate,” using that term, and, if the rate may be increased after consummation, that fact.

(c) Catalogs or other multiple-page advertisements; electronic advertisements.

(1) If a catalog or other multiple-page advertisement, or an electronic advertisement (such as an advertisement appearing on an Internet Web site), gives information in a table or schedule in sufficient detail to permit determination of the disclosures required by paragraph (d)(2) of this section, it shall be considered a single advertisement if:

(i) The table or schedule is clearly and conspicuously set forth; and

(ii) Any statement of the credit terms in paragraph (d)(1) of this section appearing anywhere else in the catalog or advertisement clearly refers to the page or location where the table or schedule begins.

(2) A catalog or other multiple-page advertisement or an electronic advertisement (such as an advertisement appearing on an Internet Web site) complies with paragraph (d)(2) of this section if the table or schedule of terms includes all appropriate disclosures for a representative scale of amounts up to the level of the more commonly sold higher-priced property or services offered.

(f) Disclosure of rates and payments in advertisements for credit secured by a dwelling—

(1) Scope. The requirements of this paragraph apply to any advertisement for credit secured by a dwelling, other than television or radio advertisements, including promotional materials accompanying applications.

(2) Disclosure of rates—

(i) In general. If an advertisement for credit secured by a dwelling states a simple annual rate of interest and more than one simple annual rate of interest will apply over the term of the advertised loan, the advertisement shall disclose in a clear and conspicuous manner:

(A) Each simple annual rate of interest that will apply. In variable-rate transactions, a rate determined by adding an index and margin shall be disclosed based on a reasonably current index and margin;

(B) The period of time during which each simple annual rate of interest will apply; and

(C) The annual percentage rate for the loan. If such rate is variable, the annual percentage rate shall comply with the accuracy standards in §§ 1026.17(c) and 1026.22.

(ii) Clear and conspicuous requirement. For purposes of paragraph (f)(2)(i) of this section, clearly and conspicuously disclosed means that the required information in paragraphs (f)(2)(i)(A) through (C) shall be disclosed with equal prominence and in close proximity to any advertised rate that triggered the required disclosures. The required information in paragraph (f)(2)(i)(C) may be disclosed with greater prominence than the other information.

(3) Disclosure of payments—

(i) In general. In addition to the requirements of paragraph (c) of this section, if an advertisement for credit secured by a dwelling states the amount of any payment, the advertisement shall disclose in a clear and conspicuous manner:

(A) The amount of each payment that will apply over the term of the loan, including any balloon payment. In variable-rate transactions, payments that will be determined based on the application of the sum of an index and margin shall be disclosed based on a reasonably current index and margin;

(B) The period of time during which each payment will apply; and

(C) In an advertisement for credit secured by a first lien on a dwelling, the fact that the payments do not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation will be greater.

(ii) Clear and conspicuous requirement. For purposes of paragraph (f)(3)(i) of this section, a clear and conspicuous disclosure means that the required information in paragraphs (f)(3)(i)(A) and (B) shall be disclosed with equal prominence and in close proximity to any advertised payment that triggered the required disclosures, and that the required information in paragraph (f)(3)(i)(C) shall be disclosed with prominence and in close proximity to the advertised payments.

(4) Envelope excluded. The requirements in paragraphs (f)(2) and (f)(3) of this section do not apply to an envelope in which an application or solicitation is mailed, or to a banner advertisement or pop-up advertisement linked to an application or solicitation provided electronically.

(g) Alternative disclosures—television or radio advertisements. An advertisement made through television or radio stating any of the terms requiring additional disclosures under paragraph (d)(2) of this section may comply with paragraph (d)(2) of this section either by:

(1) Stating clearly and conspicuously each of the additional disclosures required under paragraph (d)(2) of this section; or

(2) Stating clearly and conspicuously the information required by paragraph (d)(2)(iii) of this section and listing a toll-free telephone number, or any telephone number that allows a consumer to reverse the phone charges when calling for information, along with a reference that such number may be used by consumers to obtain additional cost information.

(h) Tax implications. If an advertisement distributed in paper form or through the Internet (rather than by radio or television) is for a loan secured by the consumer's principal dwelling, and the advertisement states that the advertised extension of credit may exceed the fair market value of the dwelling, the advertisement shall clearly and conspicuously state that:

(1) The interest on the portion of the credit extension that is greater than the fair market value of the dwelling is not tax deductible for Federal income tax purposes; and

(2) The consumer should consult a tax adviser for further information regarding the deductibility of interest and charges.

(i) Prohibited acts or practices in advertisements for credit secured by a dwelling. The following acts or practices are prohibited in advertisements for credit secured by a dwelling:

(1) Misleading advertising of "fixed" rates and payments. Using the word "fixed" to refer to rates, payments, or the credit transaction in an advertisement for variable-rate transactions or other transactions where the payment will increase, unless:

(i) In the case of an advertisement solely for one or more variable-rate transactions,

(A) The phrase "Adjustable Rate Mortgage," "Variable Rate Mortgage," or "ARM" appears in the advertisement before the first use of the word "fixed" and is at least as conspicuous as any use of the word "fixed" in the advertisement; and

(B) Each use of the word "fixed" to refer to a rate or payment is accompanied by an equally prominent and closely proximate statement of the time period for which the rate or payment is fixed, and the fact that the rate may vary or the payment may increase after that period;

(ii) In the case of an advertisement solely for non-variable-rate transactions where the payment will increase (e.g., a stepped-rate mortgage transaction with an initial lower payment), each use of the word "fixed" to refer to the payment is accompanied by an equally prominent and closely proximate statement of the time period for which the payment is fixed, and the fact that the payment will increase after that period; or

(iii) In the case of an advertisement for both variable-rate transactions and non-variable-rate transactions,

(A) The phrase "Adjustable-Rate Mortgage," "Variable Rate Mortgage," or "ARM" appears in the advertisement with equal prominence as any use of the term "fixed," "Fixed Rate Mortgage," or similar terms; and

(B) Each use of the word “fixed” to refer to a rate, payment, or the credit transaction either refers solely to the transactions for which rates are fixed and complies with paragraph (i)(1)(ii) of this section, if applicable, or, if it refers to the variable-rate transactions, is accompanied by an equally prominent and closely proximate statement of the time period for which the rate or payment is fixed, and the fact that the rate may vary or the payment may increase after that period.

(2) Misleading comparisons in advertisements. Making any comparison in an advertisement between actual or hypothetical credit payments or rates and any payment or simple annual rate that will be available under the advertised product for a period less than the full term of the loan, unless:

(i) In general. The advertisement includes a clear and conspicuous comparison to the information required to be disclosed under § 1026.24(f)(2) and (3); and

(ii) Application to variable-rate transactions. If the advertisement is for a variable-rate transaction, and the advertised payment or simple annual rate is based on the index and margin that will be used to make subsequent rate or payment adjustments over the term of the loan, the advertisement includes an equally prominent statement in close proximity to the payment or rate that the payment or rate is subject to adjustment and the time period when the first adjustment will occur.

(3) Misrepresentations about government endorsement. Making any statement in an advertisement that the product offered is a “government loan program”, “government-supported loan”, or is otherwise endorsed or sponsored by any Federal, state, or local government entity, unless the advertisement is for an FHA loan, VA loan, or similar loan program that is, in fact, endorsed or sponsored by a Federal, state, or local government entity.

(4) Misleading use of the current lender's name. Using the name of the consumer's current lender in an advertisement that is not sent by or on behalf of the consumer's current lender, unless the advertisement:

(i) Discloses with equal prominence the name of the person or creditor making the advertisement; and

(ii) Includes a clear and conspicuous statement that the person making the advertisement is not associated with, or acting on behalf of, the consumer's current lender.

(5) Misleading claims of debt elimination. Making any misleading claim in an advertisement that the mortgage product offered will eliminate debt or result in a waiver or forgiveness of a consumer's existing loan terms with, or obligations to, another creditor.

(6) Misleading use of the term “counselor”. Using the term “counselor” in an advertisement to refer to a for-profit mortgage broker or mortgage creditor, its employees, or persons working for the broker or creditor that are involved in offering, originating or selling mortgages.

(7) Misleading foreign-language advertisements. Providing information about some trigger terms or required disclosures, such as an initial rate or payment, only in a foreign language in an advertisement, but providing information about other trigger terms or required disclosures, such as information about the fully-indexed rate or fully amortizing payment, only in English in the same advertisement.

SOURCE: 76 FR 44242, July 22, 2011; 76 FR 79772, Dec. 22, 2011; 77 FR 69738, Nov. 21, 2012; 77 FR 69739, Nov. 21, 2012; 77 FR 70114, Nov. 23, 2012; 78 FR 44718, July 24, 2013; 80 FR 32687, June 9, 2015; 81 FR 25325, April 28, 2016; 82 FR 30948, July 5, 2017; 88 FR 16537, March 20, 2023; 89 FR 64577, Aug. 7, 2024; 90 FR 58144, Dec. 16, 2025; 91 FR 449, Jan. 7, 2026, unless otherwise noted.

AUTHORITY: 12 U.S.C. 2601, 2603–2605, 2607, 2609, 2617, 3353, 3354, 5511, 5512, 5532, 5581; 15 U.S.C. 1601 et seq.

Current through May 12, 2026, 91 FR 25808. Some sections may be more current. See credits for details.

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4. Magnuson-Moss Warranty Act, 15 U.S.C.A. 2301 - 2312. This Federal Law applies to used car dealers who provide a written warranty or a service contract. It is the primary federal law governing written warranties on consumer products. Enacted in 1975 and enforced by the Federal Trade Commission (FTC), it does not require manufacturers or sellers to offer any warranty. However, if a written warranty is provided on a consumer product (any tangible personal property normally used for personal, family, or household purposes, including cars), it must follow strict federal rules designed to give buyers clear information and meaningful protections.

#### Key Requirements

- Plain-language disclosure: Warranties must be written in simple, easy-to-understand language and made available to consumers before purchase (the FTC's Pre-Sale Availability Rule applies to products costing more than \$15).
- "Full" or "Limited" designation: Every written warranty must be clearly labeled as either a "Full (statement of duration) Warranty" or a "Limited Warranty."
- A Full warranty must meet minimum federal standards: no-charge repairs, refund or replacement after a reasonable number of failed repair attempts, and no exclusion of consequential damages unless clearly stated.
- A Limited warranty can restrict coverage but must clearly spell out the limitations.
- Protection of implied warranties: Sellers cannot disclaim or limit state-law implied warranties (e.g., merchantability) while a written warranty is in effect.
- No unfair "tie-ins": Warranties cannot be conditioned on the use of specific brand-name parts or services unless those items are provided free of charge.

Consumer remedies: If the warranty is breached, buyers can sue in state or federal court and, if they win, may recover attorney's fees and court costs.

Quick Note on Used Cars. The Buyers Guide required by the FTC Used Car Rule (16 C.F.R. Part 455) is actually issued under the authority of the Magnuson-Moss Act. It ensures that any warranty (or "As Is - No Warranty") statement on a used vehicle is clear and becomes part of the sales contract. In New Jersey, this federal law works alongside the state's Used Car Lemon Law and

## Consumer Fraud Act.

Bottom line: The Act gives consumers strong tools to understand exactly what a warranty covers before buying and provides real enforcement power (including attorney fees) if the warranty isn't honored. For the official FTC guide, visit:

[ftc.gov/business-guidance/resources/businesspersons-guide-federal-warranty-law](https://www.ftc.gov/business-guidance/resources/businesspersons-guide-federal-warranty-law).

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2301

§ 2301. Definitions

Currentness

For the purposes of this chapter:

(1) The term "consumer product" means any tangible personal property which is distributed in commerce and which is normally used for personal, family, or household purposes (including any such property intended to be attached to or installed in any real property without regard to whether it is so attached or installed).

(2) The term "Commission" means the Federal Trade Commission.

(3) The term "consumer" means a buyer (other than for purposes of resale) of any consumer product, any person to whom such product is transferred during the duration of an implied or written warranty (or service contract) applicable to the product, and any other person who is entitled by the terms of such warranty (or service contract) or under applicable State law to enforce against the warrantor (or service contractor) the obligations of the warranty (or service contract).

(4) The term "supplier" means any person engaged in the business of making a consumer product directly or indirectly available to consumers.

(5) The term "warrantor" means any supplier or other person who gives or offers to give a written warranty or who is or may be obligated under an implied warranty.

(6) The term "written warranty" means--

(A) any written affirmation of fact or written promise made in connection with the sale of a consumer product by a supplier to a buyer which relates to the nature of the material or workmanship and affirms or promises that such material or workmanship is defect free or will meet a specified level of performance over a specified period of time, or

(B) any undertaking in writing in connection with the sale by a supplier of a consumer product to refund, repair, replace, or take other remedial action with respect to such product in the event that such product fails to meet the specifications set forth in the undertaking,

which written affirmation, promise, or undertaking becomes part of the basis of the bargain between a supplier and a buyer for purposes other than resale of such product.

(7) The term "implied warranty" means an implied warranty arising under State law (as modified by sections 2308 and 2304(a) of this title) in connection with the sale by a supplier of a consumer product.

(8) The term "service contract" means a contract in writing to perform, over a fixed period of time or for a specified duration, services relating to the maintenance or repair (or both) of a consumer product.

(9) The term "reasonable and necessary maintenance" consists of those operations (A) which the consumer reasonably can be expected to perform or have performed and (B) which are necessary to keep any consumer product performing its intended function and operating at a reasonable level of performance.

(10) The term "remedy" means whichever of the following actions the warrantor elects:

(A) repair,

(B) replacement, or

(C) refund;

except that the warrantor may not elect refund unless (i) the warrantor is unable to provide replacement and repair is not commercially practicable or cannot be timely made, or (ii) the consumer is willing to accept such refund.

(11) The term "replacement" means furnishing a new consumer product which is identical or reasonably equivalent to the warranted consumer product.

(12) The term "refund" means refunding the actual purchase price (less reasonable depreciation based on actual use where permitted by rules of the Commission).

(13) The term "distributed in commerce" means sold in commerce, introduced or delivered for introduction into commerce, or held for sale or distribution after introduction into commerce.

(14) The term "commerce" means trade, traffic, commerce, or transportation--

(A) between a place in a State and any place outside thereof, or

(B) which affects trade, traffic, commerce, or transportation described in subparagraph (A).

(15) The term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Canal Zone, or American Samoa. The term "State law" includes a law of the United States applicable only to the District of Columbia or only to a territory or possession of the United States; and the term "Federal law" excludes any State law.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 101, Jan. 4, 1975, 88 Stat. 2183.)

15 U.S.C.A. § 2301, 15 USCA § 2301

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2302

§ 2302. Rules governing contents of warranties

Effective: September 24, 2015  
Currentness

**(a) Full and conspicuous disclosure of terms and conditions; additional requirements for contents**

In order to improve the adequacy of information available to consumers, prevent deception, and improve competition in the marketing of consumer products, any warrantor warranting a consumer product to a consumer by means of a written warranty shall, to the extent required by rules of the Commission, fully and conspicuously disclose in simple and readily understood language the terms and conditions of such warranty. Such rules may require inclusion in the written warranty of any of the following items among others:

- (1) The clear identification of the names and addresses of the warrantors.
- (2) The identity of the party or parties to whom the warranty is extended.
- (3) The products or parts covered.
- (4) A statement of what the warrantor will do in the event of a defect, malfunction, or failure to conform with such written warranty--at whose expense--and for what period of time.
- (5) A statement of what the consumer must do and expenses he must bear.
- (6) Exceptions and exclusions from the terms of the warranty.
- (7) The step-by-step procedure which the consumer should take in order to obtain performance of any obligation under the warranty, including the identification of any person or class of persons authorized to perform the obligations set forth in the warranty.
- (8) Information respecting the availability of any informal dispute settlement procedure offered by the warrantor and a recital, where the warranty so provides, that the purchaser may be required to resort to such procedure before pursuing any legal remedies in the courts.
- (9) A brief, general description of the legal remedies available to the consumer.

(10) The time at which the warrantor will perform any obligations under the warranty.

(11) The period of time within which, after notice of a defect, malfunction, or failure to conform with the warranty, the warrantor will perform any obligations under the warranty.

(12) The characteristics or properties of the products, or parts thereof, that are not covered by the warranty.

(13) The elements of the warranty in words or phrases which would not mislead a reasonable, average consumer as to the nature or scope of the warranty.

**(b) Availability of terms to consumer; manner and form for presentation and display of information; duration; extension of period for written warranty or service contract; electronic display of terms of warranty**

(1)(A) The Commission shall prescribe rules requiring that the terms of any written warranty on a consumer product be made available to the consumer (or prospective consumer) prior to the sale of the product to him.

(B) The Commission may prescribe rules for determining the manner and form in which information with respect to any written warranty of a consumer product shall be clearly and conspicuously presented or displayed so as not to mislead the reasonable, average consumer, when such information is contained in advertising, labeling, point-of-sale material, or other representations in writing.

(2) Nothing in this chapter (other than paragraph (3) of this subsection) shall be deemed to authorize the Commission to prescribe the duration of written warranties given or to require that a consumer product or any of its components be warranted.

(3) The Commission may prescribe rules for extending the period of time a written warranty or service contract is in effect to correspond with any period of time in excess of a reasonable period (not less than 10 days) during which the consumer is deprived of the use of such consumer product by reason of failure of the product to conform with the written warranty or by reason of the failure of the warrantor (or service contractor) to carry out such warranty (or service contract) within the period specified in the warranty (or service contract).

(4)(A) Except as provided in subparagraph (B), the rules prescribed under this subsection shall allow for the satisfaction of all requirements concerning the availability of terms of a written warranty on a consumer product under this subsection by--

(i) making available such terms in an accessible digital format on the Internet website of the manufacturer of the consumer product in a clear and conspicuous manner; and

(ii) providing to the consumer (or prospective consumer) information with respect to how to obtain and review such terms by indicating on the product or product packaging or in the product manual--

(I) the Internet website of the manufacturer where such terms can be obtained and reviewed; and

(II) the phone number of the manufacturer, the postal mailing address of the manufacturer, or another reasonable non-Internet based means of contacting the manufacturer to obtain and review such terms.

(B) With respect to any requirement that the terms of any written warranty for a consumer product be made available to the consumer (or prospective consumer) prior to sale of the product, in a case in which a consumer product is offered for sale in a retail location, by catalog, or through door-to-door sales, subparagraph (A) shall only apply if the seller makes available, through electronic or other means, at the location of the sale to the consumer purchasing the consumer product the terms of the warranty for the consumer product before the purchase.

**(c) Prohibition on conditions for written or implied warranty; waiver by Commission**

No warrantor of a consumer product may condition his written or implied warranty of such product on the consumer's using, in connection with such product, any article or service (other than article or service provided without charge under the terms of the warranty) which is identified by brand, trade, or corporate name; except that the prohibition of this subsection may be waived by the Commission if--

(1) the warrantor satisfies the Commission that the warranted product will function properly only if the article or service so identified is used in connection with the warranted product, and

(2) the Commission finds that such a waiver is in the public interest.

The Commission shall identify in the Federal Register, and permit public comment on, all applications for waiver of the prohibition of this subsection, and shall publish in the Federal Register its disposition of any such application, including the reasons therefor.

**(d) Incorporation by reference of detailed substantive warranty provisions**

The Commission may by rule devise detailed substantive warranty provisions which warrantors may incorporate by reference in their warranties.

**(e) Applicability to consumer products costing more than \$5**

The provisions of this section apply only to warranties which pertain to consumer products actually costing the consumer more than \$5.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 102, Jan. 4, 1975, 88 Stat. 2185; Pub.L. 114-51, § 3(a), Sept. 24, 2015, 129 Stat. 494.)

15 U.S.C.A. § 2302, 15 USCA § 2302

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2303

§ 2303. Designation of written warranties

Currentness

**(a) Full (statement of duration) or limited warranty**

Any warrantor warranting a consumer product by means of a written warranty shall clearly and conspicuously designate such warranty in the following manner, unless exempted from doing so by the Commission pursuant to subsection (c) of this section:

(1) If the written warranty meets the Federal minimum standards for warranty set forth in section 2304 of this title, then it shall be conspicuously designated a “full (statement of duration) warranty”.

(2) If the written warranty does not meet the Federal minimum standards for warranty set forth in section 2304 of this title, then it shall be conspicuously designated a “limited warranty”.

**(b) Applicability of requirements, standards, etc., to representations or statements of customer satisfaction**

This section and sections 2302 and 2304 of this title shall not apply to statements or representations which are similar to expressions of general policy concerning customer satisfaction and which are not subject to any specific limitations.

**(c) Exemptions by Commission**

In addition to exercising the authority pertaining to disclosure granted in section 2302 of this title, the Commission may by rule determine when a written warranty does not have to be designated either “full (statement of duration)” or “limited” in accordance with this section.

**(d) Applicability to consumer products costing more than \$10 and not designated as full warranties**

The provisions of subsections (a) and (c) of this section apply only to warranties which pertain to consumer products actually costing the consumer more than \$10 and which are not designated “full (statement of duration) warranties”.

CREDIT(S)

(Pub.L. 93-637, Title I, § 103, Jan. 4, 1975, 88 Stat. 2187.)

15 U.S.C.A. § 2303, 15 USCA § 2303

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2304

§ 2304. Federal minimum standards for warranties

Currentness

**(a) Remedies under written warranty; duration of implied warranty; exclusion or limitation on consequential damages for breach of written or implied warranty; election of refund or replacement**

In order for a warrantor warranting a consumer product by means of a written warranty to meet the Federal minimum standards for warranty--

(1) such warrantor must as a minimum remedy such consumer product within a reasonable time and without charge, in the case of a defect, malfunction, or failure to conform with such written warranty;

(2) notwithstanding section 2308(b) of this title, such warrantor may not impose any limitation on the duration of any implied warranty on the product;

(3) such warrantor may not exclude or limit consequential damages for breach of any written or implied warranty on such product, unless such exclusion or limitation conspicuously appears on the face of the warranty; and

(4) if the product (or a component part thereof) contains a defect or malfunction after a reasonable number of attempts by the warrantor to remedy defects or malfunctions in such product, such warrantor must permit the consumer to elect either a refund for, or replacement without charge of, such product or part (as the case may be). The Commission may by rule specify for purposes of this paragraph, what constitutes a reasonable number of attempts to remedy particular kinds of defects or malfunctions under different circumstances. If the warrantor replaces a component part of a consumer product, such replacement shall include installing the part in the product without charge.

**(b) Duties and conditions imposed on consumer by warrantor**

(1) In fulfilling the duties under subsection (a) respecting a written warranty, the warrantor shall not impose any duty other than notification upon any consumer as a condition of securing remedy of any consumer product which malfunctions, is defective, or does not conform to the written warranty, unless the warrantor has demonstrated in a rulemaking proceeding, or can demonstrate in an administrative or judicial enforcement proceeding (including private enforcement), or in an informal dispute settlement proceeding, that such a duty is reasonable.

(2) Notwithstanding paragraph (1), a warrantor may require, as a condition to replacement of, or refund for, any consumer product under subsection (a), that such consumer product shall be made available to the warrantor free and clear of liens and

other encumbrances, except as otherwise provided by rule or order of the Commission in cases in which such a requirement would not be practicable.

(3) The Commission may, by rule define in detail the duties set forth in subsection (a) of this section and the applicability of such duties to warrantors of different categories of consumer products with "full (statement of duration)" warranties.

(4) The duties under subsection (a) extend from the warrantor to each person who is a consumer with respect to the consumer product.

**(c) Waiver of standards**

The performance of the duties under subsection (a) shall not be required of the warrantor if he can show that the defect, malfunction, or failure of any warranted consumer product to conform with a written warranty, was caused by damage (not resulting from defect or malfunction) while in the possession of the consumer, or unreasonable use (including failure to provide reasonable and necessary maintenance).

**(d) Remedy without charge**

For purposes of this section and of section 2302(c) of this title, the term "without charge" means that the warrantor may not assess the consumer for any costs the warrantor or his representatives incur in connection with the required remedy of a warranted consumer product. An obligation under subsection (a)(1)(A) to remedy without charge does not necessarily require the warrantor to compensate the consumer for incidental expenses; however, if any incidental expenses are incurred because the remedy is not made within a reasonable time or because the warrantor imposed an unreasonable duty upon the consumer as a condition of securing remedy, then the consumer shall be entitled to recover reasonable incidental expenses which are so incurred in any action against the warrantor.

**(e) Incorporation of standards to products designated with full warranty for purposes of judicial actions**

If a supplier designates a warranty applicable to a consumer product as a "full (statement of duration)" warranty, then the warranty on such product shall, for purposes of any action under section 2310(d) of this title or under any State law, be deemed to incorporate at least the minimum requirements of this section and rules prescribed under this section.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 104, Jan. 4, 1975, 88 Stat. 2187.)

15 U.S.C.A. § 2304, 15 USCA § 2304

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2305

§ 2305. Full and limited warranting of a consumer product

Currentness

Nothing in this chapter shall prohibit the selling of a consumer product which has both full and limited warranties if such warranties are clearly and conspicuously differentiated.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 105, Jan. 4, 1975, 88 Stat. 2188.)

15 U.S.C.A. § 2305, 15 USCA § 2305

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Ref's & Annos)

15 U.S.C.A. § 2306

§ 2306. Service contracts; rules for full, clear and conspicuous disclosure  
of terms and conditions; addition to or in lieu of written warranty

Currentness

**(a)** The Commission may prescribe by rule the manner and form in which the terms and conditions of service contracts shall be fully, clearly, and conspicuously disclosed.

**(b)** Nothing in this chapter shall be construed to prevent a supplier or warrantor from entering into a service contract with the consumer in addition to or in lieu of a written warranty if such contract fully, clearly, and conspicuously discloses its terms and conditions in simple and readily understood language.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 106, Jan. 4, 1975, 88 Stat. 2188.)

15 U.S.C.A. § 2306, 15 USCA § 2306

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2307

§ 2307. Designation of representatives by warrantor to perform duties under written or implied warranty

Currentness

Nothing in this chapter shall be construed to prevent any warrantor from designating representatives to perform duties under the written or implied warranty: *Provided*, That such warrantor shall make reasonable arrangements for compensation of such designated representatives, but no such designation shall relieve the warrantor of his direct responsibilities to the consumer or make the representative a cowarrantor.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 107, Jan. 4, 1975, 88 Stat. 2189.)

15 U.S.C.A. § 2307, 15 USCA § 2307

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2308

§ 2308. Implied warranties

Currentness

**(a) Restrictions on disclaimers or modifications**

No supplier may disclaim or modify (except as provided in subsection (b)) any implied warranty to a consumer with respect to such consumer product if (1) such supplier makes any written warranty to the consumer with respect to such consumer product, or (2) at the time of sale, or within 90 days thereafter, such supplier enters into a service contract with the consumer which applies to such consumer product.

**(b) Limitation on duration**

For purposes of this chapter (other than section 2304(a)(2) of this title), implied warranties may be limited in duration to the duration of a written warranty of reasonable duration, if such limitation is conscionable and is set forth in clear and unmistakable language and prominently displayed on the face of the warranty.

**(c) Effectiveness of disclaimers, modifications, or limitations**

A disclaimer, modification, or limitation made in violation of this section shall be ineffective for purposes of this chapter and State law.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 108, Jan. 4, 1975, 88 Stat. 2189.)

15 U.S.C.A. § 2308, 15 USCA § 2308

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2309

§ 2309. Procedures applicable to promulgation of rules by Commission

Currentness

**(a) Oral presentation**

Any rule prescribed under this chapter shall be prescribed in accordance with section 553 of Title 5; except that the Commission shall give interested persons an opportunity for oral presentations of data, views, and arguments, in addition to written submissions. A transcript shall be kept of any oral presentation. Any such rule shall be subject to judicial review under section 57a(e) of this title in the same manner as rules prescribed under section 57a(a)(1)(B) of this title, except that section 57a(e)(3)(B) of this title shall not apply.

**(b) Warranties and warranty practices involved in sale of used motor vehicles**

The Commission shall initiate within one year after January 4, 1975, a rulemaking proceeding dealing with warranties and warranty practices in connection with the sale of used motor vehicles; and, to the extent necessary to supplement the protections offered the consumer by this chapter, shall prescribe rules dealing with such warranties and practices. In prescribing rules under this subsection, the Commission may exercise any authority it may have under this chapter, or other law, and in addition it may require disclosure that a used motor vehicle is sold without any warranty and specify the form and content of such disclosure.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 109, Jan. 4, 1975, 88 Stat. 2189.)

15 U.S.C.A. § 2309, 15 USCA § 2309

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2310

§ 2310. Remedies in consumer disputes

Currentness

**(a) Informal dispute settlement procedures; establishment; rules setting forth minimum requirements; effect of compliance by warrantor; review of informal procedures or implementation by Commission; application to existing informal procedures**

(1) Congress hereby declares it to be its policy to encourage warrantors to establish procedures whereby consumer disputes are fairly and expeditiously settled through informal dispute settlement mechanisms.

(2) The Commission shall prescribe rules setting forth minimum requirements for any informal dispute settlement procedure which is incorporated into the terms of a written warranty to which any provision of this chapter applies. Such rules shall provide for participation in such procedure by independent or governmental entities.

(3) One or more warrantors may establish an informal dispute settlement procedure which meets the requirements of the Commission's rules under paragraph (2). If--

(A) a warrantor establishes such a procedure,

(B) such procedure, and its implementation, meets the requirements of such rules, and

(C) he incorporates in a written warranty a requirement that the consumer resort to such procedure before pursuing any legal remedy under this section respecting such warranty,

then (i) the consumer may not commence a civil action (other than a class action) under subsection (d) of this section unless he initially resorts to such procedure; and (ii) a class of consumers may not proceed in a class action under subsection (d) except to the extent the court determines necessary to establish the representative capacity of the named plaintiffs, unless the named plaintiffs (upon notifying the defendant that they are named plaintiffs in a class action with respect to a warranty obligation) initially resort to such procedure. In the case of such a class action which is brought in a district court of the United States, the representative capacity of the named plaintiffs shall be established in the application of rule 23 of the Federal Rules of Civil Procedure. In any civil action arising out of a warranty obligation and relating to a matter considered in such a procedure, any decision in such procedure shall be admissible in evidence.

(4) The Commission on its own initiative may, or upon written complaint filed by any interested person shall, review the bona fide operation of any dispute settlement procedure resort to which is stated in a written warranty to be a prerequisite to pursuing

a legal remedy under this section. If the Commission finds that such procedure or its implementation fails to comply with the requirements of the rules under paragraph (2), the Commission may take appropriate remedial action under any authority it may have under this chapter or any other provision of law.

(5) Until rules under paragraph (2) take effect, this subsection shall not affect the validity of any informal dispute settlement procedure respecting consumer warranties, but in any action under subsection (d), the court may invalidate any such procedure if it finds that such procedure is unfair.

**(b) Prohibited acts**

It shall be a violation of section 45(a)(1) of this title for any person to fail to comply with any requirement imposed on such person by this chapter (or a rule thereunder) or to violate any prohibition contained in this chapter (or a rule thereunder).

**(c) Injunction proceedings by Attorney General or Commission for deceptive warranty, noncompliance with requirements, or violating prohibitions; procedures; definitions**

(1) The district courts of the United States shall have jurisdiction of any action brought by the Attorney General (in his capacity as such), or by the Commission by any of its attorneys designated by it for such purpose, to restrain (A) any warrantor from making a deceptive warranty with respect to a consumer product, or (B) any person from failing to comply with any requirement imposed on such person by or pursuant to this chapter or from violating any prohibition contained in this chapter. Upon proper showing that, weighing the equities and considering the Commission's or Attorney General's likelihood of ultimate success, such action would be in the public interest and after notice to the defendant, a temporary restraining order or preliminary injunction may be granted without bond. In the case of an action brought by the Commission, if a complaint under section 45 of this title is not filed within such period (not exceeding 10 days) as may be specified by the court after the issuance of the temporary restraining order or preliminary injunction, the order or injunction shall be dissolved by the court and be of no further force and effect. Any suit shall be brought in the district in which such person resides or transacts business. Whenever it appears to the court that the ends of justice require that other persons should be parties in the action, the court may cause them to be summoned whether or not they reside in the district in which the court is held, and to that end process may be served in any district.

(2) For the purposes of this subsection, the term "deceptive warranty" means (A) a written warranty which (i) contains an affirmation, promise, description, or representation which is either false or fraudulent, or which, in light of all of the circumstances, would mislead a reasonable individual exercising due care; or (ii) fails to contain information which is necessary in light of all of the circumstances, to make the warranty not misleading to a reasonable individual exercising due care; or (B) a written warranty created by the use of such terms as "guaranty" or "warranty", if the terms and conditions of such warranty so limit its scope and application as to deceive a reasonable individual.

**(d) Civil action by consumer for damages, etc.; jurisdiction; recovery of costs and expenses; cognizable claims**

(1) Subject to subsections (a)(3) and (c), a consumer who is damaged by the failure of a supplier, warrantor, or service contractor to comply with any obligation under this chapter, or under a written warranty, implied warranty, or service contract, may bring suit for damages and other legal and equitable relief--

(A) in any court of competent jurisdiction in any State or the District of Columbia; or

(B) in an appropriate district court of the United States, subject to paragraph (3) of this subsection.

(2) If a consumer finally prevails in any action brought under paragraph (1) of this subsection, he may be allowed by the court to recover as part of the judgment a sum equal to the aggregate amount of cost and expenses (including attorneys' fees based on actual time expended) determined by the court to have been reasonably incurred by the plaintiff for or in connection with the commencement and prosecution of such action, unless the court in its discretion shall determine that such an award of attorneys' fees would be inappropriate.

(3) No claim shall be cognizable in a suit brought under paragraph (1)(B) of this subsection--

(A) if the amount in controversy of any individual claim is less than the sum or value of \$25;

(B) if the amount in controversy is less than the sum or value of \$50,000 (exclusive of interests and costs) computed on the basis of all claims to be determined in this suit; or

(C) if the action is brought as a class action, and the number of named plaintiffs is less than one hundred.

**(e) Class actions; conditions; procedures applicable**

No action (other than a class action or an action respecting a warranty to which subsection (a)(3) applies) may be brought under subsection (d) for failure to comply with any obligation under any written or implied warranty or service contract, and a class of consumers may not proceed in a class action under such subsection with respect to such a failure except to the extent the court determines necessary to establish the representative capacity of the named plaintiffs, unless the person obligated under the warranty or service contract is afforded a reasonable opportunity to cure such failure to comply. In the case of such a class action (other than a class action respecting a warranty to which subsection (a)(3) applies) brought under subsection (d) for breach of any written or implied warranty or service contract, such reasonable opportunity will be afforded by the named plaintiffs and they shall at that time notify the defendant that they are acting on behalf of the class. In the case of such a class action which is brought in a district court of the United States, the representative capacity of the named plaintiffs shall be established in the application of rule 23 of the Federal Rules of Civil Procedure.

**(f) Warrantors subject to enforcement of remedies**

For purposes of this section, only the warrantor actually making a written affirmation of fact, promise, or undertaking shall be deemed to have created a written warranty, and any rights arising thereunder may be enforced under this section only against such warrantor and no other person.

**CREDIT(S)**

(Pub. L. 93-637, Title I, § 110, Jan. 4, 1975, 88 Stat. 2189.)

15 U.S.C.A. § 2310, 15 USCA § 2310

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2311

§ 2311. Applicability to other laws

Currentness

**(a) Federal Trade Commission Act and Federal Seed Act**

(1) Nothing contained in this chapter shall be construed to repeal, invalidate, or supersede the Federal Trade Commission Act or any statute defined therein as an Antitrust Act.

(2) Nothing in this chapter shall be construed to repeal, invalidate, or supersede the Federal Seed Act and nothing in this chapter shall apply to seed for planting.

**(b) Rights, remedies, and liabilities**

(1) Nothing in this chapter shall invalidate or restrict any right or remedy of any consumer under State law or any other Federal law.

(2) Nothing in this chapter (other than sections 2308 and 2304(a)(2) and (4) of this title) shall (A) affect the liability of, or impose liability on, any person for personal injury, or (B) supersede any provision of State law regarding consequential damages for injury to the person or other injury.

**(c) State warranty laws**

(1) Except as provided in subsection (b) and in paragraph (2) of this subsection, a State requirement--

(A) which relates to labeling or disclosure with respect to written warranties or performance thereunder;

(B) which is within the scope of an applicable requirement of sections 2302, 2303, and 2304 of this title (and rules implementing such sections), and

(C) which is not identical to a requirement of section 2302, 2303, or 2304 of this title (or a rule thereunder),

shall not be applicable to written warranties complying with such sections (or rules thereunder).

(2) If, upon application of an appropriate State agency, the Commission determines (pursuant to rules issued in accordance with section 2309 of this title) that any requirement of such State covering any transaction to which this chapter applies (A) affords protection to consumers greater than the requirements of this chapter and (B) does not unduly burden interstate commerce, then such State requirement shall be applicable (notwithstanding the provisions of paragraph (1) of this subsection) to the extent specified in such determination for so long as the State administers and enforces effectively any such greater requirement.

**(d) Other Federal warranty laws**

This chapter (other than section 2302(c) of this title) shall be inapplicable to any written warranty the making or content of which is otherwise governed by Federal law. If only a portion of a written warranty is so governed by Federal law, the remaining portion shall be subject to this chapter.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 111, Jan. 4, 1975, 88 Stat. 2192.)

15 U.S.C.A. § 2311, 15 USCA § 2311

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

United States Code Annotated  
Title 15. Commerce and Trade  
Chapter 50. Consumer Product Warranties (Refs & Annos)

15 U.S.C.A. § 2312

§ 2312. Effective dates

Currentness

**(a) Effective date of chapter**

Except as provided in subsection (b) of this section, this chapter shall take effect 6 months after January 4, 1975, but shall not apply to consumer products manufactured prior to such date.

**(b) Effective date of section 2302(a)**

Section 2302(a) of this title shall take effect 6 months after the final publication of rules respecting such section; except that the Commission, for good cause shown, may postpone the applicability of such sections until one year after such final publication in order to permit any designated classes of suppliers to bring their written warranties into compliance with rules promulgated pursuant to this chapter.

**(c) Promulgation of rules**

The Commission shall promulgate rules for initial implementation of this chapter as soon as possible after January 4, 1975, but in no event later than one year after such date.

**CREDIT(S)**

(Pub.L. 93-637, Title I, § 112, Jan. 4, 1975, 88 Stat. 2192.)

15 U.S.C.A. § 2312, 15 USCA § 2312

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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5. The Information and Costs Act (i.e., the Federal Odometer Act), 49 U.S.C.A. 32701 through 32710 is the core provisions) is a federal law designed to protect consumers from odometer fraud. Enacted in 1972 and enforced by the National Highway Traffic Safety Administration (NHTSA), it prohibits tampering with vehicle odometers and requires accurate mileage disclosures whenever a motor vehicle is transferred.

#### Core Requirements

- Prohibits tampering (§ 32703): It is illegal to alter, reset, or disconnect an odometer, or to sell/advertise a vehicle with a knowingly altered odometer.
- Mandatory disclosure on transfer (§ 32705 and 49 CFR Part 580): When ownership of a used vehicle is transferred (dealer or private sale), the seller must provide a signed written (or electronic) odometer disclosure stating:
  - The current odometer reading.
  - Whether the reading is the vehicle's actual mileage, whether it has exceeded the mechanical limit, or whether it should not be relied upon.
  - The disclosure must appear on the title, a secure reassignment document, or power of attorney form, and becomes part of the permanent title record.

Record-keeping: Dealers, distributors, lessors, and auction companies must keep copies of disclosures for 5 years.

Exemptions: Vehicles 20 model years old or older (updated rule effective 2021) are generally exempt from disclosure requirements, though tampering itself remains illegal.

Strong Consumer Remedies: Violations carry serious consequences: criminal penalties, civil fines, and a private right of action allowing buyers to sue for actual damages, a minimum of \$10,000 statutory damages, treble damages, and attorney's fees.

How It Applies in New Jersey: The law applies nationwide with the same force in New Jersey as everywhere else. It works hand-in-hand with the FTC Used Car Rule (the Buyers Guide must accurately reflect mileage-related information) and New Jersey's Consumer Fraud Act. Odometer fraud is also a separate violation under state law, giving New Jersey buyers powerful dual

federal/state remedies.

United States Code Annotated  
Title 49. Transportation (Refs & Annos)  
Subtitle VI. Motor Vehicle and Driver Programs  
Part C. Information, Standards, and Requirements (Refs & Annos)  
Chapter 327. Odometers

49 U.S.C.A. § 32701

§ 32701. Findings and purposes

Currentness

**(a) Findings.**--Congress finds that--

- (1) buyers of motor vehicles rely heavily on the odometer reading as an index of the condition and value of a vehicle;
- (2) buyers are entitled to rely on the odometer reading as an accurate indication of the mileage of the vehicle;
- (3) an accurate indication of the mileage assists a buyer in deciding on the safety and reliability of the vehicle; and
- (4) motor vehicles move in, or affect, interstate and foreign commerce.

**(b) Purposes.**--The purposes of this chapter are--

- (1) to prohibit tampering with motor vehicle odometers; and
- (2) to provide safeguards to protect purchasers in the sale of motor vehicles with altered or reset odometers.

**CREDIT(S)**

(Pub.L. 103-272, § 1(c), July 5, 1994, 108 Stat. 1048.)

49 U.S.C.A. § 32701, 49 USCA § 32701

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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Chapter 327. Odometers

49 U.S.C.A. § 32702

§ 32702. Definitions

Effective: October 1, 2012

Currentness

In this chapter--

- (1) "auction company" means a person taking possession of a motor vehicle owned by another to sell at an auction.
- (2) "dealer" means a person that sold at least 5 motor vehicles during the prior 12 months to buyers that in good faith bought the vehicles other than for resale.
- (3) "distributor" means a person that sold at least 5 motor vehicles during the prior 12 months for resale.
- (4) "leased motor vehicle" means a motor vehicle leased to a person for at least 4 months by a lessor that leased at least 5 vehicles during the prior 12 months.
- (5) "odometer" means an instrument or system of components for measuring and recording the distance a motor vehicle is driven, but does not include an auxiliary instrument or system of components designed to be reset by the operator of the vehicle to record mileage of a trip.
- (6) "repair" and "replace" mean to restore to a sound working condition by replacing any part of an odometer or by correcting any inoperative part of an odometer.
- (7) "title" means the certificate of title or other document issued by the State indicating ownership.
- (8) "transfer" means to change ownership by sale, gift, or any other means.

**CREDIT(S)**

(Pub.L. 103-272, § 1(c), July 5, 1994, 108 Stat. 1048; Pub L. 104-287, § 5(61), Oct. 11, 1996, 110 Stat. 3394; Pub L. 112-141, Div. C, Title I, § 31205(a), July 6, 2012, 126 Stat. 760.)

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49 U.S.C.A. § 32703

§ 32703. Preventing tampering

Currentness

A person may not--

- (1) advertise for sale, sell, use, install, or have installed, a device that makes an odometer of a motor vehicle register a mileage different from the mileage the vehicle was driven, as registered by the odometer within the designed tolerance of the manufacturer of the odometer;
- (2) disconnect, reset, alter, or have disconnected, reset, or altered, an odometer of a motor vehicle intending to change the mileage registered by the odometer;
- (3) with intent to defraud, operate a motor vehicle on a street, road, or highway if the person knows that the odometer of the vehicle is disconnected or not operating; or
- (4) conspire to violate this section or section 32704 or 32705 of this title.

**CREDIT(S)**

(Pub.L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1049; Pub.L. 103-429, § 6(33), Oct. 31, 1994, 108 Stat. 4380.)

49 U.S.C.A. § 32703, 49 USCA § 32703

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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49 U.S.C.A. § 32704

§ 32704. Service, repair, and replacement

Currentness

**(a) Adjusting mileage.**--A person may service, repair, or replace an odometer of a motor vehicle if the mileage registered by the odometer remains the same as before the service, repair, or replacement. If the mileage cannot remain the same--

(1) the person shall adjust the odometer to read zero; and

(2) the owner of the vehicle or agent of the owner shall attach a written notice to the left door frame of the vehicle specifying the mileage before the service, repair, or replacement and the date of the service, repair, or replacement.

**(b) Removing or altering notice.**--A person may not, with intent to defraud, remove or alter a notice attached to a motor vehicle as required by this section.

**CREDIT(S)**

(Pub.L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1049.)

49 U.S.C.A. § 32704, 49 USCA § 32704

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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49 U.S.C.A. § 32705

§ 32705. Disclosure requirements on transfer of motor vehicles

Effective: December 4, 2015

Currentness

**(a)(1) Disclosure requirements.**--Under regulations prescribed by the Secretary of Transportation that include the way in which information is disclosed and retained under this section, a person transferring ownership of a motor vehicle shall give the transferee the following written disclosure:

**(A)** Disclosure of the cumulative mileage registered on the odometer.

**(B)** Disclosure that the actual mileage is unknown, if the transferor knows that the odometer reading is different from the number of miles the vehicle has actually traveled.

**(2)** A person transferring ownership of a motor vehicle may not violate a regulation prescribed under this section or give a false statement to the transferee in making the disclosure required by such a regulation.

**(3)** A person acquiring a motor vehicle for resale may not accept a written disclosure under this section unless it is complete.

**(4)(A)** This subsection shall apply to all transfers of motor vehicles (unless otherwise exempted by the Secretary by regulation), except in the case of transfers of new motor vehicles from a vehicle manufacturer jointly to a dealer and a person engaged in the business of renting or leasing vehicles for a period of 30 days or less.

**(B)** For purposes of subparagraph (A), the term "new motor vehicle" means any motor vehicle driven with no more than the limited use necessary in moving, transporting, or road testing such vehicle prior to delivery from the vehicle manufacturer to a dealer, but in no event shall the odometer reading of such vehicle exceed 300 miles.

**(5)** The Secretary may exempt such classes or categories of vehicles as the Secretary deems appropriate from these requirements. Until such time as the Secretary amends or modifies the regulations set forth in 49 CFR 580.6, such regulations shall have full force and effect.

**(b) Mileage statement requirement for licensing.**--**(1)** A motor vehicle the ownership of which is transferred may not be licensed for use in a State unless the transferee, in submitting an application to a State for the title on which the license will be

issued, includes with the application the transferor's title and, if that title contains the space referred to in paragraph (3)(A)(iii) of this subsection, a statement, signed and dated by the transferor, of the mileage disclosure required under subsection (a) of this section. This paragraph does not apply to a transfer of ownership of a motor vehicle that has not been licensed before the transfer.

**(2)(A)** Under regulations prescribed by the Secretary, if the title to a motor vehicle issued to a transferor by a State is in the possession of a lienholder when the transferor transfers ownership of the vehicle, the transferor may use a written power of attorney (if allowed by State law) in making the mileage disclosure required under subsection (a) of this section. Regulations prescribed under this paragraph--

(i) shall prescribe the form of the power of attorney;

(ii) shall provide that the form be printed by means of a secure printing process (or other secure process);

(iii) shall provide that the State issue the form to the transferee;

(iv) shall provide that the person exercising the power of attorney retain a copy and submit the original to the State with a copy of the title showing the restatement of the mileage;

(v) may require that the State retain the power of attorney and the copy of the title for an appropriate period or that the State adopt alternative measures consistent with section 32701(b) of this title, after considering the costs to the State;

(vi) shall ensure that the mileage at the time of transfer be disclosed on the power of attorney document;

(vii) shall ensure that the mileage be restated exactly by the person exercising the power of attorney in the space referred to in paragraph (3)(A)(iii) of this subsection;

(viii) may not require that a motor vehicle be titled in the State in which the power of attorney was issued;

(ix) shall consider the need to facilitate normal commercial transactions in the sale or exchange of motor vehicles; and

(x) shall provide other conditions the Secretary considers appropriate.

**(B)** Section 32709(a) and (b) applies to a person granting or granted a power of attorney under this paragraph.

**(3)(A)** A motor vehicle the ownership of which is transferred may not be licensed for use in a State unless the title issued by the State to the transferee--

(i) is produced by means of a secure printing process (or other secure process);

(ii) indicates the mileage disclosure required to be made under subsection (a) of this section; and

(iii) contains a space for the transferee to disclose the mileage at the time of a future transfer and to sign and date the disclosure.

(B) Subparagraph (A) of this paragraph does not require a State to verify, or preclude a State from verifying, the mileage information contained in the title.

(c) **Leased motor vehicles.--(1)** For a leased motor vehicle, the regulations prescribed under subsection (a) of this section shall require written disclosure about mileage to be made by the lessee to the lessor when the lessor transfers ownership of that vehicle.

(2) Under those regulations, the lessor shall provide written notice to the lessee of--

(A) the lessee's mileage disclosure requirements under paragraph (1) of this subsection; and

(B) the penalties for failure to comply with those requirements.

(3) The lessor shall retain the disclosures made by a lessee under paragraph (1) of this subsection for at least 4 years following the date the lessor transfers the leased motor vehicle.

(4) If the lessor transfers ownership of a leased motor vehicle without obtaining possession of the vehicle, the lessor, in making the disclosure required by subsection (a) of this section, may indicate on the title the mileage disclosed by the lessee under paragraph (1) of this subsection unless the lessor has reason to believe that the disclosure by the lessee does not reflect the actual mileage of the vehicle.

(d) **State alternate vehicle mileage disclosure requirements.--**The requirements of subsections (b) and (c)(1) of this section on the disclosure of motor vehicle mileage when motor vehicles are transferred or leased apply in a State unless the State has in effect alternate motor vehicle mileage disclosure requirements approved by the Secretary. The Secretary shall approve alternate motor vehicle mileage disclosure requirements submitted by a State unless the Secretary decides that the requirements are not consistent with the purpose of the disclosure required by subsection (b) or (c), as the case may be.

(e) **Auction sales.--**If a motor vehicle is sold at an auction, the auction company conducting the auction shall maintain the following records for at least 4 years after the date of the sale:

(1) the name of the most recent owner of the motor vehicle (except the auction company) and the name of the buyer of the motor vehicle.

(2) the vehicle identification number required under chapter 301 or 331 of this title.

(3) the odometer reading on the date the auction company took possession of the motor vehicle.

**(f) Application and revision of State law.--(1)** Except as provided in paragraph (2) of this subsection, subsections (b)-(c) of this section apply to the transfer of a motor vehicle after April 28, 1989.

**(2)** If a State requests, the Secretary shall assist the State in revising its laws to comply with subsection (b) of this section. If a State requires time beyond April 28, 1989, to revise its laws to achieve compliance, the Secretary, on request of the State, may grant additional time that the Secretary considers reasonable by publishing a notice in the Federal Register. The notice shall include the reasons for granting the additional time. In granting additional time, the Secretary shall ensure that the State is making reasonable efforts to achieve compliance.

**(g) Electronic disclosures.--(1)** Not later than 18 months after the date of enactment of the Motor Vehicle and Highway Safety Improvement Act of 2012, in carrying out this section, the Secretary shall prescribe regulations permitting any written disclosures or notices and related matters to be provided electronically.

**(2)** Notwithstanding paragraph (1) and subject to paragraph (3), a State, without approval from the Secretary under subsection (d), may allow for written disclosures or notices and related matters to be provided electronically if--

**(A)** in compliance with--

**(i)** the requirements of subchapter 1 of chapter 96 of title 15;<sup>1</sup> or

**(ii)** the requirements of a State law under section 7002(a) of title 15;<sup>1</sup> and

**(B)** the disclosures or notices otherwise meet the requirements under this section, including appropriate authentication and security measures.

**(3)** Paragraph (2) ceases to be effective on the date the regulations under paragraph (1) become effective.

#### CREDIT(S)

(Pub.L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1049; Pub.L. 103-429, § 6(34), Oct. 31, 1994, 108 Stat. 4380; Pub.L. 104-287, § 5(62), Oct. 11, 1996, 110 Stat. 3394; Pub.L. 105-178, Title VII, § 7105, June 9, 1998, 112 Stat. 467; Pub.L. 112-141, Div. C, Title I, § 31205(b), July 6, 2012, 126 Stat. 761; Pub.L. 114-94, Div. B, Title XXIV, § 24111, Dec. 4, 2015, 129 Stat. 1709.)

#### Footnotes

<sup>1</sup> See References in Text note set out under this section.

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49 U.S.C.A. § 32706

§ 32706. Inspections, investigations, and records

Effective: November 20, 1997

Currentness

**(a) Authority to inspect and investigate.**--Subject to section 32707 of this title, the Secretary of Transportation may conduct an inspection or investigation necessary to carry out this chapter or a regulation prescribed or order issued under this chapter. The Secretary shall cooperate with State and local officials to the greatest extent possible in conducting an inspection or investigation. The Secretary may give the Attorney General information about a violation of this chapter or a regulation prescribed or order issued under this chapter.

**(b) Entry, inspection, and impoundment.--(1)** In carrying out subsection (a) of this section, an officer or employee designated by the Secretary, on display of proper credentials and written notice to the owner, operator, or agent in charge, may--

**(A)** enter and inspect commercial premises in which a motor vehicle or motor vehicle equipment is manufactured, held for shipment or sale, maintained, or repaired;

**(B)** enter and inspect noncommercial premises in which the Secretary reasonably believes there is a motor vehicle or motor vehicle equipment that is an object of a violation of this chapter;

**(C)** inspect that motor vehicle or motor vehicle equipment; and

**(D)** impound for not more than 72 hours for inspection a motor vehicle or motor vehicle equipment that the Secretary reasonably believes is an object of a violation of this chapter.

**(2)** An inspection or impoundment under this subsection shall be conducted at a reasonable time, in a reasonable way, and with reasonable promptness. The written notice may consist of a warrant issued under section 32707 of this title.

**(c) Reasonable compensation.**--When the Secretary impounds for inspection a motor vehicle (except a vehicle subject to subchapter I of chapter 135 of this title) or motor vehicle equipment under subsection (b)(1)(D) of this section, the Secretary shall pay reasonable compensation to the owner of the vehicle or equipment if the inspection or impoundment results in denial of use, or reduction in value, of the vehicle or equipment.

**(d) Records and information requirements.--(1)** To enable the Secretary to decide whether a dealer or distributor is complying with this chapter and regulations prescribed and orders issued under this chapter, the Secretary may require the dealer or distributor--

**(A)** to keep records;

**(B)** to provide information from those records if the Secretary states the purpose for requiring the information and identifies the information to the fullest extent practicable; and

**(C)** to allow an officer or employee designated by the Secretary to inspect relevant records of the dealer or distributor.

**(2)** This subsection and subsection (c)(1)(B) of this section do not authorize the Secretary to require a dealer or distributor to provide information on a regular periodic basis.

**(e) Administrative authority and civil actions to enforce.--(1)** In carrying out this chapter, the Secretary may--

**(A)** inspect and copy records of any person at reasonable times;

**(B)** order a person to file written reports or answers to specific questions, including reports or answers under oath; and

**(C)** conduct hearings, administer oaths, take testimony, and require (by subpoena or otherwise) the appearance and testimony of witnesses and the production of records the Secretary considers advisable.

**(2)** A witness summoned under this subsection is entitled to the same fee and mileage the witness would have been paid in a court of the United States.

**(3)** A civil action to enforce a subpoena or order of the Secretary under this subsection may be brought in the United States district court for any judicial district in which the proceeding by the Secretary is conducted. The court may punish a failure to obey an order of the court to comply with the subpoena or order of the Secretary as a contempt of court.

**(f) Prohibitions.--**A person may not fail to keep records, refuse access to or copying of records, fail to make reports or provide information, fail to allow entry or inspection, or fail to permit impoundment, as required under this section.

#### CREDIT(S)

(Pub.L. 103-272, § 1(c), July 5, 1994, 108 Stat. 1052; Pub.L. 103-429, § 6(35), Oct. 31, 1994, 108 Stat. 4380; Pub.L. 105-102, § 2(19), Nov. 20, 1997, 111 Stat. 2205.)

49 U.S.C.A. § 32706, 49 USCA § 32706

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49 U.S.C.A. § 32707

§ 32707. Administrative warrants

Currentness

**(a) Definition.**--In this section, "probable cause" means a valid public interest in the effective enforcement of this chapter or a regulation prescribed under this chapter sufficient to justify the inspection or impoundment in the circumstances stated in an application for a warrant under this section.

**(b) Warrant requirement and issuance.**--(1) Except as provided in paragraph (4) of this subsection, an inspection or impoundment under section 32706 of this title may be carried out only after a warrant is obtained.

(2) A judge of a court of the United States or a State court of record or a United States magistrate may issue a warrant for an inspection or impoundment under section 32706 of this title within the territorial jurisdiction of the court or magistrate. The warrant must be based on an affidavit that--

(A) establishes probable cause to issue the warrant; and

(B) is sworn to before the judge or magistrate by an officer or employee who knows the facts alleged in the affidavit.

(3) The judge or magistrate shall issue the warrant when the judge or magistrate decides there is a reasonable basis for believing that probable cause exists to issue the warrant. The warrant must--

(A) identify the premises, property, or motor vehicle to be inspected and the items or type of property to be impounded;

(B) state the purpose of the inspection, the basis for issuing the warrant, and the name of the affiant;

(C) direct an individual authorized under section 32706 of this title to inspect the premises, property, or vehicle for the purpose stated in the warrant and, when appropriate, to impound the property specified in the warrant;

(D) direct that the warrant be served during the hours specified in the warrant; and

(E) name the judge or magistrate with whom proof of service is to be filed.

(4) A warrant under this section is not required when--

(A) the owner, operator, or agent in charge of the premises consents;

(B) it is reasonable to believe that the mobility of the motor vehicle to be inspected makes it impractical to obtain a warrant;

(C) an application for a warrant cannot be made because of an emergency;

(D) records are to be inspected and copied under section 32706(e)(1)(A) of this title; or

(E) a warrant is not constitutionally required.

**(c) Service and impoundment of property.--(1)** A warrant issued under this section must be served and proof of service filed not later than 10 days after its issuance date. The judge or magistrate may allow additional time in the warrant if the Secretary of Transportation demonstrates a need for additional time. Proof of service must be filed promptly with a written inventory of the property impounded under the warrant. The inventory shall be made in the presence of the individual serving the warrant and the individual from whose possession or premises the property was impounded, or if that individual is not present, a credible individual except the individual making the inventory. The individual serving the warrant shall verify the inventory. On request, the judge or magistrate shall send a copy of the inventory to the individual from whose possession or premises the property was impounded and to the applicant for the warrant.

(2) When property is impounded under a warrant, the individual serving the warrant shall--

(A) give the person from whose possession or premises the property was impounded a copy of the warrant and a receipt for the property; or

(B) leave the copy and receipt at the place from which the property was impounded.

(3) The judge or magistrate shall file the warrant, proof of service, and all documents filed about the warrant with the clerk of the United States district court for the judicial district in which the inspection is made.

#### CREDIT(S)

(Pub.L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1053.)

49 U.S.C.A. § 32707, 49 USCA § 32707

Current through P.L. 119-88. Some statute sections may be more current, see credits for details.

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49 U.S.C.A. § 32708

§ 32708. Confidentiality of information

Currentness

**(a) General.**--Information obtained by the Secretary of Transportation under this chapter related to a confidential matter referred to in section 1905 of title 18 may be disclosed only--

(1) to another officer or employee of the United States Government for use in carrying out this chapter; or

(2) in a proceeding under this chapter.

**(b) Withholding information from Congress.**--This section does not authorize information to be withheld from a committee of Congress authorized to have the information.

**CREDIT(S)**

(Pub.L. 103-272, § 1(c), July 5, 1994, 108 Stat. 1054.)

49 U.S.C.A. § 32708, 49 USCA § 32708

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49 U.S.C.A. § 32709

§ 32709. Penalties and enforcement

Effective: October 1, 2012

Currentness

**(a) Civil penalty.--(1)** A person that violates this chapter or a regulation prescribed or order issued under this chapter is liable to the United States Government for a civil penalty of not more than \$10,000 for each violation. A separate violation occurs for each motor vehicle or device involved in the violation. The maximum penalty under this subsection for a related series of violations is \$1,000,000.

**(2)** The Secretary of Transportation shall impose a civil penalty under this subsection. The Attorney General shall bring a civil action to collect the penalty. Before referring a penalty claim to the Attorney General, the Secretary may compromise the amount of the penalty. Before compromising the amount of the penalty, the Secretary shall give the person charged with a violation an opportunity to establish that the violation did not occur.

**(3)** In determining the amount of a civil penalty under this subsection, the Secretary shall consider--

**(A)** the nature, circumstances, extent, and gravity of the violation;

**(B)** with respect to the violator, the degree of culpability, any history of prior violations, the ability to pay, and any effect on the ability to continue doing business; and

**(C)** other matters that justice requires.

**(b) Criminal penalty.--**A person that knowingly and willfully violates this chapter or a regulation prescribed or order issued under this chapter shall be fined under title 18, imprisoned for not more than 3 years, or both. If the person is a corporation, the penalties of this subsection also apply to a director, officer, or individual agent of a corporation who knowingly and willfully authorizes, orders, or performs an act in violation of this chapter or a regulation prescribed or order issued under this chapter without regard to penalties imposed on the corporation.

**(c) Civil actions by Attorney General.--**The Attorney General may bring a civil action to enjoin a violation of this chapter or a regulation prescribed or order issued under this chapter. The action may be brought in the United States district court for the judicial district in which the violation occurred or the defendant is found, resides, or does business. Process in the action

may be served in any other judicial district in which the defendant resides or is found. A subpoena for a witness in the action may be served in any judicial district.

**(d) Civil actions by States.--(1)** When a person violates this chapter or a regulation prescribed or order issued under this chapter, the chief law enforcement officer of the State in which the violation occurs may bring a civil action--

**(A)** to enjoin the violation; or

**(B)** to recover amounts for which the person is liable under section 32710 of this title for each person on whose behalf the action is brought.

**(2)** An action under this subsection may be brought in an appropriate United States district court or in a State court of competent jurisdiction. The action must be brought not later than 2 years after the claim accrues.

#### CREDIT(S)

(Pub. L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1054; Pub. L. 112-141, Div. C, Title I, § 31206(1), July 6, 2012, 126 Stat. 761.)

49 U.S.C.A. § 32709, 49 USCA § 32709

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49 U.S.C.A. § 32710

§ 32710. Civil actions by private persons

Effective: October 1, 2012

Currentness

**(a) Violation and amount of damages.**--A person that violates this chapter or a regulation prescribed or order issued under this chapter, with intent to defraud, is liable for 3 times the actual damages or \$10,000, whichever is greater.

**(b) Civil actions.**--A person may bring a civil action to enforce a claim under this section in an appropriate United States district court or in another court of competent jurisdiction. The action must be brought not later than 2 years after the claim accrues. The court shall award costs and a reasonable attorney's fee to the person when a judgment is entered for that person.

**CREDIT(S)**

(Pub.L. 103-272, § 1(e), July 5, 1994, 108 Stat. 1055; Pub.L. 112-141, Div. C, Title I, § 31206(2), July 6, 2012, 126 Stat. 761.)

49 U.S.C.A. § 32710, 49 USCA § 32710

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49 U.S.C.A. § 32711

§ 32711. Relationship to State law

Currentness

Except to the extent that State law is inconsistent with this chapter, this chapter does not--

- (1) affect a State law on disconnecting, altering, or tampering with an odometer with intent to defraud; or
- (2) exempt a person from complying with that law.

**CREDIT(S)**

(Pub.L. 103-272, § 1(c), July 5, 1994, 108 Stat. 1056.)

49 U.S.C.A. § 32711, 49 USCA § 32711

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### Closing Notes

Dealers should maintain this manual as a living document, update it as laws change, and use it to create internal checklists for sales, advertising, warranties, leasing, record-keeping, and licensing compliance.

Thank you for operating responsibly and compliantly in New Jersey. Questions about tenancy-related facility issues should be directed to ADMS management. All legal compliance questions must be addressed to your own counsel.