

Prelease agreements

A prelease agreement is an agreement to enter into a consumer lease of a motor vehicle that will be available and ready to be delivered to a customer at a later time.

To make a prelease agreement binding, you must:

- Provide the customer with the lease term disclosures required by law
- Complete the prelease agreement including signatures of both the dealer and the customer
- Provide the customer with an exact copy of the prelease agreement
- There can be no blank lines in the signed prelease agreement except for the identification number if the vehicle is not available at the time of signing.

The dealer may cancel the prelease agreement if the customer's credit is not approved by the sales finance company that is loaning the money for the lease. The reason for denial must be based on the lease terms disclosed in the agreement. The dealer can cancel the agreement only when it contains a provision requiring the dealer to give the customer written notice of the cancellation within 10 business days of signing and the notice is given to the customer.

Nonacceptance penalty

No prelease agreement can subject a customer to a penalty of more than 5 percent of the capitalized cost of the vehicle if the customer fails to take delivery of the vehicle.