



Bulletin

Motor Vehicle Sales Authority of British Columbia



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Dealers and salespeople ask for clarification

What You Should Know About Lease-end Buy-outs

Dealers and salespeople have been asking for more clarification regarding lease-end buy-outs. A lease-end buy-out by the lessee is considered a separate motor vehicle transaction. Dealers and salespeople must declare to the lessee/purchaser that the lease-end vehicle meets the requirements of the *Motor Vehicle Act (MVA)* when it is sold. How a dealer ensures that the vehicle meets these requirements for a lease-end buy-out is a business decision - it is not prescribed in law.

The *Motor Dealer Act (MDA)* requires a dealer to declare on the purchase agreement that a motor vehicle meets the *MVA* safety requirements, or be sold as unsuitable for transportation.

Over a year ago, the VSA amended the Level II Salesperson Certification Course to clearly identify the requirements regarding lease-end buy-outs. Along with the *MDA* and section 222 of the *MVA*, dealers and salespeople should also take note of sections 8.01 and 8.02 of the *MVA Regulation*, as they state that those selling both new and used vehicles must sell only those that are equipped as required by the regulations.

Frequent questions:

Q: Is the lessee/purchaser required to pay for an inspection at the lease-end buy-out?

A: Dealers must decide how to meet the requirements of the *Motor Dealer Act (MDA)* and *MVA* based on the terms of the lease and the condition of the vehicle. Whether the dealer can charge the lessee/purchaser for an inspection and any repairs must be based on the lease contract and any applicable law.

Q: How can the dealer ensure that a motor vehicle meets the *MVA*'s safety requirements?

A: If the dealership has serviced the motor vehicle regularly during the lease, they will likely know the condition of the vehicle. If they have not, a best practice would be to complete a Private Vehicle Inspection (PVI).

Q: What happens if the motor vehicle does not meet all the safety requirements?

A: The *MDA* requires a motor dealer to declare on the purchase agreement that a motor vehicle meets the *MVA* safety requirements for a lease-end buy-out or be sold as unsuitable for transportation. If the motor vehicle does not meet the requirements of the *MVA*, there could be liability issues for the dealer.

Q: What options are available to the dealer if he chooses to not correct a known unsafe condition?

A: The dealer has the option to write on the purchase agreement "Not Suitable for Transportation" and detail why. It is important to note that this will not reduce all dealership liability but will be sufficient evidence for the VSA if the lessee/purchaser insists on purchasing the lease-end vehicle and later files a complaint that the dealer did not properly make this declaration under the *MDA*.

REMINDER FROM ICBC

Dealers are reminded to complete the full vehicle declaration when filling out the APV9T, which includes the vehicle's previous use, previous use outside BC, cumulative vehicle damage and odometer reading. ICBC Autoplan brokers cannot accept a Transfer/Tax form on a dealer-sold vehicle if these fields are left blank.

Level II Salesperson Course makes an impact

Over 1500 salespeople have now attended the Level II course. Sessions were held from Fort St. John to Courtenay and Victoria to Cranbrook. The current focus is on the Lower Mainland and course deadline notices are now being sent to those who took their original certification course between June 1, 2004 and June 1, 2005. If you have any

questions about the course or your deadline, please contact Doug Longhurst at 604-575-6171.

As we continue to work on perfecting the Level II course, we've received some positive feedback - here's one example:

Having taken the Level I course back in October 2003, I was one of many people who was skeptical that the Level II course was necessary or would be informative. To my surprise I found the course to be excellent.

Since returning to the dealership I have refined our sales process to further minimize risk.

Thanks to Terry for keeping it interesting and fun during the course and to Ken for being there and giving us his perspective on past situations and "what if" situations.

Yours truly,

David Jones
General Manager



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