

# CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

ANTHONY G. BROWN, MARYLAND ATTORNEY GENERAL

## CAR CONTRACTS: KNOW WHAT YOU'RE SIGNING

*The salesperson told me that I could bring the car back if I didn't like it, but now they are saying, "Sorry, no refunds."*

*I thought I signed a paper that let them run my credit report. They say I bought the car.*

*I didn't realize that I agreed to a "balloon" loan—the final payment is several thousand dollars!*

*The dealer called and said the loan didn't go through, and they'll repossess the car unless I apply for a new loan at 18% interest.*

The Consumer Protection Division hears every week from car buyers who are unhappy with contracts they have signed. Don't let this happen to you. Before you sign any paper involved in a car purchase, take your time, read every line, and ask questions about anything that isn't clear. Otherwise, you could end up owning a car when you didn't intend to, paying more for a car than you planned, or not getting things you thought you were promised.

There are three important steps you can take to avoid many of these problems:

**First**, understand that there is no three-day "cooling-off" period for car sales during which you can change your mind and cancel the contract, unless this is specifically written into the contract. Once you have signed a binding contract, you are bound to it. Understanding that, you should never sign a contract until you are absolutely certain that you want to be bound by its terms. The only exception to this is if you purchase the vehicle from a dealership that sells exclusively online. These dealers are required to give a seven-day period to return the car if you are not satisfied.

**Second**, make sure anything the salesperson promised you is in writing.



**Third**, tell the dealer you won't take the car home or deliver your trade-in until the financing has been approved. That way, if the financing is not approved or if the dealer tells you the financing will be at a higher rate of interest than originally promised, you can easily walk away from the deal and look elsewhere.

Here are some other tips for avoiding common problems with the two major documents involved in most car sales: the buyer's order and the retail installment sales contract.

### THE BUYER'S ORDER

- Don't sign a buyer's order until you are ready to buy the car. If a salesperson asks you to sign a buyer's order so you can "try out the car," or so they can run a credit check, don't do it. Tell the salesperson to write up a special note that describes those agreements. And never sign a blank buyer's order for any reason.
- Check, line by line, that every item on the order is accurate and reflects what you negotiated. Is the selling price, the value of your trade-in, and the down payment what you agreed to?
- Make sure that any "accessory purchases" or "dealer-installed items" listed on the contract, such as service contracts or paint sealants, are items you



agreed to buy. Consumers are often given a hard sell for these items, many of which are unnecessary. Even if the consumer declined, sometimes they still appear on the contract.

- Read both sides of every paper. Make sure there are no blank spaces in the contract before you sign it. Draw a line through or write “N.A.” on items that don’t apply.
- Make sure the sales manager signs the order. This will protect you from a dealer saying the salesperson made a mistake and they can’t sell you the car on those terms.
- Get a copy of the fully completed and signed buyer’s order, along with loan papers and other documents, before you leave the dealership. Even if the dealership says they will mail you your copies or you can drop by in a day or two to get them, don’t take the car until you have the copies.

## THE RETAIL INSTALLMENT SALES CONTRACT

This is the contract used if you are buying your car on credit arranged by the dealer. You don’t have to finance your car through the dealer. Before you begin shopping for a car, you should see what loan terms a bank or credit union would give you and, if possible, get pre-approved. Then you’ll have something to compare to what the dealership offers.

- Check the loan terms (the interest rate, number of payments, and amount of monthly payment) carefully. Don’t just focus on the monthly payment. Look at all the numbers to understand how your loan is structured. Is there a high final payment? When is the first payment due?
- Know that credit life insurance or credit disability insurance is almost always an option, not a requirement. If you do not wish to buy this insurance, make sure that you correctly indicate that—some forms ask you whether you accept, others ask whether you decline.
- Be sure you are signing a retail installment sales contract and not a lease agreement. These two contracts can look similar.
- Read the contract to find out what will happen if the dealer is not able to arrange credit on the promised terms. This often happens to buyers with weak credit. Don’t sign a contract that attempts to obligate you to accept a different

loan, which may have a higher interest rate or other terms not favorable to you. Don’t leave your trade-in with the dealer or you may be left without a car if the deal falls through. To avoid these problems, tell the dealer you won’t take the car or deliver your trade-in until the loan is approved. The dealer has four days after the sale to notify you if the financing did not go through. At that time, you have the right to bring back the vehicle and get back your deposit and any trade-in, unless the dealership can get you the same financing terms elsewhere. You then have the right to negotiate with the dealership for new financing terms or simply to walk away from the deal.

Remember, it’s your money. Insist on taking the time to read all documents before you sign them. Don’t rely on a salesperson’s statement that you can “bring the car back if you are unhappy for any reason” unless that statement is written into the contract. Make sure all the terms of the deal have been finalized and you are happy with them before you take the car.

---

## HOW TO CONTACT US

### Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662  
Toll-free: 1-888-743-0023 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 3 p.m. Monday-Friday  
[www.marylandattorneygeneral.gov/Pages/CPD/](http://www.marylandattorneygeneral.gov/Pages/CPD/)
- **Health Consumer Complaints:** 410-528-1840  
Toll-free: 1-877-261-8807 TDD: 410-576-6372  
En español: 410-230-1712  
9 a.m. to 4:30 p.m. Monday-Friday  
[www.marylandcares.org](http://www.marylandcares.org)
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit:  
[www.marylandattorneygeneral.gov/Pages/contactus.aspx](http://www.marylandattorneygeneral.gov/Pages/contactus.aspx)

*The Consumer’s Edge is produced by the Maryland Attorney General’s Office. Reproductions are encouraged.*



MARYLAND  
ATTORNEY GENERAL  
**ANTHONY G. BROWN**

[www.marylandattorneygeneral.gov](http://www.marylandattorneygeneral.gov)

