

Automotive News quotes Partner Eric Johnson in article on FTC's Cooling-Off Rule

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The pivot to remote sales during the pandemic could expose auto dealers to the Federal Trade Commission's (FTC) Cooling-Off Rule, published in 1972. The rule gives consumers three days to cancel a transaction made at their home, workplace, dormitory or a seller's temporary location. According to *Automotive News*, although dealers can primarily rely on an exception that says the FTC's rule does not apply if a sale is the result of prior negotiations — including those done online or by phone — careful consideration should be taken upon delivery of the vehicle. To prevent triggering the rule, dealers should make sure the transaction is completed in full before vehicle delivery and avoid sending salespeople to the customer's home.

Hudson Cook Partner [Eric Johnson](#) told *Automotive News* that dealers also should "clamp down" on what employees can say during the vehicle delivery. "What you should be saying is just, 'Here's your sales contract ... that you negotiated, and here's everything you want to add. Please sign here,?'" he said. "I don't think it's altered the rule as much as I think the pandemic has brought that rule to the forefront." However, the FTC cautioned that the pandemic "does not excuse compliance" with the rule.

Eric is a partner in the firm's Oklahoma City office. He 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.

Subscribers to *Automotive News* may [click here](#) to read the article.

For more information about the Cooling-Off Rule, read [Be Careful with Sales Made at a Customer's Home](#), [More Considerations When Conducting Off-Site Sales in a COVID-19 World](#) and [Direct to Your Door - More Guidance on the FTC's Cooling-Off Rule](#).

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