



Leasing Reminder

[Reports](#) indicate that leases have climbed back to nearly 20% of sales. The following is a brief refresher on legal requirements unique to leasing.

Cooling Off Period

A dealer *must disclose in writing* the information about the cooling off period before a consumer enters into an agreement:

- A consumer may cancel the lease during the period of one clear day in which the motor vehicle *must remain in the possession* of the motor dealer.
- If a consumer cancels the lease within the cooling off period, the motor dealer *must reimburse* to the consumer any deposit or other money paid related to the lease.
- A consumer is not liable to pay any charge, fee or penalty for cancelling the lease contract.

Note: *Must* is imperative, not discretionary, in B.C. law.

The cooling off period is a right of a consumer whether written into the Lease Agreement or not. However, the consumer may waive these rights, on a separate waiver document or if the waiver is clearly identified to the consumer within the lease documents they sign.

Cooling Off Period Waiver

Unless waived, the cooling off period does not start until the motor vehicle is in the physical possession of the dealer. *The act of driving off the lot with the vehicle does not itself constitute a waiver by the consumer of their rights.*

One Clear Day

Calculating one clear day requires knowing many factors. For example, Sundays, statutory holidays and days the dealership is closed do not count.

Potential Consequences

The impact of failing to obtain a waiver can be significant when a consumer exercises their rights. For example, a unique or difficult to sell vehicle, ordered from the manufacturer, could be refused by the buyer when it arrives using these rights. The consumer could not be charged anything. Or, a vehicle transferred into the name of the leasing company and then returned under these provisions, would need to be sold as a used vehicle.

References Sections 30 & 31 of the *Motor Dealer Act Regulation*
Sections 25 & 29 of the *Interpretation Act*

Lease Buy-Out Inspections

Under B.C. law, motor dealers are required to ensure that a lease vehicle meets the safety requirements of the *Motor Vehicle Act* before it is sold. This includes when it is sold to the current leaseholder using their buy-out option.

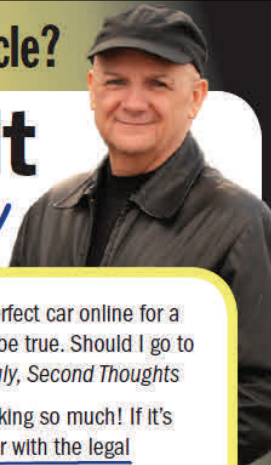
A best practice is to have the vehicle inspected prior to sale. However, requirements that the leaseholder pay for this inspection, or to have the work completed prior to the buy-out transaction, must be based on terms agreed to in the original lease agreement.

A more detailed review of this issue can be found in the [March 2011 Bulletin](#).

Look for Walt's "advice" in your local Black Press newspaper!

Buying a used vehicle?

Ask Walt
↳ NOT!




Q. Hi Walt. Big fan. I found the perfect car online for a great price. It might be too good to be true. Should I go to a licensed dealer instead? *Yours truly, Second Thoughts*

A. Hi Second Thoughts, Stop thinking so much! If it's a great price, then get it! Why bother with the legal protections of a licensed dealer?
Your friend, Walt

Why not?

Walt is wrong. Find real advice at WatchoutforWalt.com



Vehicle Sales Authority
of British Columbia