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Chapter 219: Patching up the Loophole in Contract Cancellation Option Agreements

Yury Kolesnikov

Code Section Affected

Vehicle Code § 11713.21 (amended).

AB 305 (Ma); 2007 STAT. Ch. 219.

I. INTRODUCTION

Imagine Homer Simpson leases a vehicle from Gil Gunderson, a car dealer in Sacramento, with a 12,000 mile per year mileage limit.¹ The lease also states that Homer will pay twenty cents for each mile in excess of the stated limit. Now suppose that at the end of the lease, the vehicle has accumulated 20,000 excess miles, triggering a \$4,000 mileage fee (\$0.20 x 20,000). In an attempt to circumvent that fee, Homer exercises his option to purchase the vehicle,² which relieves him of the obligation to pay for the excess mileage.³ However, when he purchases the vehicle, by law, Gil is *required* to offer him a two-day contract cancellation option.⁴ Homer buys the car, pays for the option, and, two days later, exercises the option to cancel the purchase agreement. If Homer can legally do this, “the dealer would be required to accept return of the vehicle without collecting the excessive mileage fee, despite the fact that the vehicle is worth substantially less than the residual value anticipated by the lease.”⁵

In other words, if Homer can legally do this, the lease provisions for extra fees due to excessive mileage, damage, or excessive wear and tear become pointless.⁶ Moreover, as a result, either honest car buyers will no longer be able to purchase a vehicle that has just been leased, or trusting car dealers will be

1. See Letter from Brian Maas, Dir. of Gov’t Affairs, Cal. Motor Car Dealers Ass’n, to Assembly Member Dave Jones, Cal. State Assembly (Mar. 5, 2007) [hereinafter Maas Letter] (on file with the *McGeorge Law Review*) (providing a similar hypothetical).

2. Whether such a “purchase option” is available to the lessee will vary from transaction to transaction. See generally *Consumer Leasing* (Regulation M), 12 C.F.R. § 213.4(i) (2007) (noting that the lessor has to disclose “whether or not the lessee has the option to purchase the leased property”); 12 C.F.R. § 213.4(i) official staff commentary (Supp. I 2007) (“Whether a purchase option exists under the lease is determined by state or other applicable law.”); CAL. CIV. CODE § 2985.71(b)(1) (West Supp. 2007) (requiring the dealer to provide “[a]ll of the disclosures prescribed by Regulation M set forth in the manner required or permitted by Regulation M, whether or not Regulation M applies to the transaction”).

3. See CAL. CIV. CODE § 2987(f) (West Supp. 2007) (noting that the termination of the lease and the purchase of the vehicle, prior to the scheduled expiration date, “shall relieve the lessee of any further liability under the lease contract”).

4. See *infra* Part II (discussing the Car Buyer’s Bill of Rights).

5. Maas Letter, *supra* note 1.

6. See *id.* (“A lessee should not be entitled to circumvent excessive mileage or wear and tear responsibilities simply by exercising a lease purchase option and then buying a contract cancellation option.”).

stuck accepting vehicles that are worth substantially less than their anticipated post-lease value.⁷ The Legislature enacted Chapter 219 to address this problem.⁸

II. LEGAL BACKGROUND

It comes as no surprise that, when buying a car, consumers and dealers have not traditionally been on equal footing.⁹ Even with such measures as the Song-Beverly Consumer Warranty Act¹⁰ and the Tanner Consumer Protection Act (the Lemon Law)¹¹ in place, a buyer of a used car had much to fear.¹² Short of outright fraud or clear deceit, a buyer was stuck with the car that he or she purchased—regardless of the shady tactics the dealer used to finalize the sale.¹³

7. Cf. AB 305 (Ma): Closing the Lease-Purchase Loophole in the Car Buyers' Bill of Rights, 2007-2008 Sess. (Cal. 2007) [hereinafter Closing the Lease-Purchase Loophole] (on file with the *McGeorge Law Review*) (noting that the purpose of Chapter 219 is to ensure that the Car Buyer's Bill of Rights is not abused by "unscrupulous consumers" as well as to retain the protections of the Bill for the "honest consumers").

8. See SENATE FLOOR, COMMITTEE ANALYSIS OF AB 305, at 3-4 (July 5, 2007) (explaining that the language in Chapter 219 "makes it clear that someone who has leased a vehicle for an extended period cannot take advantage of the contract cancellation option to avoid pre-existing lease obligations").

9. See, e.g., Francine Brevetti, *California Law a Roadblock for Tricky Car Dealers*, OAKLAND TRIB., July 1, 2006, available at http://findarticles.com/p/articles/mi_qn4176/is_20060701/ai_n16516708 (explaining this long-standing conflict by the fact that "auto dealers hold the means to financing, and the knowledge of the product and the market, while consumers feel vulnerable to manipulation in negotiating with them"); Robert Rodriguez, *Car Buyers Get New Protection: A New State Law called the Car Buyer's Bill of Rights Goes into Effect Today*, FRESNO BEE, July 1, 2006, at C1.

This is one of the areas where there is the most outrageous abuse What often happens is that you may think you have negotiated a pretty basic deal only to find out you got snookered on all the after-market products that can be a profit center for a company.

Id.

10. CAL. CIV. CODE §§ 1790-1795.7 (West 1998 & Supp. 2007). Pursuant to the Act, if a manufacturer or an authorized dealer "is unable to service or repair a new motor vehicle to meet the terms of an express written warranty after a reasonable number of repair attempts, [he or she] is required promptly to replace the vehicle or return the purchase price to the lessee or buyer." Office of the Attorney Gen., Motor Vehicle Warranty and Lemon Law, <http://caag.state.ca.us/consumers/general/lemon.htm> (last visited July 21, 2007) [hereinafter Warranty and Lemon Law] (on file with the *McGeorge Law Review*) (first emphasis added). It must be noted that the only time the Song-Beverly Act applies to "used" vehicles is when the dealer has given an express warranty. CAL. CIV. CODE § 1791(a) (West 1998) (defining "consumer goods," to which the Act applies, as any "new" product); CAL. CIV. CODE § 1795.5 (West 1998) ("Notwithstanding the provisions of [section 1791(a)], the obligation of a distributor or retail seller of used consumer goods in a sale in which an express warranty is given shall be the same as that imposed on manufacturers under this chapter." (emphasis added)).

11. CAL. CIV. CODE § 1793.22 (West 1998 & Supp. 2007). By using rebuttable presumptions, the Lemon Law "helps determine what is the reasonable number of repair attempts for problems that substantially impair the use, value, or safety of the vehicle." Warranty and Lemon Law, *supra* note 10.

12. See, e.g., Matt Nauman, *New Law Enables Buyers to Return Used Cars for a Refund*, SAN JOSE MERCURY NEWS, June 25, 2006, at BU1 (noting that, prior to Car Buyer's Bill of Rights, if you wanted to return a used car that you purchased, you had "to be able to show fraud or really dirty deeds to get out of the transaction").

13. *Id.*; see also Thuy-Doan Le, *New State Law Protects Car Buyers: You get Two Days to Return Used Vehicles to Dealer—for a Fee*, SACRAMENTO BEE, July 1, 2006, at A1 (explaining that, prior to Car Buyer's Bill of Rights, there was no "cooling off" period for cars—once you purchased one, it was yours to keep").

On July 1, 2006, the Car Buyer's Bill of Rights (the Bill) narrowed somewhat the gap between these two sides.¹⁴ The Bill was a product of extensive negotiations between car dealers and consumer advocates, and represented the first legislation in the nation¹⁵ that offered such substantial protections to the car buyers.¹⁶ Among several key provisions, the Car Buyer's Bill of Rights provided that, with any purchase of a used motor vehicle¹⁷ for under \$40,000,¹⁸ a dealer is required to offer the buyer a two-day contract cancellation option.¹⁹ A buyer who

14. Cal. Dep't of Motor Vehicles, Car Buyer's Bill of Rights, http://www.dmv.ca.gov/pubs/brochures/fast_facts/ffvr35.htm (last visited July 14, 2007) (on file with the *McGeorge Law Review*). See generally Car Buyer's Bill of Rights, 2005 Cal. Stat. ch. 128 (codified in scattered section of CAL. CIV. CODE, CAL. REV. & TAX. CODE, and CAL. VEH. CODE) (establishing a number of protections for car buyers). For an informational pamphlet on the Bill, see CONSUMERS FOR AUTO RELIABILITY AND SAFETY, CALIFORNIA CAR BUYER'S BILL OF RIGHTS (2006), http://www.consumer-action.org/downloads/english/car_buyers_rights.pdf [hereinafter BILL OF RIGHTS] (on file with the *McGeorge Law Review*).

15. Brevetti, *supra* note 9 (stating that the law is "the first in the nation that protects the rights of car buyers"); Le, *supra* note 13 (noting that the Car Buyer's Bill of Rights is "the first such law in the country"); Rodriguez, *supra* note 9 ("The new law is the first of its kind in the nation.").

16. It is beyond the scope of this article to discuss all the changes made by the Car Buyer's Bill of Rights. In short, they can be divided into six categories: (1) "car buyers must receive specific disclosures before execution of a conditional sale contract," (2) sellers are "prohibited from adding charges to the conditional sale contract after the terms of a vehicle sale have been negotiated," (3) there is now a limit to the "amount of dealer finance income the dealer may receive . . . upon the assignment of a conditional sale contract," (4) the dealer is required to disclose to the consumer applicant his or her credit score, (5) the dealer is required "to offer a contract cancellation option agreement to all retail buyers of used vehicles with a purchase price of less than \$40,000," and (6) there is now "a new definition of 'certified' for dealers using that term to describe used cars." Mark S. Edelman et al., *The Changing Landscape of Personal Property Finance*, 62 BUS. LAW. 587, 588-94 (2007) (footnotes omitted).

17. A "motor vehicle" is defined as

a vehicle required to be registered under the Vehicle Code that is bought for use primarily for personal or family purposes, and does not mean any vehicle that is bought for use primarily for business or commercial purposes or a mobilehome "Motor vehicle" does not include any trailer that is sold in conjunction with a vessel and that comes within the definition of "goods" under Section 1802.1.

CAL. CIV. CODE § 2981(k) (West 1993 & Supp. 2007).

18. The Bill only applies to vehicles with a *cash price* of less than \$40,000. CAL. VEH. CODE § 11713.21(a)(2) (West Supp. 2007). "Cash price" does not include

document preparation fees, business partnership automation fees, taxes imposed on the sale, pollution control certification fees, prior credit or lease balance on property being traded in, the amount charged for a service contract, the amount charged for a theft deterrent system, the amount charged for a surface protection product, the amount charged for an optional debt cancellation agreement, and the amount charged for a contract cancellation option agreement.

CAL. CIV. CODE § 2982(a)(1)(A) (West Supp. 2007). "Cash price also excludes registration, transfer, titling, license, and California tire and optional business partnership automation fees." CAL. VEH. CODE § 11713.21(a)(2).

19. CAL. VEH. CODE § 11713.21(a)(1), (b)(3). The Bill only applies to used vehicles bought from a dealer for "personal, family or household use." *Id.* § 11713.21(a)(1); BILL OF RIGHTS, *supra* note 14, at 2. The Bill does not apply to private sales between individuals, commercial vehicles, recreational vehicles, motorcycles, or off-highway vehicles. *Id.* at 2; see also CAL. CIV. CODE § 2982(r) ("This contract cancellation option requirement does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle"); CAL. VEH. CODE § 11713.21(a)(1) (noting that the option is only available when a *dealer* sells "at retail to an individual for personal, family, or household use").

accepts the option may return the car within two days for *any reason* and obtain a full refund minus any restocking fee.²⁰

The contract cancellation option and process can be roughly broken up into four stages. First, the Car Buyer's Bill of Rights requires all dealers to conspicuously display a sign, at least eight by ten inches, that states that "THERE IS NO COOLING-OFF PERIOD⁽²¹⁾ UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION."²²

Second, during the sale of the vehicle, the dealer is required to provide to the buyer a contract cancellation option agreement contained in a document separate from other contracts or agreements.²³ This agreement must state the time and the date before which the buyer must exercise the option,²⁴ any restocking fee that will be charged if the option is exercised,²⁵ and the number of miles after which the vehicle will become ineligible for return.²⁶ The dealer always has a choice to waive a restocking fee or to allow for additional time or mileage before cancellation.²⁷

20. CAL. VEH. CODE § 11713.21(b)(6).

21. In the marketplace, "[c]ooling-off" rules allow you a specified number of days after you make certain purchases under a contract to rescind the contract and get your money back." Better Business Bureau, "Cooling-Off" Rules, <http://www.santabarbara.bbb.org/BBBWEB/Forms/General/GeneralStaticPage.aspx?Page=Topic043&sm=> (last visited Feb. 14, 2007) (on file with the *McGeorge Law Review*). Typically, those rules do not apply to purchases of automobiles or other vehicles. *Id.*

22. CAL. VEH. CODE § 11709.2 (West Supp. 2007). A similar notice is required as part of the statement that has to appear immediately above the contract signature line:

THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTACT
CANCELLATION OPTION.

California law does not provide for a "cooling-off" or other cancellation period for vehicle sales. Therefore, you cannot later cancel this contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign below, you may only cancel this contract with the agreement of the seller or for legal cause, such as fraud.

However, California law does require a seller to offer a two-day contract cancellation option on used vehicles with a purchase price of less than \$40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details.

CAL. CIV. CODE § 2982(r) (West 1993 & Supp. 2007).

23. CAL. VEH. CODE § 11713.21(b). The price for the option varies depending on the cash price of the vehicle. The price cannot exceed seventy-five dollars for a vehicle with a cash price of \$5,000 or less; \$150 for a vehicle between \$5,000 and \$10,000; \$250 for one between \$10,000 and \$30,000; or one percent for a vehicle with a cash price of more than \$30,000 but less than \$40,000. *Id.* § 11713.21(a)(2).

24. *Id.* § 11713.21(b)(3). The time cannot be "earlier than the dealer's close of business on the second day following the day on which the vehicle was originally delivered to the buyer by the dealer." *Id.*

25. *Id.* § 11713.21(b)(4). The restocking fee cannot exceed \$175 for a vehicle with a cash price of \$5000 or less; \$350 for a vehicle with a cash price of less than \$10,000; and \$500 for a vehicle with a cash price of \$10,000 or more. *Id.* The dealer is required to apply the price paid for the contract cancellation option toward the restocking fee. *Id.*

26. *Id.* § 11713.21(b)(5). The number cannot be less than 250 miles. *Id.*

27. BILL OF RIGHTS, *supra* note 14, at 2; *see also* CAL. VEH. CODE § 11713.21(b)(3) (noting that two days is the *minimum* requirement); *id.* § 11713.21(b)(4) (providing only for a *maximum* limit, but not a minimum, on the restocking fee that could be charged); *id.* § 11713.21(b)(5) (providing that 250 miles is only

Third, if the buyer chooses to exercise the option, he or she must personally return the vehicle to the dealer within the time stated in the contract, in the same condition (except for reasonable wear and tear or any defect or problem that became apparent after the purchase) and with the original documentation furnished by the dealer.²⁸

Finally, when the vehicle is returned pursuant to these conditions, the dealer must either refund within two days all the moneys paid or return within one day the car that was traded-in.²⁹ After the return and cancellation, the dealer is not required to offer another contract cancellation option to the same buyer if that buyer chooses to purchase another used car within thirty days.³⁰

Overall, as one commentator put it, the Car Buyer's Bill of Rights "allows you to walk onto a car dealership's lot with all the nonchalance of going to a church bake sale. No stress, no fears about being manipulated or deceived."³¹ In addition, although dealers initially opposed the legislation, it was eventually accepted by many of them.³² The Car Buyer's Bill of Rights, however, did have one unexpected result—not only did it protect an unwitting car buyer from being

the *minimum* requirement).

28. CAL. VEH. CODE § 11713.21(b)(6). Specifically, to exercise the option, the buyer needs to personally deliver to the dealer

a written notice exercising the right to cancel the purchase signed by the buyer; any restocking fee specified in the contract cancellation option agreement minus the purchase price for the contract cancellation option agreement; the original contract cancellation option agreement and vehicle purchase contract and related documents, if the seller gave those original documents to the buyer; all original vehicle titling and registration documents, if the seller gave those original documents to the buyer; and the vehicle . . .

Id.

29. *Id.* § 11713.21(c). When the buyer was *not* charged for the contract cancellation option, the dealer is not required to retain the vehicle that was left as a downpayment or trade-in. *See id.* § 11713.21(c)(2). "If the dealer has [already] sold or otherwise transferred title to the motor vehicle that was left as a downpayment or trade-in, the full refund [to the buyer] shall include the fair market value of [the vehicle] or its value as stated in the contract or purchase order, whichever is greater." *Id.* On the other hand, when the buyer *is* charged for the contract cancellation option, the dealer is required to "retain any motor vehicle the buyer left with the dealer . . . until the buyer exercises the right to cancel or the right to cancel expires." *Id.* § 11713.21(c)(3). However, if the dealer "inadvertently [sells] or otherwise transfer[s] title to [that vehicle] as the result of a bona fide error, . . . the full refund [to the buyer] shall include the retail market value of [that vehicle] or its value as stated in the contract or purchase order, whichever is greater." *Id.*

30. *Id.* § 11713.21(e).

31. Brevetti, *supra* note 9. However, as Brevetti herself concludes, this is "[i]n theory, anyway." *Id.* At least one other commentator agrees with her, stating that, regardless of what the Bill provided, the situation has barely changed because "some dealers fail to fully explain [all of the] fees and options, and saddle unsuspecting buyers with thousands of dollars in extra costs." Gilbert Chan, *Car Dealers Accused of Bypassing New Law: Buyer 'Bill of Rights' Falls Short, Consumer Groups Contend*, SACRAMENTO BEE, Mar. 8, 2007, at D1.

32. *See, e.g.,* Brevetti, *supra* note 9 (noting that some dealers were happy with the law because it promised to "clear up a lot of mistrust" between the buyers and them, as well as force "the bad [dealers] to clean up their acts"); Le, *supra* note 13 (noting that some dealers believed that price breakdowns would benefit both buyers and sellers); Rodriguez, *supra* note 9 ("New and used car dealers in Fresno said they aren't concerned about complying with the new law. Several dealers said they already do much of what is being required and in some cases without making consumers pay for it.").

manipulated or deceived, but it also gave an unscrupulous car buyer a way to take advantage of a dealer.³³

III. CHAPTER 219

Chapter 219 closes a loophole in the Car Buyer's Bill of Rights that potentially allowed a clever buyer, who had leased the purchased vehicle immediately prior to buying it, to evade his or her obligations under the lease.³⁴

Under the new law, a buyer who decides to purchase a vehicle following its lease and then returns it pursuant to the contract cancellation option is required to pay a larger restocking fee.³⁵ The fee is increased by the amount the buyer would have been required to pay the lessor had the buyer not purchased the vehicle when the lease expired³⁶—including charges for excess mileage, unrepaired damage, and excess wear and tear.³⁷

In addition, Chapter 219 requires the dealer to provide the buyer, at the time of purchase, with a notice that, if the buyer decides to exercise the option, the restocking fee will be increased in such a way.³⁸

IV. ANALYSIS

From the very beginning, the contract cancellation option was one of the most controversial and hotly debated aspects of the Car Buyer's Bill of Rights.³⁹ A primary concern, advanced by the dealers, was that the Bill would allow a buyer to purchase a used car, "joy ride" it for several days, and then return it for a full refund.⁴⁰ However, much of this concern is put to rest when one considers the price of the option and the decrease of the cancellation period from three days, as

33. SENATE FLOOR, COMMITTEE ANALYSIS OF AB 305, at 3 (July 5, 2007).

34. *Id.* at 3-4.

35. CAL. VEH. CODE § 11713.21(b)(5) (amended by Chapter 219). This is the only exception to the restocking fee limits outlined in section 11713.21(b)(4) of the Vehicle Code. For an explanation of the limits, see *supra* note 25.

36. CAL. VEH. CODE § 11713.21(b)(5) (amended by Chapter 219).

37. *Id.* (amended by Chapter 219).

38. *Id.* § 11713.21(b)(9) (amended by Chapter 219). Specifically, the buyer must be provided with a notice of the contents of section 11713.21(b)(5), which sets out the increase in the restocking fee. *Id.*

39. See, e.g., David Lazarus, *Politics Deflates Car Law*, S.F. CHRON., July 5, 2006, at C1 (noting that the contract cancellation option was the "main bone of contention" when the Car Buyer's Bill of Rights was being considered); Nauman, *supra* note 12 ("[The contract cancellation option is] a huge experiment. California is the laboratory." (quoting Rosemary Shahan, President Consumers for Auto Reliability & Safety in Sacramento)).

40. Lazarus, *supra* note 39; Le, *supra* note 13 (noting that this was a concern for Steve Snyder, owner of Gold Rush Chevrolet Subaru in Auburn); Nauman, *supra* note 12 (noting that Minh Truong, a used-car dealer in San Jose, worried that "consumers might view this as a way to 'rent' cars cheaply—buying them, driving them and then returning them two days later").

initially introduced, to two days—both of which make this “joy riding” a far less attractive alternative to simply renting a car.⁴¹

Nevertheless, some immediately recognized the problem that the Car Buyer’s Bill of Rights created with regard to lease buyouts.⁴² For example, Auto Advisory Services (AAS), which provides assistance to over 600 California automobile dealers,⁴³ addressed this loophole in a special double issue of its newsletter as soon as the Car Buyer’s Bill of Rights went into effect in 2006.⁴⁴ While indicating its belief that “a dealer should be able to reinstate the prior lease when a customer exercises their [sic] right to cancel a contract signed pursuant to a lease buyout,” AAS nevertheless encouraged the dealers to investigate further.⁴⁵ Chapter 219 effectively forecloses any confusion in this area by explicitly providing that such buyers will still be responsible for prior lease obligations.⁴⁶

When Chapter 219 was introduced, however, there was doubt as to whether anyone ever used this loophole.⁴⁷ For example, California Motor Car Dealers Association conceded that it was not aware of a single case where the buyer was able to successfully escape his or her lease obligations.⁴⁸ However, “[t]here had been cases where consumers tried but the dealers discouraged them by saying that it was illegal.”⁴⁹ Thus, rather than stop a problem that is already occurring, the main purpose of the new law seems to be “to act as a *deterrent* to any less[ee] attempting to take advantage of the perceived loophole.”⁵⁰

This raises another question: Could this loophole be better and more effectively dealt with in the purchase contract?⁵¹ Unfortunately, the answer is “no,” according to the sponsor of Chapter 219.⁵² “Even if the dealer puts the

41. See, e.g., Le, *supra* note 13 (noting that “paying for a return option will likely limit” the appeal of such joy rides).

42. See Rob Cohen, *Legal Article: Frequently Asked Questions Regarding the Car Buyer’s Bill of Rights*, TRANSMISSION (Auto Advisory Servs., Tustin, Cal.), June/July 2006, at 9, 10, http://www.autodealereducation.com/Transmission_Sample.pdf (on file with the *McGeorge Law Review*) (listing two questions that inquired into the applicability of the contract cancellation option to lease buyouts).

43. Auto Advisory Services, Company Background, <http://www.autodealereducation.com/about.html> (last visited Feb. 14, 2008) (on file with the *McGeorge Law Review*) (“Our client base consists of over 600 California dealers, including dealers from the largest dealer groups in the country.”).

44. See Cohen, *supra* note 42, at 10 (answering questions as to the applicability of the contract cancellation option to lease buyouts).

45. *Id.*

46. CAL. VEH. CODE § 11713.21(b)(5) (amended by Chapter 219); Closing the Lease-Purchase Loophole, *supra* note 7.

47. SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 305, at 5 (June 19, 2007).

48. *Id.* (noting that the California Motor Car Dealers Association “was not aware of any case in which a [buyer] has attempted to take advantage of the loophole”).

49. Telephone Interview with Eric Dang, Office Assistant, Office of Fiona Ma, Cal. State Assembly, in Sacramento, Cal. (July 18, 2007) [hereinafter Dang Interview] (notes on file with the *McGeorge Law Review*).

50. SENATE JUDICIARY COMMITTEE, COMMITTEE ANALYSIS OF AB 305, at 5 (June 19, 2007) (emphasis added).

51. Dang Interview, *supra* note 49.

52. *Id.*

clause in the contract, the buyer can still argue against it and attempt to take the matter to court. That is what [Chapter 219 is] trying to avoid.”⁵³ Thus, even though there is little dispute that Car Buyer’s Bill of Rights was not intended to allow a buyer to escape his or her prior lease obligations,⁵⁴ Chapter 219 makes certain that the dealers do not have to worry about going to court to show that they are correct in requiring the payment of those prior fees.⁵⁵

V. CONCLUSION

Overall, Chapter 219 is “very straightforward.”⁵⁶ It ensures that the Car Buyer’s Bill of Rights “is not used fraudulently by consumers.”⁵⁷ At the same time, however, it still protects those lessees that want to return a purchased vehicle.⁵⁸ Simply put, if a buyer purchases a car after his or her lease expires and later attempts to return it, he or she must “pay the balance that was due when [the] lease ended.”⁵⁹ With this in mind, if Homer Simpson decides to purchase a car after it was just leased, he can still return it within two days, just like any other customer can, but he cannot escape his prior obligations under the lease.⁶⁰

53. *Id.*

54. *See, e.g.*, Cohen, *supra* note 42, at 10 (“[A] dealer should be able to reinstate the prior lease when a customer exercises their right to cancel a contract signed pursuant to a lease buyout.”); Dang Interview, *supra* note 49 (noting that the intent of the prior law “appear[ed] to be on the car dealer’s side already”).

55. Dang Interview, *supra* note 49.

56. *Id.*

57. *Id.*

58. *Id.*

59. *Id.*

60. *See id.* (noting that, although not allowing such consumers to escape their prior lease obligations, Chapter 219 still provides them with the same right to cancel as is available to other buyers); CAL. VEH. CODE § 11713.21(b)(5) (amended by Chapter 219) (providing that the restocking fee in such cases is increased by the amount owed at the expiration of the lease).

* * *