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Consumer Protection in Arkansas - Vehicle

Buying:

- Research before you go to the dealership about financing, what you can afford to spend on monthly payments, what your trade-in is worth, what kind of car you want to buy, and what your credit report looks like.
- At the dealership, remember to stay within your price range, shop around for financing, check the vehicle's history, consider if you need additional products, and **always** read the contract carefully before signing it.
- When you leave the dealership, always take a copy of the contract and anything else you signed. If the financing terms change after you take the car home, you have the right to walk away from the deal without penalty because “yo-yo sales” are illegal in Arkansas.

When buying a **used car**, check the buyer's guide, see if the warranty is included in the price, ask for an independent inspection, get all promises in writing, ask about prior damage, always test drive the car, and look at the odometer. Also keep in mind that you have no unconditional right to cancel a car purchase under Federal or State laws.

Arkansas Lemon Law:

- All motor vehicles (except those listed below) are covered during the Quality Assurance Period. The Quality Assurance Period extends for 24 months from the date of the original delivery of the vehicle OR the first 24,000 miles of operation, whichever is LONGER. Even if the vehicle is transferred during this time, the vehicle is still covered under the Lemon Law.
- The Lemon Law does **not** cover mopeds, motorcycles, the living quarters of motor homes, or vehicles over 13,000 pounds. Motor homes over 13,000 pounds of gross weight are covered, and ones between 10,000 and 13,000 are covered as long as they have not been substantially altered since the initial sale from the dealer.
- The Lemon Law presumes that you are entitled to a refund or replacement if the manufacturer/dealer has made a certain number of unsuccessful attempts to repair nonconformities that **substantially impair** the use, market value, or safety of your vehicle.

- For more information, see the Consumer Guide to Arkansas Lemon Law on the Arkansas Attorney General’s website, or call (501)-682-2007 or (800) 482-8982 to receive one by mail.

Yo-yo Sales:

Yo-yo sales happen when you drive the new car off the lot on the same day you selected it, when the financing terms aren’t final. If the financing rate or other major terms you agreed to do not get approved, the dealer may offer different financing terms in order to complete the sale. Arkansas consumers have the right to cancel a vehicle purchase if the seller changes the terms of the sale. You cannot be charged or penalized, not even charged for the miles you put on the car. If you decide to cancel, you must return the car to the dealer and the dealer must give your trade-in back and any down payment you have made. In order to avoid a potential yo-yo sale, don’t take a vehicle off the lot until the financing is final and all paperwork is signed by both parties.

Service Contracts, Extended Warranties, and Gap Insurance:

When buying a vehicle, a dealer may encourage you to buy a service contract, extended warranty, or gap insurance. These products are designed to cover issues that may arise. Service contracts and extended warranties cover mechanical breakdowns after the expiration of the manufacturer’s warranty. Gap Insurance is designed to cover the difference between what your insurance carrier will pay and what you actually owe on the car if you have an accident and the car is totaled. Be careful, as these services may be helpful, but many are very expensive for the coverage you are getting. Carefully review all terms and coverage, read the fine print, know who backs the contract, and shop around before committing. Also, never buy any of these from a telemarketer. You typically have the right to cancel the contract and get a refund within the first 30 days.

Used-car buyers should be confident about the condition of the vehicle they are about to purchase. Sellers are required to disclose up-front information about a car that has sustained serious damage. These cars are called “**salvage vehicles**” in Arkansas. To be a Salvage Vehicle, a car has either been submerged in water above dashboard level or sustained any damage in an amount equal to or exceeding 70 percent of its average retail value. This law does not apply to motor vehicles more than seven years old prior to the calendar year of the occurrence which resulted in the damage. If the car is a salvage vehicle, the title is branded as “SALVAGE.” It can be junked or fixed, and if fixed the title is changed to “REBUILT.” Arkansas law

requires car dealers to disclose this up front. If the buyer is not notified, the purchase may be cancelled with a full refund.

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For more information on this topic or to consult with a legal assistance attorney contact the Arkansas National Guard Office of Legal Assistance at 501-212-5040 to establish eligibility and appointment times.