



Protect Yourself From Motor Vehicle “Yo-Yo Sales”

Most people think that once they’ve negotiated a price on a new or used vehicle, agreed on finance terms and signed the sales contract, their car buying experience is over.

Unfortunately, some dealerships have been known to ask consumers to return to the dealership weeks after the sale, claiming that there was an “error in the paperwork.” Once there, consumers are informed that the lender refused to accept the contract’s finance terms and are then pressured into agreeing to larger down-payments or higher interest rates.

Consumers with less-than-excellent credit scores have been especially vulnerable to this practice, which is often referred to as a “yo-yo sale” or a “spot delivery.” A new Maryland law, however, will help you avoid being trapped into taking credit terms you don’t like or can’t afford.

Before you take delivery of a vehicle, dealers must notify you in writing that:

- The financing or lease agreement you entered into with the dealer is not final until it is approved by a third-party lender.
- If the financing terms are approved, the sale cannot be canceled. If the financing terms are not approved, both you and the dealer have the right to cancel the sale.
- The dealer must notify you of the rejection of the credit terms in writing within four days of the date you took delivery of the vehicle.
- Within two days of your receipt of the dealer’s notice, you must return the vehicle to the dealer. The vehicle must be in the same condition as when it was given to you, except for normal wear and tear.
- Unless you and the dealer agree on different terms, the dealer must immediately return the down payment, taxes and any fees you paid. The dealer must also return your trade-in vehicle immediately and in the same condition as when you gave it to the dealer.
- You may not be charged a fee for the use of the vehicle.

Minimize your risk

Keep in mind that while you have the right to return the vehicle if the credit terms are rejected, it can be hard to part with a vehicle you thought was yours.

- Before you shop, check your credit report for inaccurate information that could lower your credit score. The higher your score, the less you will pay in interest. Knowing your score will help you compare the terms offered by various lenders.
- Don’t assume you’ll get the interest rate advertised by the dealer or manufacturer. Generally, only people with the highest credit scores qualify for those low rates.

- Find out what credit terms are available at banks or credit unions before shopping for your car. Compare those rates to what the dealer can offer. Dealers often want to focus on the amount of the monthly payment. While that is important, also compare the interest rate and the number of monthly payments so that you know the total amount you'll pay for financing.
- Make sure the information on your credit application (income, job status, debts, etc.) is accurate. If a salesperson, finance manager or other dealership employee asks you to give inaccurate information or changes the information you provided, report the incident to the sales manager immediately.
- Wait at least four days before installing any "after-market" products (such as navigation systems or decals) on your newly purchased vehicle. If the dealer hasn't notified you that the finance terms were rejected within four days, you can safely add custom features.

If you receive a notice from the dealer that the credit terms have been refused:

- You have two days to return the vehicle. During that time, reconsider whether the terms offered by the dealer are better than those offered by banks or credit unions.
- Don't be pressured into taking the new credit terms offered by the dealer. If you can't get the information you need in two days, return the vehicle and cancel the sale. You can then take your time to finish your research and consider your options.
- Remember that if the sale is canceled, the dealer must return your trade-in, down payment and other fees immediately. The dealer may not charge you for your use of the vehicle.
- As much as you may love the vehicle you selected, no vehicle is worth getting into a contract that you can't afford. Consider less expensive models or look for vehicles that are slightly older.

If the dealer doesn't give you the required notice, fails to follow law as outlined above, or if you would like more information or assistance on this or other consumer topics, contact the Howard County Office of Consumer Protection.

By phone: 410-313-6420 (voice/relay)

By e-mail: consumer@howardcountymd.gov

Visit our website: www.howardcountymd.gov/consumer

To obtain this factsheet in an alternative format, please contact the Office of Consumer Protection.