

Auto Dealer Remote Sales: Partner Eric Johnson summarizes federal and state compliance issues

February 16, 2021 |

On February 12, *Automotive News* published a [special issue summarizing the 2021 Virtual NADA Show](#). Hudson Cook Partner [Eric Johnson](#) provided a recap of the remote sales session he presented along with Michele Shuster, Partner at Mac Murray & Shuster LLP and Terry O'Loughlin, Director of Compliance at Reynolds and Reynolds.

Eric noted that although remote automobile sales have become common during the pandemic, such sales can create potential legal problems for dealerships. The biggest issue is that state and federal laws were typically written before many of today's technologies were invented, making it tricky to interpret how they apply. One example is the Federal Trade Commission's "cooling-off" period for door-to-door sales and how it could apply to remote sales. The cooling-off period gives the buyer a three-day right to cancel the sale. It also restricts the right of the seller to assign the contract to someone else for five days after signing. State laws may add more requirements. Eric recommends avoiding sending a salesperson to deliver cars, or to get paperwork signed, because they might be tempted to sell additional products, such as an extended-service contract. The buyer could also want to do more negotiating with the salesperson. Eric advises that when conducting a remote sale, make sure that all aspects of the transaction are fully negotiated with the buyer before the vehicle is delivered.

Eric assists national and state banks, savings associations, credit unions, mortgage bankers, other licensed lenders, motor vehicles dealers and automotive finance companies in the development and maintenance of nationwide consumer mortgage and automobile finance programs; online motor vehicle sales programs; litigation funding programs; and electronic payment programs. Eric also assists DMS providers of documents and software with federal and state law compliance. He provides responses to regulator examinations; provides comments on proposed statutes and regulations to legislators and regulators; and assists financial services creditors with statutory and regulatory changes occasioned by the Dodd-Frank Act. Eric also assists financial services providers on e-commerce and information technology issues.

For more insights on remote sales and the FTC's cooling-off rule, listen to [AFSA's Auto Remote Sales Compliance podcast](#) or read Eric's article, ["Direct to Your Door - More Guidance on the FTC's Cooling-Off Rule."](#)

purposes only. Hudson Cook, LLP, does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP, website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

SUBSCRIBE TO INSIGHTS

HUDSON COOK

Celebrating its 25th anniversary in 2022, Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076
410.684.3200

www.hudsoncook.com

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

