

## Salespersons Study Guide

### WARRANTIES

1. In every contract for the sale of a vehicle, which of the following is true?
  - A. There is an implied warranty that the vehicle is merchantable.
  - B. The vehicle must operate properly in normal usage for a reasonable period of time.
  - C. The vehicle must meet the contract description.
  - D. The vehicle must be capable of passing the West Virginia motor vehicle safety inspection at the time of sale.
  - E. All of the above.**
  - F. None of the above.

*Comment: W.Va. Code § 46A-6-107 prohibits the waiver or disclaimer of implied warranties in the sale of all consumer goods, new and used and, therefore, prohibits the sale of vehicles "as is" in West Virginia. The definition for "merchantable" is found in W.Va. Code § 46A-6-102(c).*

2. What is the minimum warranty that a dealer can offer on a used vehicle?
  - A. The vehicle can be sold "as is," without a warranty.
  - B. The dealer will pay 25% parts, 25% labor for 30 days or 1,000 miles, whichever comes first.
  - C. The dealer will pay 50% parts, 50% labor for 30 days or 1,000 miles, whichever comes first.
  - D. The dealer can mark implied warranty only on the Buyers Guide.**

*Comment: Consumers have the basic protection afforded by the implied warranty in all sales. It is meaningless for a dealer to offer an express warranty unless it affords more protection than what the consumer already has under the implied warranty. It is unlawful for a dealer to offer an express warranty that offers less protection than the consumer already has under the implied warranties such as the examples in B. and C. above.*

3. Which of the following is true?
  - A. Dealers may sell cars "as is" if they disclose the defects in writing.
  - B. Dealers may sell cars "as is" if they are selling the vehicle on consignment for someone else.
  - C. Dealers may never sell cars "as is."**
  - D. None of the above is true.

*Comment: See Comment to Question 1 above.*

4. Under what circumstances may a dealer be excused from the implied warranty?
- A. If it discloses the defects in writing.
  - B. If the dealer sells the buyer a service contract.
  - C. If the dealer did not know about the defect at the time of sale.
  - D. If there was still factory warranty coverage remaining on the vehicle at the time of sale.
  - E. Never.**

*Comment: There is no exception to the rule that the implied warranty may never be waived in the sale of consumer goods in West Virginia.*

5. A dealer sells an older-model car with 150,000 miles on it for high book value. The dealer agrees to pay 25% of parts and labor for the engine and transmission for 30 days or 1,000 miles, whichever comes first. The vehicle needs a new transmission after it has been driven only 200 miles. What is the dealer's responsibility to the buyer?
- A. The dealer must pay 25% of the parts and labor to install a used transmission.
  - B. The dealer has the choice of paying the full cost of replacing the transmission or taking the vehicle back and giving the buyer a full refund.**
  - C. The dealer would be relieved of any responsibility if it disclosed the bad transmission in writing at the time of sale.
  - D. None of the above is true.

*Comment: Questions about how far the implied warranty goes must be answered on a case-by-case basis because the law does not set concrete guidelines. However, a reasonable person may conclude that even an older-model high mileage car should not need a new transmission within the first 200 miles and, therefore, this repair is covered under the implied warranty.*

6. A dealer sells an older-model car with 150,000 miles with a valid safety inspection sticker on it. The buyer discovers the next day that the horn and taillights do not work. What is the dealer's responsibility to the buyer?

- A. The dealer must pay whatever percentage of labor and parts was listed on the Buyers Guide for the repair.
- B. The dealer must pay the full cost of the repairs.**
- C. The dealer is not responsible because the vehicle had a valid inspection sticker.
- D. The dealer is not responsible because a vehicle that old cannot be expected to be in perfect shape.

*Comment: The definition of "merchantable" requires "that the goods conform in all material respects to applicable state and federal statutes and regulations establishing standards of quality and safety of goods." The applicable standards for the safety of automobiles are found in the list of items to be inspected in connection with an official motor vehicle inspection in West Virginia. If a vehicle fails inspection for any of the listed items, the vehicle was not "merchantable" at the time of sale and the cost of the repair must be borne by the dealer.*

7. Which of the following is true?

- A. At the time of sale, a used vehicle does not have to have a current motor vehicle safety inspection sticker, but it must be in such condition that it meets all safety standards.
- B. At the time of sale, a used vehicle must have properly working brakes tires, lights, taillights, horn, rear view mirror, windshield wipers, turn signals and seat belts.
- C. At the time of sale, a used vehicle must have a working catalytic converter.
- D. At the time of sale, a used vehicle which was manufactured in a year requiring airbags must have working airbags.
- E. All of the above.**
- F. None of the above.

*Comment: Dealers may sell vehicles without valid inspection stickers. When this occurs, consumers must obtain a valid inspection sticker within 3 days. The important question for the dealer is not whether the vehicle it sells has a sticker but whether the vehicles it sells in fact meet all the safety criteria if a bona fide inspection were to be conducted at the time of sale.*

8. What is the dealer's responsibility to the buyer if the buyer later learns that the vehicle had significant damage in a flood before being sold to the dealer?

- A. The dealership is not responsible because it did not know of the damage at the time it sold the vehicle.
- B. The dealership must cancel the sale, take back the vehicle, and refund the buyer's money if asked to refund it by the buyer.**
- C. The dealership may refer the buyer to whoever sold the vehicle to the dealership without disclosing the damage.
- D. The dealership is not responsible to the buyer if the vehicle had been acquired as a trade in from another consumer.

*Comment: The fact that a vehicle has previously been damaged or totaled by a flood is a material fact, "a fact so important that it affects the value of the vehicle or the consumer's decision whether to purchase the vehicle at all." Therefore, such facts must always be disclosed by the dealer to the buyer if known prior to the sale. The dealer must also disclose such facts to the buyer when they become known after the sale. Because this is a "material fact," the dealer must rescind the sale if requested by the buyer.*

9. What is the dealer's responsibility to the buyer if it knows at the time of sale that a vehicle had been totaled by an insurance company, had significant damage in an accident, or was involved in a flood or other natural disaster?

- A. The dealer is not allowed to sell such a vehicle.
- B. The dealership may sell such a vehicle if it makes a full disclosure in writing of all the negative information it has about the vehicle at the time of sale.**
- C. The dealer is not required to disclose the negative information unless the buyer asks.
- D. The dealer is not required to disclose the negative information if it does not appear on the title of the vehicle or a Carfax report.

*Comment: A dealer has an affirmative obligation to disclose the fact that a vehicle has been totaled by an insurance company prior to the sale because this is also a material fact. See also Comment in Question 8 above.*

10. A dealer selling a used vehicle is required to disclose the mileage on the vehicle as follows:

- A. By providing the buyer a separate odometer disclosure statement.
- B. By writing the mileage on the sales contract.
- C. By writing the mileage on the back (assignment section) of the title.**
- D. Any of the above.
- E. None of the above.

*Comment: The proper method for odometer disclosure is found in the federal Odometer Act, 15 U.S.C. § 1981 et seq. In most instances, the Act requires that the odometer disclosure may only be made by completing the section on the back of the title. Consequently, a dealer cannot comply with the Odometer Act unless it has the title in its hand at the time of sale.*

11. When offering a warranty, a car dealer may only use the term “full” to describe the warranty:

- A. If the warranty service is provided free of charge to the buyer.
- B. If the warranty service is provided to anyone who owns the vehicle during the warranty period.
- C. If the warranty offers the option of the replacement of the vehicle or a refund of the purchase price if the vehicle cannot be repaired after a reasonable number of attempts.
- D. All of the above.**

*Comment: The federal Magnuson-Moss Act requires that a seller may only use the term “full” warranty when it meets certain criteria, including the criteria in items A, B and C above.*

12. When a car dealer makes a specific promise about a vehicle that a buyer relies upon, i.e., the vehicle is in A-1 condition and is suitable for long commutes:

- A. The car dealer cannot be held to this promise unless it is included in the written contract.
- B. The car dealer is not responsible for this promise because oral representations are difficult to prove.
- C. The car dealer cannot be held to this promise if the written contract included a provision stating that oral representations are not binding.
- D. Oral representations about the specific performance of the vehicle that the buyer relies upon are viewed as an implied warranty of fitness for a particular purpose and are binding if they can be proven by the buyer.**

*Comment: It is a general principle of state and federal warranty law that any oral representation made by the seller about the performance of the vehicle becomes a part of the bargain and is binding if relied upon by the buyer. Such representations are known as an “implied warranty of fitness for a particular purpose.”*

## REPOSSESSION OF VEHICLES

13. A dealer may have the right to repossess a vehicle
- A. If the buyer has not made the required payment on time.
  - B. If the dealer financed the sale, and the contract contains a provision called a security agreement giving the dealer the right to repossess in the event of non-payment.**
  - C. If the dealer told the buyer it would repossess in the event of nonpayment.
  - D. If the dealer placed a lien on the title and the buyer has not made the required payment.

*Comment: The right to repossess a vehicle does not automatically exist simply because the contract allows the buyer to make payments over time or because the dealer succeeds in placing a lien on the title. The right to repossess exists only if the loan contract contains a clause called a “security agreement” in which the buyer specifically grants the seller the right to repossess the vehicle in the event of default.*

14. If a dealer has a valid security interest in a vehicle and the buyer has not made the required payment,
- A. The dealer may repossess the vehicle without any notice to the buyer.
  - B. The dealer may repossess the vehicle if it first notifies the buyer by telephone.
  - C. The dealer may repossess the vehicle if it first sends the buyer a letter notifying him or her that the account was delinquent.
  - D. The dealer may repossess the vehicle only after providing the buyer a notice of right to cure default and the buyer has failed to act.**

*Comment: Even when the contract contains a “security agreement” that affords the dealer a right to repossess, the dealer must still furnish the buyer with a notice of right to cure default in the manner and form required by W.Va. Code § 46A-2-106 before it may repossess the vehicle.*

15. A notice of right to cure default must :
- A. Be sent to the last known address of the buyer.
  - B. Inform the buyer of the amount required to make the loan current.
  - C. Allow the buyer 10 days from the date of the notice in which to make the loan current.
  - D. Include a notarized statement signed by the dealer confirming that the notice was placed in the mail on the date of the notice.
  - E. All of the above.**
  - F. None of the above.

*Comment: W.Va. Code § 42A-2-106 specifies the required form and content for the proper notice of the right to cure default.*

16. Which of the following is not true about repossession of vehicles?
- A. The dealer may not repossess the vehicle unless proper notice of right to cure default has been given.
  - B. The dealer may not require the loan to be paid in full or repossess the vehicle within 10 days following the notice of right to cure default.
  - C. A notice of right to cure default must be sent by certified mail.**
  - D. A dealer is not required to send a notice of right to cure default if it has sent the buyer three such notices in the past.

*Comment: W.Va. Code § 46A-2-106 requires that the notice of right to cure default be "mailed" to the last known address of the consumer. The consumer is afforded further protection by the requirement that the sender of the notice must complete a notarized certificate attesting to the fact that notice was placed in the mail on the date of the notice. If not picked up at the post office, notice sent by certified mail may not be received by the consumer at all and will defeat the purpose of the statute.*

17. After all required notices have been given, a dealer may repossess a vehicle
- A. Without obtaining a court order so long as it does so peacefully.**
  - B. Only after getting a court order giving it permission to do so.
  - C. Only if the police are present when the vehicle is repossessed.
  - D. Only if it tells the buyer in advance.

*Comment: A car dealer who has a valid security interest and who has otherwise met all other applicable legal criteria for repossessing a vehicle may do so without first obtaining a court order. Such repossessions are known as "self-help" repossessions. However, a dealer carrying out self-help repossession may not breach the peace or unlawfully break or enter a locked area of private property to repossess a vehicle.*

18. A dealer may not repossess a vehicle from a buyer without a court order:
- A. If the buyer confronts the repossession agent and demands that the agent leave his or her property.
  - B. If the vehicle is located in a locked garage or other building.
  - C. If the dealer used violence or threats of violence to cause the buyer to give up possession of the vehicle.
  - D. All of the above.**
  - E. None of the above.

*Comment: See Comment to Question 17 above.*

19. When a dealer has repossessed a vehicle,
- A. It is not required to send any further notice to the buyer.
  - B. It may still keep the vehicle even if the buyer offers to pay the full balance owed on of the loan including all repossession costs.
  - C. It must send the buyer a notice before it resells the vehicle, giving the buyer an opportunity to get the vehicle back by paying the loan in full and reimbursing the dealer for its repossession costs.**
  - D. It is not required to refund any money to the buyer after reselling the vehicle, even if the proceeds of the sale exceed the remaining balance on the loan plus repossession costs.

*Comment: Even after a lawful repossession, the dealer must still furnish the consumer with a notice giving him or her a final opportunity to redeem the vehicle by paying the full amount owed on the loan, including the dealer's actual repossession costs. This provision is found in W.Va. Code § 46-9-611. A dealer's obligations to a consumer do not end after the repossession. The various obligations of the dealer are found generally in W.Va. Code § 46-9-601 et seq.*



20. When a dealer has repossessed a vehicle, sold it, and applied the proceeds of the sale,
- A. It may attempt to collect any amount still owing on the loan from the original buyer.
  - B. It may not attempt to collect anything more from the original buyer if the amount owed is \$1,000 or less.
  - C. It must refund to the original buyer any surplus that remains after the loan and repossession costs have been paid.
  - D. All of the above.**
  - E. None of the above.

*Comment: See Comment to Question 19 above. W.Va. Code § 46A-2-119(3) prohibits a dealer from collecting anything further when the amount owed after a repossession is \$1,000.00 or less.*

21. When repossessing a vehicle a car dealer:
- A. May charge the buyer a flat fee even if the amount exceeds its actual repossession costs.
  - B. Is responsible for protecting the buyer's personal belongings and must return or offer to return them promptly without cost to the buyer.**
  - C. May require the buyer to pay the cost of shipping before returning the buyer's personal belongings.
  - D. May move the vehicle to a distant geographical locate before the buyer has had an opportunity to redeem the vehicle by paying the full amount owed.

*Comment: A valid security interest in a loan contract gives the car dealership an ownership interest and thus the right to repossess the vehicle itself without a court order, but not the consumer's personal property that may be in the vehicle at the time of the self-help repossession. The law implies a duty upon the car dealer to inventory and protect the consumer's personal property and to allow its return to the consumer after the repossession without undue burden or expense upon the consumer.*

## BUYERS GUIDES

22. Which of the following statements about Buyers Guides is true?
- A. A dealer must always complete the bottom box on the Buyers Guide in order to notify the buyer about the warranty coverage offered on the vehicle.
  - B. Car dealers in West Virginia may use Buyers Guides that have the “as is” option so long as they offer some kind of warranty, and do not check the “as is” option.
  - C. The Federal Trade Commission Used Car Rule requires car dealers to post Buyers Guides in any location on a vehicle in which both sides are readily readable on each used vehicle it sells to notify buyers about the warranty coverage on the vehicle.**
  - D. It is not necessary to post the Buyers Guide on the side window of a vehicle so long as the dealer includes the warranty coverage on the sales contract and provides the buyer with a copy of the Buyers Guide.

*Comment: The manner and form for compliance with the FTC Used Motor Vehicle Trade regulation rule is found in 16 C.F.R 455. Buyers Guides must be posted in any location on a vehicle in which both sides are readily readable.*

23. Which of the following statements is true about automobiles sold at auctions?
- A. If the auction is open to consumers, a Buyers Guide must still be posted on each vehicle.
  - B. If the auction is open to consumers, the dealer must fulfill the same obligations to the consumer as if the vehicle were sold at a dealer.
  - C. If the auction is not open to consumers, a dealer may sell vehicles “as is” to other dealers and merchants so long as it complies with the rules of disclosure required by the auction.
  - D. All of the above.**

*Comment: It is the position of the Federal Trade Commission that when an auction is open to consumers, all applicable consumer laws apply the same as if the car were sold at a dealership.*

## SELLING VEHICLES ON CREDIT

24. A “buy here/pay here” dealership (a dealership that does its own financing without assigning contracts to outside lenders):
- A. Is not required to comply with the federal Truth-in-Lending Act because it is not a bank or finance company.
  - B. Is not required to comply with applicable state laws governing maximum allowable interest rates because it is not a bank or finance company.
  - C. Is not required to comply with the federal Truth-in-Lending Act if it does not charge interest.
  - D. **None of the above are true.**

*Comment: A dealer that finances its own sales must comply with the same state and federal laws that govern banks and finance companies when disclosing the terms and conditions of financing.*

25. A “buy here/pay here” car dealer must:
- A. Disclose all the terms and conditions of financing in writing to the buyer in a form that the buyer can keep prior to consummation of the sale.
  - B. Allow the buyer to take a copy of the proposed loan contract away from the dealership to review, if requested, even if they have not signed the contract.
  - C. Include a provision granting it a “security interest” in the contract or it cannot repossess the vehicle in the event of a default.
  - D. Define what circumstances constitute a default in the contract (i.e., how many days a payment may be past due before it is viewed as a default) before the dealership can repossess the vehicle or take other action when the buyer is viewed as being in default.
  - E. **All of the above.**

*Comment: Each of these requirements is found in the federal Truth-in-Lending Act, any violation of which is also viewed as an unfair or deceptive act or practice as defined by W.Va. Code § 46A-6-104.*

26. A buy here/pay here car dealer has properly disclosed the terms and conditions of financing to a buyer:

- A. If it orally explains the terms and conditions of financing to the buyer in a manner that he or she can understand.
- B. If it explains the terms and conditions of financing in writing in a manner that the buyer can understand.
- C. If it discloses all of the terms and conditions of financing in writing to the buyer using certain terms, such as “amount financed,” “finance charge,” and explains the finance charge using the term “annual percentage rate.”**
- D. So long as it discloses in writing the monthly payment amount, the date each payment is due, and the total amount of payments due under the contract.

*Comment: The federal Truth-in-Lending Act requires that the terms and conditions of financing be disclosed by using certain designated terms of art, including the terms in Item C above.*

27. A buy here/pay here car dealer:

- A. May charge a late fee of up to \$15.00 per month when a payment is past due.
- B. May charge a late fee of up to \$25.00 per month when a payment is past due.
- C. May charge a late fee of 5% of the unpaid amount of the installment, not to exceed \$15.00, so long as it is included in the written contract.**
- D. A buy here/pay here dealer may not charge any late fee because it is not a bank or finance company.

*Comment: A late fee in this amount, if provided in the contract, is authorized by W.Va. Code § 46A-3-112 and 113.*

28. A buy here/pay here car dealer:

- A. Charge as high an interest rate as the market will bear, so long as the interest rate is disclosed in writing in the manner and form required by the federal Truth-in-Lending Act.
- B. Charge a maximum interest rate of 24% per year because that is the maximum rate for dealer financed cars established by the West Virginia Lending and Credit Rate Board.
- C. **Charge a maximum interest rate of 21% per year because that is the maximum rate for dealer financed cars established by the West Virginia Lending and Credit Rate Board.**
- D. Charge as high an interest rate as the market will bear because it is not a bank or finance company and its rates are not regulated by the West Virginia Lending and Credit Rate Board.

*Comment: The West Virginia Lending and Credit Rate Board, W.Va. Code § 47A-1-1 et seq., is authorized to prescribe maximum rates and charges on loans, credit sales or transactions. The latest order issued by the board, effective December 1, 1999, authorized a maximum interest rate of 21% in dealer financed sales.*

29. A buy here/pay here car dealer:

- A. May require that all payments be made in cash and in person at the car dealership.
- B. May require that all payments be made in person at the car dealership but may not require that payments be made in cash.
- C. May require that all payments be made in person at the car dealership if that term is included in the written contract.
- D. **Must accept payments from buyers through the mail by check or money order.**

*Comment: A dealer may not insist that all payments be made in cash in person at the dealership, nor may it refuse to accept payments from buyers through the mail by check or money order.*

## DEBT COLLECTION PRACTICES

30. If a buyer fails to make a payment on time, the buy here/pay here car dealer:
- A. **May only contact third parties in an effort to reach the buyer if the car dealer has a good faith belief that the buyer has moved and no longer has a current phone number or work number for the buyer.**
  - B. May contact the buyer repeatedly by telephone to request payment if the buyer fails to accept or return the call.
  - C. May contact neighbors or other third parties to leave messages for the buyer if the buyer fails to return or respond to telephone calls or collection letters.
  - D. May leave a message with a buyer's supervisor at work if the buyer has failed to return or respond to telephone calls or letters at home.

*Comment: When attempting to collect a debt, a dealer may only contact third parties when it has a good faith belief that the buyer has moved. The West Virginia Consumer Credit and Protection Act, ("WVCCPA") W.Va. Code § 46A-1-101 et seq., governs the conduct of collection of all consumer debts, including the collection of debts by the original creditor as is the case when a car dealer collects its own debt. These provisions are found generally in W.Va. Code § 46A-2-122 through 129a. Abusive debt collection conduct is also viewed as an unfair or deceptive act or practice in violation of W.Va. Code § 46A-6-104. If the dealer has either a current phone number or work number for the buyer, the dealer may not call any third parties to locate the buyer to collect a debt.*

31. If the buyer has failed to make payments on time, the buy here/pay here car dealer may:
- A. Contact the buyer by telephone and question the buyer's honesty or integrity because of the failure to make payments.
  - B. **Contact the buyer by telephone to request payment, but may not threaten any actions that are unlawful or that are not intended to be taken.**

- C. Contact the buyer by telephone and threaten that criminal charges will be brought for vehicle theft unless the account is brought current.
- D. Contact the buyer by telephone and threaten that the Sheriff will be sent to pick up the vehicle unless the account is brought current.

*Comment: A debt collector may not threaten to take any actions that are unlawful or actions that are not intended to be taken. See W.Va. Code § 46A-2-124(f) and W.Va. Code § 46A-6-104.*

### MISCELLANEOUS

32. If a car dealer sells a vehicle that has previously been owned by a car rental company:

- A. The dealer has an affirmative duty to disclose this information to the buyer prior to the sale because the fact that the vehicle was previously owned by a car rental company is a material fact that has a direct bearing on the value of the vehicle or upon the buyer's decision Whether to purchase the vehicle at all.**
- B. The dealer is not required to disclose this fact unless specifically asked by the buyer.
- C. The dealer is not required to disclose this fact unless it has reason to believe that the vehicle was damaged while it was owned by a car rental company.
- D. The dealer is not required to disclose this fact unless it believes that its past ownership by a car rental company has affected the current use or value of the vehicle.

*Comment: The fact that a vehicle was previously owned by a car rental company is a material fact that must be disclosed prior to the sale if known by the dealer. See also Comment to Questions 8 and 9 above.*

33. When a car dealer offers the service of arranging financing for the buyer through outside lenders:

- A. The dealer may include additional products such as credit insurance or extended warranties on the service contract so long as it does not increase the payment amount that the buyer has agreed to pay.
- B. The dealer may add additional products such as credit insurance or extended warranties without first informing the buyer so long as it willingly removes the products if questioned by the buyer before the contract is signed.
- C. **It is unlawful for the dealer to include additional products such as credit insurance or extended warranties in the sale contract without first asking if the buyer if he/she wishes to purchase the products.**
- D. The dealer may add additional products such as credit insurance or extended warranties so long as it informs the buyer that financing may not be approved unless these products are also purchased.

*Comment: It is unlawful for a car dealer to simply add products to a sales contract without the buyer's knowledge or consent, hoping that the buyer will not notice them because the desired monthly payment remains the same. This practice is known as "loan packing" and is an unfair or deceptive act or practice in violation of W.Va. Code § 46A-6-104. Also, it is unlawful for a car dealer to require the purchase of credit insurance or other products as a condition of approving financing. W.Va. Code §46A-3-109.*

34. Which of the following sales techniques would be considered unfair or deceptive acts or practices:
- A. The salesperson refuses to disclose the sales price of a particular vehicle, even when asked directly by the buyer.
  - B. The salesperson asks the buyer the monthly payment amount that he or she can afford, then inflates the sales price of a particular vehicle that the buyer wants to reflect the monthly payment amount.
  - C. The salesperson advises the buyer, after a sales price has been agreed upon, that financing may not be approved unless additional products such as credit insurance or extended warranties are also purchased.
  - D. **All of the above.**

*Comment: Each of these practices involve some form of deception. Various unfair or deceptive practices are enumerated in W.Va. Code § 46A-6-102(f) but the list is not intended to be all- inclusive.*



35. The Attorney General of West Virginia's Division of Consumer Protection may investigate a car dealer:

- A. **If the Attorney General has probable cause to believe that the dealer has engaged in an act that may violate the West Virginia Consumer Credit and Protection Act.**
- B. Only if it has received several written complaints alleging that the dealer violated consumer protection law.
- C. Only if a referral for action has been made by the West Virginia Division of Motor Vehicles.
- D. If the car dealer has failed to grant the relief requested by buyers when responding to complaints.

*Comment: The Attorney General's authority to enforce the West Virginia Consumer Credit and Protection Act is found generally in W.Va. Code § 46A-7-101 et seq.*

36. If the Attorney General's Division of Consumer Protection decides to open a formal investigation of a car dealer:

- A. It may subpoena all of the sales records of a dealer for a particular time period.
- B. It may require the licensee and other employees of the car dealer to submit to questioning under oath.
- C. it may file a lawsuit to compel the car dealer to comply with its investigative subpoena if necessary.
- D. **All of the above.**

*Comment: The Attorney General's power to subpoena documents and to compel testimony under oath is found in W.Va. Code § 46A-7-104(1).*

37. If the Attorney General's Division of Consumer Protection concludes, after an investigation, that the car dealer is violating West Virginia consumer protection law:

- A. The Attorney General may file a suit for an injunction to stop the practices, but may not seek refunds or other relief for consumers.
- B. **The Attorney General may file a lawsuit against the car dealer seeking an injunction to stop the unlawful practices, restitution for all aggrieved consumers, civil penalties of up to \$5,000.00 for each violation of consumer law, and reimbursement of attorney's fees.**

- C. The Attorney General may file a lawsuit against the car dealer to stop the unlawful practices, but may only seek refunds or other relief for buyers who have filed formal complaints with the Attorney General.
- D. The Attorney General may only file a lawsuit if the car dealer refuses to reform its future practices.

*Comment: W.Va. Code § 46A-7-108 provides “The Attorney General may bring a civil action to restrain a person from violating this chapter and for other appropriate relief.” This provision has been construed by the West Virginia Supreme Court of Appeals to empower the Attorney General to seek refunds and other monetary relief for consumers. See state ex rel. McGraw v. Imperial Marketing, 506 S.E. 2d 799 (W.Va. 1998).*

38. Which of the following requirements is imposed upon car dealers when advertising terms of credit:

- A. Advertisements that disclose credit terms must be printed clearly and conspicuously and the disclosures must be legible and reasonably understandable.
- B. A car dealer may only advertise credit or lease terms that are actually available to the buyer.
- C. A covered advertisement may include an advertisement in any form, including newspapers or other printed materials, radio or television, window displays, and point of sale literature.
- D. The use of certain terms called “trigger terms” requires a car dealer to make a full disclosure of all the terms of credit.
- E. **All of the above.**

*Comment: The federal Truth-in-Lending act also governs the advertising of the terms and conditions of financing. The Act generally requires that when certain specific terms, called “trigger terms”, are used in advertisements, the seller must make a full disclosure of all of the terms of credit.*

39. Which of the following phrases does not constitute a “trigger term”?

- A. The amount of the down payment.
- B. The amount of any payment.
- C. The number of payments or the period of repayment.
- D. The amount of any finance charge.
- E. **No money down.**

*Comment: General statements such as “no money down” are not viewed as trigger terms. However, each of the phrases in Items A, B, and C above are “trigger terms” and, when used, require the disclosure of all other terms and conditions of financing.*

40. Which of the terms below is a “trigger term” that requires full disclosure of all the terms of financing under the federal Truth-in-Lending Act:

- A. Easy monthly payments.
- B. Financing available.
- C. Payments as low as \$139.00 per month.**
- D. No down payment.
- E. Terms to fit your budget.

*Comment: Item C is a “trigger term” because it promises a specific monthly payment amount without stating the other terms and conditions of financing. It is possible that a large down payment may be required before the consumer may qualify for the low monthly payment and, if so, the failure to mention the other terms is deceptive. The other statements in Items A, B, D and E above are merely general statements and not “trigger terms”.*

41. The Salesperson License is valid for a period of:

- A. 1 Year
- B. 3 Years
- C. 5 Years**
- D. 10 Years

*Comment: Salesperson Licenses are valid for a period of five years.*

42. A Salesperson may not engage in the activities of a salesperson upon:

- A. Termination of Employment
- B. Revocation of his/her license
- C. Suspension of his/her license
- D. All of the above**

*Comment: The privilege to sell is terminated whenever any of the abovementioned instances occur.*

43. Any licensee who fails to renew his or her license within how many months of expiration is not eligible for renewal of such license:

- A. 1 Month

- B. 3 Months
- C. 6 Months**
- D. 9 Months

*Comment: Any licensees failing to renew their license within six months of expiration will be required to complete the application process required for new applicants.*

44. No transfer application or fee is required if the salesperson is re-employed by the previous employer within:

- A. 3 Months
- B. 6 Months**
- C. 1 Year
- D. None of the above

*Comment: If an employer hires a previously employed salesperson within six months of his or her cessation of employment the transfer application and transfer fee is not required.*

45. Every licensee must have his or her license:

- A. In the possession of the hiring dealer at all times.
- B. In his or her possession at all times when engaged in selling vehicles.**
- C. Placed in his or her personnel file at the place of business.
- D. None of the above.

*Comment: The licensee must have the license in his or her possession at all times when engaged in selling vehicles. The licensee shall display the license upon demand of any customer, law enforcement official or division employee.*

46. The Commissioner of Motor Vehicles may revoke, suspend, or refuse to renew a license if:

- A. The salesperson forges another person's name to his or her application form required for titling, leasing, renting, registering, financing, or insuring the vehicle.
- B. The salesperson has violated any motor vehicle dealer law, rule, or order of the division.
- C. The salesperson used monies obtained by a sale for his or her personal use and misrepresented the terms of any existing or proposed vehicle sale.
- D. All of the above.**

*Comment: The abovementioned violations are grounds for revocation, suspension, or renewal of license along with other violations listed in West Virginia Code §17A-6E-9.*

47. A temporary certificate of ownership:
- A. Cannot be issued when the vehicle title is not available at the time of sale.
  - B. Can only be issued for one sixty-day period.**
  - C. Can be issued for a sixty-day period and reissued for an additional sixty-day period.
  - D. A and C of the above.

*Comment: All temporary certificates of ownership are only valid for a period of sixty-days and the licensee shall not issue, assign, or transfer such plate to anyone other than the bona fide purchaser of the vehicle.*

48. Temporary license plates:
- A. May be loaned to the customer.
  - B. Should be issued to the bona fide purchaser of the vehicle sold by the dealership.**
  - C. Can be used by employees of the dealer on their personal vehicle.
  - D. Can be used to dealer exchange a vehicle.

*Comment: Please refer to the previous answer.*

49. Title applications, taxes, and fees collected for the Department of Motor Vehicles on behalf of the buyer must be submitted to the agency within:
- A. 15 days
  - B. 30 days
  - C. 60 days**
  - D. 90 days

*Comment: Upon transfer of ownership of a vehicle to another individual all taxes and fees must be submitted to the division within sixty-days.*

50. Temporary Tags can be loaned to another dealer:
- A. If the lending dealer records the transfer on their tag log.
  - B. If the DMV is given written notice from the dealer.

**C. Temporary Tags cannot be loaned.**

D. A & B of the above.

*Comment: The licensee must maintain a numerical log of all plates assigned to the dealership. The licensee shall not issue, assign, transfer, or deliver a temporary registration plate to anyone other than the bona fide purchaser of the vehicle sold or delivered by the dealership.*

51. How many days does a lien holder have to surrender a title to the person legally entitled to it after the lien has been satisfied?

A. 10 days

**B. 15 days**

C. 20 days

D. 30 days

*Comment: It shall be unlawful for a lien holder to refuse or fail to execute a release or surrender the certificate of title to the person legally entitled thereto within fifteen days after the lien has been paid or released.*

52. In order for a dealer to occasionally rent a vehicle without a rental license:

A. The rental must be for five days or less.

B. The vehicle must be titled in the name of the dealership.

**C. The dealer cannot rent a vehicle without a rental license issue by DMV.**

D. Both A & B above.

*Comment: Each business location engaged in the occupation of renting vehicles intended for passenger use having a gross vehicle weight of eight thousand pounds or less on a daily basis is required to be licensed and bonded.*

53. A vehicle identification number (VIN) is comprised of 17 alpha characters. Which character identifies the model year?

A. 1<sup>st</sup>

B. 5<sup>th</sup>

**C. 10<sup>th</sup>**

D. 17<sup>th</sup>

*Comment: The tenth (10<sup>th</sup>) digit in the vehicle identification number known as the "check" digit is used to establish the model year of a vehicle.*

54. Dealer D & DUC license plates may be:

A. Used on vehicles in the inventory of the dealer.

B. Rented to license salespersons on a form prescribed by the DMV.

C. Used on a Class D and DUC courtesy vehicle per dealership.

**D. Both A & C above.**

*Comment: The Class D plates and the Class DUC plates may be used for any purpose other than work, service, or on any vehicle offered for hire or lease on any motor vehicle owned by the dealer to whom issued and which is being operated with his or her knowledge and consent. Class D and DUC dealers are authorized to use a special plate on one (1) courtesy vehicle and a Class D dealer may use no more than one (1) special plate on a Class A pickup truck or van for the purpose of transporting parts for the dealership.*

55. If a dealer charges a documentary fee it:

A. Must be posted in the public sales area.

**B. Cannot be more than \$125.00**

C. A and B above.

D. None of the above.

*Comment: Pursuant to West Virginia Code §46A-3-109(f), authorizes a documentary charge or any other similar charge for documentary services in relation to securing a title, so long as said charge is applied equally to cash customers and credit customers alike and so long as such documentary charge does not exceed fifty dollars.*

56. Sections two, three, and four on the back of a WV title are used:

**A. By dealers to transfer ownership between dealers.**

B. By the dealer to apply for a new title.

C. To record liens.

D. None of the above.

*Comment: Sections two, three, and four on the back of the West Virginia title are used exclusively by dealers only to transfer ownership of a vehicle.*

57. Section one the back of the WV title is used:

A. By dealer to transfer ownership to another dealer.

B. By licensed dealers applying for titles.

**C. By the title owner to assign the vehicle to another owner.**

D. To record a lien.

*Comment: Section one (1) on the back of the West Virginia title is used exclusively to transfer ownership of a vehicle from one owner to the other.*

58. The amount of tax collected on vehicles never previously registered in West Virginia is:

- A. 6% Sales Tax
- B. 3% Assessment Tax
- C. 5% Privilege Tax**
- D. 4% Registration Tax

*Comment: West Virginia Code §17A-3-4(b) provides that any vehicle not previously registered in West Virginia is subject to a privilege tax of 5% of the value of the motor vehicle at the time of certification.*

59. Trade-In credit can only be given:
- A. When the dealer actually exchanges one vehicle for the other in the same transaction.
  - B. An individual sells his or her car and takes the profit and applies it towards the purchase of a new car.
  - C. For a vehicle in the same name and taxes have previously been paid in West Virginia.
  - D. Both A & C above.**

*Comment: Trade-In credit can only be given when one vehicle is exchanged for another within the same transaction and the individual's name must be the same. The individual must have previously paid taxes in West Virginia for the vehicle which is traded.*

60. Any licensed dealer that lists itself as a lien holder on any vehicle it sells will attach with the title work:
- A. A copy of the sales contract or sales instrument.
  - B. The amount of the lien.
  - C. The monthly payment and the number of payments.
  - D. All of the above.**

*Comment: A licensee that lists itself as a lien holder must attach with all title work a copy of DMV Form 84A which includes the amount of the lien, the monthly payments and the number of payments of the lien.*



