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Introduction and purpose

There are certain types of information that dealers are required to disclose to their customers. These requirements are covered in the relevant legislation and regulations. Dealers who don't make the required disclosures might face legal or regulatory penalties as a result. Earlier guidelines on [advertising](#) and [dealer inquiries](#) covered some of this material; this guideline is intended to provide a full overview of all disclosure requirements as they relate to advertising, marketing, sales and leasing.

Terminology

- For the purposes of these guidelines, the word “Act” refers to the [Motor Vehicle Dealers' Act, 2002](#) (MVDA).
- [The Regulation](#) refers to Regulation 333/08 (General)
- [The Code of Ethics](#) refers to Regulation 332/08 (“Code of Ethics and Operation of Committees”)

Context

Consumers are entitled to the disclosure of any facts that could reasonably be expected to influence the decision of a buyer or lessee to purchase or lease the vehicle on the terms disclosed in the contract. The Act sets requirements for dealers and salespersons to disclose specific information related to the vehicles, and its financing.

These disclosures must be clearly, comprehensibly and prominently written on the contract and be presented in a timely manner so the consumer can review them before signing the contract. Sections 14 and 15 of the *Consumer Protection Act* (CPA) require dealers and salespersons to make reasonable efforts to ensure that a consumer understands the disclosures being made.

It is in the dealer's best interest to know the full history of the vehicles they offer for sale or lease and make proper disclosure to any consumers. Although obtaining a Carfax is not required by law, it can serve as an important tool when learning the vehicle's history. It's worth noting that Carfax reports and similar products are not foolproof because they rely on information being reported by third parties. Dealers shouldn't rely solely on Carfax, but should consider taking other reasonable measures such as having the vehicle properly examined by a licenced mechanic or other professional. The dealer or a qualified mechanic should also perform a thorough inspection of the vehicle, to also ensure there are no vehicle condition issues, alterations or damage to the vehicle not captured by vehicle history reports.

Guidelines – Disclosure requirements

Some mandatory disclosures only apply to trades with purchasers who are not dealers (in other words, consumers or other types of businesses). Other disclosures have to be made whenever a vehicle is being traded, regardless of whether it is to another dealer or a non-dealer. Registrants are required to ensure that all representations, including advertising they do, or that is done on their behalf, in connection with trading in motor vehicles, is legal, decent, ethical and truthful. Further, dealers must indicate in a clear, comprehensible, and prominent manner in their advertising and contracts if the vehicle was previously:

- leased or rented daily (e.g. former daily rentals), unless the vehicle was subsequently owned by a person who was not a registered motor vehicle dealer;
- used as a police cruiser or used to provide emergency services; or
- used as a taxi or limousine.

Dealers are also required to disclose in contracts the following information to the consumers:

- specific model information (e.g., make, model, trim level, model year, inaccurate badges, or markings)
- if the vehicle was ever stolen and recovered
- if the vehicle was ever registered outside Ontario, and where. This disclosure is not required for vehicles that have been in Ontario longer than seven years
- if the vehicle has been modified
- if the vehicle is materially different from original/advertised production specifications
- if anti-lock brakes or airbags don't function
- if the vehicle was branded or declared a total loss
- if structural damage or repair/alteration. Dealers can choose to disclose accident repairs in their advertisements, but it is not required. Dealers however are obligated to disclose accident repairs which exceed \$3000 in writing on the bill of sale. OMVIC recommends disclosing all information possible. Not only does it assist with compliance, but also it provides transparency and builds trust.
- if two or more adjacent panels (not included bumper panels) have been replaced.
- if manufacturer's warranty has been cancelled
- needed repairs to major components (e.g; engine, transmission, power train etc.)

Detailed [disclosure requirements](#) are available on the OMVIC website.

Wholesale Disclosure

The disclosure requirements for retail and wholesale sales are almost identical. The only difference is that on a retail sale you must disclose if repairs are needed to:

- The engine, transmission, or powertrain
- The subframe or suspension
- Computer equipment
- The electrical system
- The fuel system
- The air conditioning

These disclosures are not required on dealer-to-dealer sales. However, dealer-to-dealer disclosure is a legal requirement in the Code of Ethics. [Section 5\(22\)](#) requires dealers to disclose any other fact about the vehicle that affects the structural or mechanical quality or performance of the vehicle, and that if disclosed could reasonably be expected to influence the decision of a buyer or lessee to purchase or lease the vehicle on the terms disclosed in the contract.

Material fact disclosure

A material fact is information that might affect the consumer's decision to purchase or lease the vehicle if he or she knew about it. What is a material fact may differ from one customer to another. Dealers and salespeople have an obligation to disclose all material fact about the vehicles, even if the consumer does not ask.

As a general guideline, OMVIC encourages that dealers and salespeople provide a consumer with as much disclosure as they have access to for the purposes of avoiding any potential disclosure and misrepresentation related disputes.

Disclosure of extended warranty and contract obligations

Where a vehicle is sold with a warranty, a dealer should fully disclose the details of the warranty and provide a copy of the details to the purchaser. The details disclosed in the warranty contract should include the following:

- the identity of the warrantor
- the parts and labour that are covered
- any time or distance limits
- obligations of the purchaser and the seller, or warrantor, including conditions and restrictions

The details disclosed in the retail contract regarding the extended warranty should disclose an accurate description of the warranty and its retail value. Other mandatory requirements are explained in section [47\(4\) of the regulation](#).

Selling as-is vehicles

The Act has defined the term and requires dealers to include the following statement on the contract of any vehicle sold as is:

“The motor vehicle sold under this contract is being sold “as-is” and is not represented as being in roadworthy condition, mechanically sound or maintained at any guaranteed level of quality. The vehicle may not be fit for use as a means of transportation and may require substantial repairs at the purchaser’s expense. It may not be possible to register the vehicle to be driven in its current condition.”

It is not sufficient to simply state the vehicle is being sold as is.

Finance/lease offers

Section 73 and 74 of the Regulation 17/05: GENERAL under the *Consumer Protection Act* require the following information to be made clear, comprehensible, and prominent when advertising finance and lease offers.

1. Finance

- Monthly payment
- Term
- Annual Percentage Rate (APR)
- Cash Price
- Cost of Borrowing (COB can be representative example if many offers advertised)

2. Lease

- Monthly payment
- Term
- APR (this figure must be disclosed as prominently as the advertised monthly or bi-weekly payment)
- The implicit finance cost (IFC), which is similar to the cost of borrowing
- Amount of each upfront payment
- Amount of any other payment the lessee will be required to make in connection with the lease (i.e., end of lease obligation)
- For leases with allowances of less than 20,000kms/yr, the excess km cost

Dealers must ensure that the payment and APR are displayed in equal prominence (i.e., same font size, boldness, etc.)

Written disclosure/ non-disclosure consequences

Providing disclosure verbally does not meet the requirements of the Act. Dealers are responsible for providing proper disclosure in writing in a “clear, comprehensible, and prominent manner.”

Failure to comply with certain disclosure requirements automatically triggers the consumer’s right to cancel the contract within 90 days of purchasing or leasing a vehicle, if the contract does not accurately disclose, in writing, any of the following:

- the distance a used vehicle has traveled to within 5% or 1,000 km, whichever is less;¹
- the vehicle was formerly a daily rental, not owned by a non-dealer, a police cruiser, emergency service vehicle, taxi, or limo;
- the year, make and model of the vehicle; or
- if the vehicle is “branded” (Irreparable, salvage or rebuilt)

Section 50 of the regulation also allows for rescission if the dealer fails to accurately describe the true distance travelled by using the correct statements found under S.42 or the statement is inaccurate.

Under the Consumer Protection Act (CPA), consumers may also have further rescission rights for misrepresentation up to one year after entering into the agreement.

Full text of all relevant sections of the Legislation and Regulations is available in the Appendix.

Differential pricing

Some dealers have recently approached OMVIC to request clarification on certain types of advertising. One question that comes up is whether dealers can charge different prices for different methods of payment. There generally aren't any prohibitions in the legislation or the regulations preventing a dealer from these types of activities. However, advertising that mentions different price points must still comply with the all-in pricing rules, including the requirement that the essential information be displayed in a manner that's clear, comprehensible and prominent. Mentioning in fine print that some buyers will have additional fees applied to their purchase price does not conform to the requirements outlined in the Code of Ethics. For example, a dealer price would be considered compliant if it was available to everyone (e.g., cash price).

About OMVIC and these guidelines

The Ontario Motor Vehicle Industry Council (OMVIC) administers and enforces the [Motor Vehicle Dealers Act, 2002](#) (MVDA), its regulations and code of ethics, as well as relevant sections of the [Consumer Protection Act](#) (CPA), on behalf of Ontario's Ministry of Public and Business Service Delivery. OMVIC's mandate is to maintain a fair and informed marketplace by protecting the rights of consumers, enhancing industry professionalism, and ensuring fair, honest, and open competition for registered motor vehicle dealers.

The list of available guidelines can be found [here](#). Once the page opens, you'll see the guidelines listed on the left-hand side.



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Contact

The Dealer Support team is available to assist dealers in achieving and maintaining compliance with the MVDA and Code of Ethics. Registrants who wish to contact Dealer Support can reach the team at the phone number below and leave a message. Messages are returned in priority sequence.

Phone: 1-800-943-6002 ext. 4

Email: dealers@omvic.on.ca

Appendix – Disclosures (Click links for full text)

Section 30 of the MVDA

Disclosures by motor vehicle dealers

- (1) Motor vehicle dealers shall disclose in writing to customers and to motor vehicle dealers such information as may be prescribed and shall make the disclosure at such time as may be prescribed. 2002, c. 30, Sched. B, s. 30 (1).

Remedies

- (2) If a motor vehicle dealer fails to make a disclosure as required under subsection (1) or fails to do so in a timely way, in addition to any other remedies that may be available, the person to whom disclosure should have been made is entitled to such other remedies as may be prescribed.

Excerpts from the Regulation 333/08 GENERAL

Section 39 - Contracts for sales of new motor vehicles

- Sub-section 1 stipulates that a dealer must ensure that whoever is financing the sale meets the requirements under [S. 79 of the Consumer Protection Act](#).
- Sub-section 2 lists all 27 types of information that must be disclosed in a clear, comprehensible and prominent manner in the contract.
- Sub-section 3 outlines the wording that specifies what it means to say that the contract is final.
- Sub-section 4 provides the language regarding complaints and remedies.
- Sub-section 5 talks about how to contact OMVIC.
- Sub-section 6 discusses the Canadian Motor Vehicle Arbitration Plan (CAMVAP).
- Sub-section 7 outlines the situations in which CAMVAP may not be available.
- Sub-section 8 requires dealers to provide a separate contract for each vehicle sold.
- Sub-section 9 puts the onus on dealers to ensure that their contracts include, in a clear, comprehensible and prominent manner, all restrictions, limitations and conditions imposed on the purchaser under the contract.
- Sub-section 10 outlines who must sign the contract and states the requirement that the purchaser must receive a copy of the signed contract immediately after the signing.

Section 40 – Contracts for used vehicles explains in detail the information, details and conditions that must be met in a contract for the sale of a used vehicle. As with contracts for new vehicles, these contracts must include certain disclosures about any financing that's in place; the dealer's registered name; an itemized list of any repairs the vehicle has had or might need, plus the cost of any such needed repairs; whether the vehicle has a valid safety certificate; or, if the vehicle is being sold as-is, a statement to that effect. The way that statement must read appears in sub-section six of the same section.

Section 41 – Leases specifies the disclosures required for a lease, which includes certain provisions of the Consumer Protection Act as well as an itemized list of the requirements with respect to the lease value of the vehicle, among others.

Section 42 - Additional information in contracts of sale and leases offers additional detailed information that must be disclosed about the status, history, safety equipment, structural integrity, etc., of used vehicles. Of particular interest to many dealers, sub-section 19 makes it clear that dealers must disclose if a vehicle needs more than \$3,000 worth of repairs, or the total cost if known.

[Section 43 – additional contract requirements for trade-ins](#)

- Sub-section 1 clarifies to whom the section applies.
- Sub-section 2 requires the disclosure of certain types of information.
- Sub-section 3 lays out what happens if the trade-in is sold to another dealer.
- Sub-section 4 details the information required in sub-sections 1 and 2.
- Sub-section 5 explains that each vehicle traded in as part of a single transaction is identified and documented separately.

[Section 47 – Sale of extended warranties](#)

- Sub-section 4 lists 18 disclosures that are required if a dealer wants to sell a retail customer an extended warranty.

[Section 50 – Cancellation of contracts for non-disclosure](#)

- Sub-section 1 outlines the conditions under which a contract might be cancelled.

- Sub-section 2 allows a purchaser to cancel a contract even if the dealer didn't know that the information required to be disclosed was inaccurate or believed it to be accurate.
- Sub-section 3 says that if a dealer leases a vehicle from another, and decides to buy the vehicle at the end of the lease, the contract cannot be cancelled.
- Sub-section 4 says that a disclosure of a distance required under paragraph 3 or 4 of section 42 shall be deemed to be accurate if it is within the lesser of 5 per cent or 1,000 kilometres of the correct distance required to be disclosed.
- Sub-section 5 stipulates that a contract can't be cancelled more than 90 days after receipt of the vehicle.

Excerpts from the Code of Ethics

[Section 4 – Disclosure and Marketing](#)

- (1) A registrant shall be clear and truthful in describing the features, benefits and prices connected with the motor vehicles in which the registrant trades and in explaining the products, services, programs and prices connected with those vehicles.
- (2) A registrant shall ensure that all representations, including advertising, made by or on behalf of the registrant in connection with trading in motor vehicles, are legal, decent, ethical and truthful.
- (3) Before entering into a contract with a customer who is not a registered motor vehicle dealer in respect of a trade in a motor vehicle, a registered motor vehicle dealer shall explain to the customer the terms of the contract between the customer and the dealer, including the financial and other obligations, if any, of the customer under the contract.

[Section 5 – Disclosure of information in contracts of sale and lease](#)

This section covers the requirements for a contract of sale or lease for a wholesale transaction, including the 22 types of information required to be disclosed. For example, sub-section 22 requires dealers to disclose any other fact about the vehicle (beyond those explicitly listed) that affects the structural or mechanical quality or performance of the vehicle and that, if disclosed, could reasonably be expected to influence the decision of a reasonable purchaser or lessee to buy or lease the vehicle.

Excerpts from the Consumer Protection Act

[Section 43](#)

- Sub-section 2 allows a consumer to cancel a direct agreement within one year after the date of entering into the agreement if the consumer does not receive a copy of the agreement that meets the requirements under [Section 42](#).

[Regulation 17/05: GENERAL](#)

- [Section 73](#) speaks to the termination of optional services
- [Section 74](#) covers deferral of payments.