

Purchase contract

When a contract is required

When closing a sale, you will give the customer a written document called the “Motor Vehicle Purchase Contract.” The contract will show that the customer is offering to purchase a vehicle and that, when the offer is accepted by the dealer, it will become legally binding upon both parties.

Complete a contract whenever you accept a down payment, deposit or title for a trade-in vehicle. If the dealer does not accept the customer’s offer to purchase within 2 hours, the offer is automatically voided. Voiding of the purchase contract requires that you immediately return any down payment, deposit or title for a trade-in vehicle to the customer. Any vehicle that has a pending offer to purchase may not be sold to another customer.

You cannot write a purchase contract for a used vehicle unless the vehicle has been inspected and the Wisconsin Buyers Guide has been displayed.

Contract requirements

The following items must appear on a completed purchase contract:

- » Names and addresses of the dealer and purchaser
- » The salesperson’s full name and first 8 digits of salesperson license number
- » The year, make, model, and vehicle identification number (VIN) of all vehicles involved in the transaction
- » The chassis year and finished vehicle model year, if they are not identical
- » Any warranties, warranty disclaimers, service agreements or insurance plans that are part of the offer
- » The price due upon delivery and all of the components of that price
- » A listing of any parts or accessories removed or installed by the dealer
- » Specific reference to any penalty the consumer will pay for not accepting the vehicle (The penalty may not exceed 5 percent of the vehicle cash price.)
- » The anticipated delivery date
- » Whether the purchase is a cash or finance transaction through the dealer or creditor of purchaser’s choice
- » Warning statement when any safety equipment fails to pass inspection
- » Any other specific negotiated items included in the offer
- » The date and time of each signature
- » A dealer may assess a purchaser or lessee an additional service fee for completing any sales-related or lease-related vehicle inspection or forms which are required by law or rule if the dealer has made full disclosure of the service fee to the prospective retail customer. Dealers who are providing electronic title and registration service may also charge an additional fee.

“As-is” vehicles

“As-is” sales are legal in Wisconsin. Any “as-is” sale must be clearly identified on the purchase contract since the dealership is not providing any warranty protection for the customer.

Price protection

Under certain conditions the law allows the dealer to adjust the contracted purchase price of an order-out new vehicle due to changes in the manufacturer’s price. Manufacturers do not have consistent practices on price protection. It is important that you are aware of each manufacturer’s pricing policies. The price protection section on the purchase contract must be completed in order to adjust the price.

Contract price increases

A dealer may also legally increase the purchase price of an order-out vehicle for the following reasons:

Any additional equipment required by state or federal law

- » For foreign vehicles, a revaluation of the U.S. dollar by the U.S. government
- » Increase of state or federal taxes on vehicles
- » Raising the price of a vehicle after a purchase contract has been signed by a customer and accepted by a dealer, for reasons other than those allowed, is illegal and known as “bushing.”

Trade-in reappraisal

The value of a trade-in may be reappraised only if the trade-in vehicle has been damaged, if parts have been removed or if the mileage exceeds the limits specified on the purchase contract.

Off-premise sales

When a vehicle purchase contract is offered and accepted away from the dealer’s licensed place of business, the customer is entitled to three days to rethink the purchase. The customer may cancel the contract during this “cooling off” period. Give the customer two copies of a notice of this right when the purchase contract is signed.

Sales to minors

Contracts signed by persons under 18 years of age are not binding and may be canceled by the minor without a penalty. Before you negotiate a contract with a minor, you must have the minor’s parent or guardian provide a notarized signature in the “Consent to Purchase” section of the Application for Title and Registration.

Canceling a contract

When delivery of the vehicle cannot be made within 15 days after the anticipated delivery date stated on the contract, the customer can cancel without penalty, and does not have to accept delivery of the vehicle.