



# Automotive Compliance Education

## Certification Examination for Automotive Compliance Specialist

Candidate Name: \_\_\_\_\_  
(as preferred for diploma)

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Employer: \_\_\_\_\_

1. The Golden Rule should serve as a guide to correct actions in almost every ethical quandary.
  - A. True
  - B. False
  
2. Treating customers unethically is counterproductive and must be avoided.
  - A. True
  - B. False
  
3. If you are unsure of the correct answer to a customer's question, it is acceptable to offer your guess as fact.
  - A. True
  - B. False
  
4. Most customers who finance a vehicle at the dealership do so through an installment sale contract.
  - A. True
  - B. False
  
5. Regulation Z covers most loans, but it does not cover leases.
  - A. True
  - B. False
  
6. An "installment sale" is the granting of credit by the seller of products to an individual who wishes to purchase an item and pay for it over a period of time.
  - A. True
  - B. False
  
7. An installment sale contract is the same thing as a car loan.
  - A. True
  - B. False
  
8. Failure to comply with the advertising requirements of Regulation Z may lead to severe penalties, including:
  - A. Fines
  - B. Injunctions
  - C. Civil or criminal contempt proceedings
  - D. All of the above
  
9. Regulation Z applies to credit ads no matter what medium the ads appear in.
  - A. True
  - B. False

10. The main issues involved in advertising closed-end credit concern:
  - A. Trigger terms
  - B. Finance rates
  - C. Neither A nor B
  - D. Both A and B
  
11. "Bait and switch" credit promotions are allowed under Regulation Z.
  - A. True
  - B. False
  
12. "Clearly and conspicuously" means that disclosures must be legible and reasonably understandable.
  - A. True
  - B. False
  
13. Cost of credit in a finance deal must always be expressed in terms of:
  - A. Transaction Fees
  - B. Fixed Rate
  - C. Annual Fee
  - D. Annual Percentage Rate
  
14. The credit terms advertised must always be accurate.
  - A. True
  - B. False
  
15. When ads mentioning credit terms are run, there is potential liability under Regulation Z for the dealership.
  - A. True
  - B. False
  
16. The moment in time when a consumer becomes obligated on the credit obligation is called:
  - A. Transfer
  - B. Consummation
  - C. Settlement
  - D. Go-time
  
17. If customers wish to take an installment sale contract home to review it, the dealership should allow them to do so.
  - A. True
  - B. False

18. Regulation Z requires that the Amount Financed be itemized.
  - A. True
  - B. False
  
19. The primary document containing the important disclosures in a financed transaction is the:
  - A. Debtor's plan
  - B. Plea
  - C. Retail installment sale contract
  - D. Injunction
  
20. All disclosures must be made:
  - A. Clearly and conspicuously
  - B. In meaningful sequence
  - C. In writing; and in a form the consumer may keep
  - D. All of the above
  
21. Cash price, total down payment, unpaid balance of cash price, and other charges (GAP, Vehicle Service Contracts) are itemized elements of:
  - A. Installment Credit
  - B. Line of Credit
  - C. Amount Financed
  - D. Revolving Account
  
22. An installment sale is the granting of credit by the seller of products and services to an individual who wishes to purchase an item and pay for it over a period of time.
  - A. True
  - B. False
  
23. If your ad for closed-end credit uses a trigger term, it also must include all of the following except:
  - A. Terms of re-payment
  - B. Annual percentage rate
  - C. Amount or percentage of the down payment
  - D. Available cars for purchase
  
24. The trigger terms for closed-end credit are:
  - A. The amount of the down-payment
  - B. The number of payments or the period or repayment
  - C. The amount of any payment
  - D. All of the above

25. Mandated disclosures on the installment sale contract include all of the following except:
- A. APR and amount financed
  - B. Total payments, payment schedule and total sale price
  - C. Make, year, model of financed vehicle
  - D. Vehicle color
26. Disclosures must be given before consummation.
- A. True
  - B. False
27. Dealerships can only be liable for violation of the Regulation Z disclosure requirements if the consumer was actually harmed by the nondisclosure.
- A. True
  - B. False
28. "Lease rate" and "APR" are interchangeable terms.
- A. True
  - B. False
29. Gross Capitalized Cost is the agreed-upon value of the vehicle at the time it is leased, plus the cost of any aftermarket products.
- A. True
  - B. False
30. The term "APR" should never be used when discussing a lease.
- A. True
  - B. False
31. All lease disclosures must be clearly explained in writing and must be in a form which the customer may keep.
- A. True
  - B. False
32. The requirements of Regulation M are designated to do what for consumers?
- A. Shop and compare lease terms
  - B. Overload them with information
  - C. All of the above
33. The terms offered through a lease ad must be usually and customarily available.
- A. True
  - B. False

34. Lease ads cannot offer something consumers cannot actually obtain. This is better known as:
- A. "Bait and switch"
  - B. "Catch and release"
  - C. "Cut and run"
  - D. None of the above
35. Trigger terms in a lease ad include which of the following
- A. A statement of any capitalized cost reduction
  - B. A payment required before or at lease closing or delivery
  - C. A statement that no payment is required
  - D. The amount of any payment
  - E. All of the above
36. Dealerships that advertise consumer leases must ensure that those ads comply with the rules for lease advertising found in:
- A. The Affordable Care Act and Regulation C
  - B. The Consumer Leasing Act and Regulation M
  - C. The Truth in Lending Act and Regulation L
  - D. All of the above
37. A lease ad is defined as any message that invites, offers, or announces to the public the availability of a consumer lease, whether in visual, oral or print media.
- A. True
  - B. False
38. Regulation M covers leases of personal property to an individual for more than four months for personal, family or household use where the total contractual obligation is not more than:
- A. \$15,000
  - B. \$25,000
  - C. \$50,000, increased annually to adjust for inflation
  - D. \$75,000
39. If used, Exception Notices under the Risk-Based Pricing Rule must be provided at or before the time the customer becomes contractually obligated on the financing.
- A. True
  - B. False

40. The Risk-Based Pricing Rule allows creditors to provide to consumers, who have applied for credit, with a free credit score and information about their score.
- A. True
  - B. False
41. Risk-Based Pricing Notices are meant to improve the accuracy of credit reports by:
- A. Providing more than one credit report
  - B. Slowing the delivery process
  - C. Alerting customers to the existence of potentially negative data
  - D. Changing the customer's credit score
42. An adverse action notice is required if the finance source accepts the terms of the credit under the conditions agreed to by the customer.
- A. True
  - B. False
43. The \_\_\_\_\_ is when a counteroffer is made to establish credit conditions acceptable to a finance source and the dealership, and the customer agrees to the counteroffer, eliminating the need for an adverse action notice.
- A. Adversary Proceeding
  - B. Counteroffer Exception
  - C. Contingent Claim
  - D. None of the above
44. If the dealership can't arrange for the requested financing, a notice must be sent to the customer within \_\_\_ days of receipt of the application.
- A. 30
  - B. 25
  - C. 60
  - D. 10
45. If a counteroffer is deemed to be unacceptable by the customer, the notice must be sent to the customer within \_\_\_ days after delivering the counteroffer.
- A. 30
  - B. 45
  - C. 90
  - D. 15

46. The dealership is required to issue an adverse action notice if it can't find a funding source willing to accept the credit terms in the original deal.
- A. True
  - B. False
47. An adverse action notice is not required if the finance source accepts the terms of the credit under the conditions agreed to by the customer.
- A. True
  - B. False
48. An adverse action notice is required if the deal submitted (which is based on specific credit terms) is denied and the customer rejects a counteroffer.
- A. True
  - B. False
49. The customer has a right to obtain a free copy of his credit report from the credit reporting agency if the request is made within 60 days of receiving the Adverse Action Notice.
- A. True
  - B. False
50. Who is responsible for sending an adverse action notice?
- A. The lawyers
  - B. The dealership
  - C. The finance source (bank, captive, etc.)
  - D. Both B and C
51. Within 90 days of receipt of an incomplete application, the dealership may issue either an Adverse Action Notice or a "Notice of Incompleteness."
- A. True
  - B. False
52. An Adverse Action Notice must include a statement saying that the customer has the right to question the accuracy or completeness of the information posted to the customer's report.
- A. True
  - B. False



53. Which of the following documents must be kept on file for 25 months after the dealership notifies the consumer of credit approval, adverse action, or application incompleteness?
- A. A copy of the credit report
  - B. A copy of the credit application
  - C. Statements giving the reasons for denying credit
  - D. Documents verifying notice to the customer
  - E. All of the above
54. According to the Equal Credit Opportunity Act, creditors may not consider an applicant's sex, marital status, race, national origin, or religion when determining creditworthiness.
- A. True
  - B. False
55. Creditors may discourage an applicant from applying for credit because part of the applicant's income is derived from public assistance.
- A. True
  - B. False
56. The Equal Credit Opportunity Act ensures that all creditworthy applicants are considered equally and without discrimination.
- A. True
  - B. False
57. Immigration status may be considered when determining credit worthiness.
- A. True
  - B. False
58. A creditor may consider age only if it is used to determine the meaning of other factors important to creditworthiness, such as:
- A. Too young to sign contracts
  - B. Income about to drop because nearing retirement
  - C. It works in the applicant's favor
  - D. All of the above
59. For which reason might an applicant be denied credit properly?
- A. Income
  - B. Expenses
  - C. Debt
  - D. Credit history
  - E. All of the above
60. Valid sources of income can include public assistance, retirement benefits and regular child support.
- A. True
  - B. False

61. The entity making the credit decision is typically
- A. The dealership
  - B. The financial institution to which the credit application was submitted
  - C. The customer
  - D. The sales associate
62. The Fair Credit Reporting Act is designed to promote accuracy and ensure the privacy of the information used in consumer reports.
- A. True
  - B. False
63. You must treat a consumer report as Nonpublic Personal Information and protect your customer's privacy in accordance with the FTC Safeguards Rule.
- A. True
  - B. False
64. Unless someone has a legitimate business need for the information in a credit report, it is a violation of the Act to disclose this highly sensitive information.
- A. True
  - B. False
65. Excluding criminal convictions, bankruptcies, or other serious issues, a consumer report will contain negative information for how many years?
- A. Three
  - B. Five
  - C. Seven
  - D. Nine
66. If a customer disputes a report's completeness or accuracy, he may file a brief statement of dispute or explanation with the:
- A. Credit Reporting Agency
  - B. CFPB
  - C. The dealership
  - D. All of the above
67. Credit reports should only be run for customers who have completed a credit application.
- A. True
  - B. False

68. A straw purchase is when someone with acceptable credit signs for a vehicle financing but the note is being paid by someone with poor credit.
- A. True
  - B. False
69. Reporting suspected fraud to your manager is the last thing you should do to resolve the issue.
- A. True
  - B. False
70. Proof of income documents should come from
- A. The customer's employer
  - B. The customer's bank
  - C. Records on file at the dealership
  - D. None of the above
71. Fraudulent acts do not result in criminal charges but should be avoided if convenient.
- A. True
  - B. False
72. A customer's signature generally indicates he has read and understood the document, and agrees to its terms.
- A. True
  - B. False
73. When necessary or convenient you may sign for the customer.
- A. True
  - B. False
74. If you fail to obtain a customer's signature you may simply write "Signature on file" on the appropriate signature line.
- A. True
  - B. False
75. The best way to avoid missing signatures is by:
- A. Creating a checklist
  - B. Taking a moment to review all the paperwork prior to the customer leaving
  - C. Both A and B
  - D. None of the above

76. Allowing spouses to sign for each other is acceptable.
- A. True
  - B. False
77. Either signing for the customer or allowing another party to sign for the customer is a good dealership practice.
- A. True
  - B. False
78. Who may sign for a co-buyer?
- A. The buyer
  - B. The buyer's spouse
  - C. The co-buyer only
  - D. The dealership's General Manager
79. Potentially deceptive trade practices include:
- A. Price gouging
  - B. Discrimination
  - C. Factory rebates
  - D. A and B
  - E. None of the above
80. Discriminatory pricing is possible:
- A. Any time there is discretion with respect to pricing
  - B. When prices are fixed
  - C. When all customers pay the same price for everything
  - D. All of the above
81. Discriminatory pricing refers to charging more for a vehicle, product, or financing based on:
- A. The day of the week
  - B. Race, sex, age, or other protected class
  - C. Sales incentives
  - D. All of the above
82. Price gouging refers to a situation in which a seller prices goods or services:
- A. At prevailing market rates
  - B. At deep discounts
  - C. For much more than is considered reasonable or fair
  - D. None of the above

83. An important function of the F&I Department is to ensure that processes and practices do not constitute potentially deceptive practices.
- A. True
  - B. False
84. The NADA Fair Credit Policy and Program is:
- A. Not required by law, but is a best practice
  - B. An accepted means of preventing the appearance of discriminatory pricing with respect to financing
  - C. Both A and B
  - D. None of the above
85. As part of its fair credit program, dealers should document the non-discriminatory reasons why a particular transaction involves a cost of credit that varies from the permissible range or standard participation rate for the financing.
- A. True
  - B. False
86. Payment packing is an acceptable practice.
- A. True
  - B. False
87. When quoting a payment, you should consider which of the following:
- A. Interest rate
  - B. Length of loan
  - C. Amount financed
  - D. All of the above
88. A base payment does not include any F&I products
- A. True
  - B. False
89. Payments must be quoted in an honest, consistent and reasonable manner.
- A. True
  - B. False
90. Once you know a customer's credit score, you should base your rate quotes on that score.
- A. True
  - B. False

91. Deliberately inflating base payments can lead to lawsuits against a dealership.
- A. True
  - B. False
92. Monroney Labels must be applied to:
- A. New vehicles weighing less than 10,000 pounds
  - B. Used vehicles
  - C. Every new and used vehicle on the lot
  - D. American-made vehicles only
93. It is acceptable to lump additional equipment together on an addendum sticker and call it a "package" without separately identifying the products and separately pricing them.
- A. True
  - B. False
94. Increases in sale price above MSRP should be documented in the deal file. Documentation can be a customer-signed copy of:
- A. The addendum sticker
  - B. The Buyer's Order
  - C. The itemized desking worksheet
  - D. Any of the above
95. Misleading or deceptive addendum stickers can constitute an unfair or deceptive act.
- A. True
  - B. False
96. Monroney Labels must list:
- A. MSRP
  - B. Engine and transmission specifications
  - C. Standard equipment
  - D. Optional equipment and pricing
  - E. Estimated gas mileage
  - F. All of the above
97. Addendum stickers are typically used:
- A. On used cars when dealers want to exceed Kelley Blue Book values
  - B. On new cars when dealers want to exceed MSRP
  - C. On domestic cars when dealers want to match import prices
  - D. On new vehicles that exceed 10,000 pounds

98. An important ratio used by finance sources making a credit decision is LTV. "LTV" stands for:
- A. Lunar Tracking Vehicle
  - B. Loan to Value
  - C. Last Truck Value
  - D. Nothing – it's not an abbreviation
99. Dealer-Lender Agreements define the conditions under which:
- A. Car loans are made
  - B. Dealers obtain floor-planning
  - C. Dealers borrow money
  - D. Finance sources will purchase dealers' installment sale contracts
100. Customer information that must be accurately submitted to finance sources includes:
- A. Income
  - B. Housing expense
  - C. Time at job
  - D. Time at residence
  - E. Occupation
  - F. All of the above
101. Typical representations and warranties included in a Dealer-Lender Agreement include:
- A. Customer identity has been verified
  - B. Down payments are to be made by credit card
  - C. Vehicle value and options are accurately reflected in the transaction documents
  - D. A and C
102. The Magnuson-Moss Warranty Act requires businesses to provide a written warranty.
- A. True
  - B. False
103. The Magnuson-Moss Warranty Act is the federal law that governs consumer product warranties.
- A. True
  - B. False

104. The Federal Trade Commission created which three Rules to implement the Magnuson-Moss Warranty Act?
- A. The Disclosure Rule
  - B. The Pre-Sale Availability Rule
  - C. The Dispute Resolution Rule
  - D. All of the above
105. It is the intent of the Magnuson-Moss Warranty Act to promote more warranty litigation for the consumer.
- A. True
  - B. False
106. Warranties must not contain deceptive or misleading terms.
- A. True
  - B. False
107. Placing the Used Car Buyers Guide in the glove compartment, trunk, or under the seat is an acceptable way of posting the Guide according to the Used Car Rule.
- A. True
  - B. False
108. If a dealership advertises in Spanish, it must display Spanish Language Buyers Guides on all used vehicles.
- A. True
  - B. False
109. In order for the warranty to be considered Full, which of the following must apply?
- A. The consumer is not required to take any action to receive service, except to give notice that service is needed
  - B. The consumer must be able to choose either a replacement or a refund if the vehicle cannot be repaired
  - C. The length of implied warranties must not be limited.
  - D. All of the above
110. In order for the warranty to be considered Limited which of the following must apply?
- A. The consumer is not required to take any action to receive service, except to give notice that service is needed
  - B. The consumer must be able to choose either a replacement or a refund if the vehicle cannot be repaired
  - C. The length of implied warranties must not be limited
  - D. None of the above



111. At the time of sale, dealerships are obligated to provide the customer with either a completely filled-in copy or the original of the Buyer's Guide.
- A. True
  - B. False
112. "Negative Equity" exists when:
- A. A trade vehicle is paid off
  - B. A trade vehicle has more owed on it than it is worth
  - C. A customer buys more car than he can afford
  - D. None of the above
113. Deducting the amount of a cash down payment from the amount of negative equity and adding the difference to Amount Financed is called:
- A. The netting approach
  - B. The non-netting approach
114. Recording the entire cash down payment and adding the entire amount of negative equity to the Amount Financed is called:
- A. The netting approach
  - B. The non-netting approach
115. Inflating Cash Price to accommodate negative equity and ignoring the "Prior Credit or Lease Balance" or "Net Trade-In Payoff" lines will not expose your dealership to liability.
- A. True
  - B. False
116. It is always the responsibility of the dealership to disclose negative equity in accordance with state and federal law.
- A. True
  - B. False
117. The Red Flags Rule requires dealerships to protect their customers by detecting, preventing and mitigating potential identity theft incidents.
- A. True
  - B. False
118. Unless you are specifically advised by your dealership's legal counsel that your dealership is exempt from the Red Flags Rule, assume it applies to your business.
- A. True
  - B. False

119. Out-of-wallet challenge questions are based on data that are more than:
- A. 5 years old
  - B. 4 years old
  - C. 6 years old
  - D. 7 years old
  - E. 10 years old
120. Which of the following should raise a "red flag" in your mind?
- A. An identification document that appears to have been altered
  - B. A driver license photograph that is inconsistent with a customer's appearance
  - C. An address discrepancy on a consumer report
  - D. All of the above
121. The Red Flags Rule applies to most automotive dealers because they access consumer reports, offer credit to customers, and create "covered accounts."
- A. True
  - B. False
122. Is it the duty of a dealership to handle a "notice of address discrepancy" from a consumer reporting agency?
- A. Yes
  - B. No
123. Having policies and procedures to verify a customer's identity is a means for detecting identity theft.
- A. True
  - B. False
124. Your dealership's Identity Theft Prevention Program should do which of the following?
- A. Detect red flags
  - B. Prevent successful identity theft at the dealership
  - C. Mitigate the effects of customers' identity theft
  - D. Oversee Service Providers
  - E. Train employees concerning the Red Flag Rule and your policy
  - F. Review and update the program periodically
  - G. All of the above
125. Only senior management needs to be trained on the requirements of the Red Flag Rule.
- A. True
  - B. False

126. Senior management must be involved in the development and execution of the dealership's identity theft prevention program.
- A. True
  - B. False
127. What is not an example of what that might be considered a suspicious document?
- A. A changed telephone number
  - B. Photo not consistent with appearance of customer
  - C. Documents that appear to have been tampered or forged
  - D. Information on the identification is not consistent
128. A "red flag" is a pattern, practice, or specific activity that indicated the possible existence of identity theft.
- A. True
  - B. False
129. Dealership senior management must approve the initial Identity Theft Prevention Program before it is implemented.
- A. True
  - B. False
130. Under the category of Suspicious Personal Identifying Information, dealerships should consider:
- A. Incorrect answers to the challenge questions
  - B. Inconsistent personal identifying information
  - C. Inconsistent address or Social Security number
  - D. All of the above
131. In the dealership context, car loans, installment sale agreements, and leases are referred to as:
- A. "Assets"
  - B. "Covered accounts"
  - C. "Claims"
  - D. None of the above
132. Special consideration should be given to:
- A. Income level
  - B. Age
  - C. Driver license
  - D. All of the above

133. Dealerships should consider which of the following factors in identifying relevant red flags for covered accounts:
- A. The types of covered accounts it offers or maintains
  - B. How it opens its covered accounts
  - C. The methods it provides to access its covered accounts
  - D. Its previous experiences with identity theft
  - E. All of the above
134. The easiest Red Flags to detect are those ordinarily included in a:
- A. Credit report
  - B. Bank statement
  - C. Loan agreement
  - D. None of the above
135. The best practice is for dealerships to conduct reasonable Red Flags checks with respect to all customers, including cash customers.
- A. True
  - B. False
136. The Red Flags Rule requires dealerships to have a written Identity Theft Prevention Program.
- A. True
  - B. False
137. Questions that cannot be answered using the information contained in a credit report are called:
- A. "ID-Protector"
  - B. "Out-of-Wallet"
  - C. "top-Secret"
  - D. "Challenge"
  - E. Both B and D
138. If red flags have been detected that cannot be resolved to the satisfaction of a manager, the transaction should still continue.
- A. True
  - B. False
139. Challenge questions are an excellent way to detect a potential identity thief.
- A. True
  - B. False

140. Some examples of red flags include:
- A. Providing a different address than other documents indicate
  - B. Signatures vary significantly from one document to another
  - C. Starting to write one name and then writing another
  - D. All of the above
141. It should be dealership policy for the accounting office or F&I director to check for alerts on the credit report when processing the paperwork.
- A. True
  - B. False
142. Refusing to deliver a vehicle is the most important means of preventing the impact of identity theft at a dealership resulting from the detection of a red flag.
- A. True
  - B. False
143. The Red Flags Rule creates no private cause of action, meaning that a dealership cannot be sued by a customer for violating the Rule, but violations of the Rule could create a cause of action for negligence.
- A. True
  - B. False
144. Trusting the suspicious customer is a reasonable means of clearing a red flag.
- A. True
  - B. False
145. A senior manager should be brought in to evaluate the facts and decide if the red flags identified in a transaction are adequately addressed.
- A. True
  - B. False
146. In addition to the Red Flags Rule, dealerships are also obligated to address identity theft under the Safeguards Rule.
- A. True
  - B. False
147. A vehicle should still be spot delivered if there is an unresolved red flag involved in the transaction.
- A. True
  - B. False

148. All transactions should be treated equally when it comes to the risk of identity theft, even cash deals.
- A. True
  - B. False
149. Documenting a dealership's actions in support of the Safeguards Rule is not a requirement, though it is more practical to do so.
- A. True
  - B. False
150. A proper Safeguards Rule risk assessment should occur in which of the following areas?
- A. Employee training and management programs
  - B. Information systems
  - C. Network and software design
  - D. All of the above
151. Protecting personal information of dealership customers is strongly suggested but, surprisingly, not required by law.
- A. True
  - B. False
152. The Safeguards Rule states that audits and evaluations of the dealer's security program must take place 5 times a year.
- A. True
  - B. False
153. A meaningful Safeguards audit should answer which of the following questions?
- A. Who is new?
  - B. Who needs training?
  - C. Has the current system worked as planned?
  - D. What has changed since the last audit?
  - E. All of the above
154. The Safeguards Rule requires which of the following specific types of safeguard be put in place?
- A. Administrative, technical, and mental
  - B. Administrative, technical, and physical
  - C. Physical, technical, and emotional
  - D. None of the above

155. All employees who have access to customers' nonpublic personal information ("NPI") should be trained with respect to the Rule, its requirements, and a reiteration of dealership policy.
- A. True
  - B. False
156. Which of the following is not a requirement under the Safeguards Rule?
- A. Conduct pre-hire drug tests for all new employees
  - B. Oversee your service providers
  - C. Designate a compliance officer
  - D. Design and implement safeguards
  - E. Conduct a risk assessment
  - F. Periodically review and update your program
157. What is a reasonable approach to creating physical safeguards?
- A. Have lockable doors to all areas containing customer NPI
  - B. Have lockable file cabinets in the F&I and business offices
  - C. A and B
  - D. None of the above
158. The Compliance Officer should have no authority in the dealership.
- A. True
  - B. False
159. As a "financial institution," dealerships are required to report certain cash transactions using the:
- A. ADV Part 2A
  - B. 5304 Form
  - C. FinCEN Form 8300
  - D. Investment Account Application
160. Personal checks count as cash.
- A. True
  - B. False
161. Concealing the origins of money obtained illegally by transferring to legitimate businesses is called:
- A. Contingent claim
  - B. Arraignment
  - C. Class action
  - D. Money laundering

162. "Cash" includes currency, cashier's checks, traveler's checks and money orders for less than \$10,000.
- A. True
  - B. False
163. The FinCEN Form 8300 must be filed within \_\_\_ days of the date a covered transaction occurs.
- A. 10
  - B. 15
  - C. 20
  - D. 5
164. The Financial Crimes Enforcement Network, or FinCEN, is the Treasury Department's primary agency to prevent and detect money laundering.
- A. True
  - B. False
165. What is not an example of transactions that must be reported?
- A. Any two or more related transactions that involve over \$10,000 in cash
  - B. A single check transaction involving more than \$10,000
  - C. Any suspicious transaction that appears to be an attempt to launder money, even if the amount is under \$10,000
  - D. A single transaction involving more than \$10,000 in cash
166. Assisting a customer in a transaction to avoid filing a FinCEN Form 8300 is illegal and could lead to prison terms of up to 5 years and fines of up to \$250,000.
- A. True
  - B. False
167. The Office of Foreign Asset Control ("OFAC") maintains a list of "Specially Designated Nationals and Blocked Persons" which is often referred to as the SDN List or Bad Guy List.
- A. True
  - B. False
168. No transaction should be completed, or vehicle delivered, until the OFAC identity verification process is completed.
- A. True
  - B. False
169. The SDN list must only be checked on cash vehicle sales.
- A. True
  - B. False



170. If there is a valid match between the customer's identity and the identity listed on the SDN List, the transaction must stop.
- A. True
  - B. False
171. If it's concluded that an initial hit is a false positive, what should then happen?
- A. The conclusion should be documented, and placed in the deal jacket
  - B. You must report your findings to the authorities
  - C. The transaction must stop
  - D. None of the above
172. The Credit Practice Rules prohibits:
- A. Confessions of judgment
  - B. Waivers of exemption
  - C. Wage assignments
  - D. Security interests in household goods
  - E. All of the above
173. The FTC may sue violators of the Credit Practice Rule in federal court for penalties up to \$10,000 for each violation.
- A. True
  - B. False
174. The Credit Practices Rule prohibits irrevocable assignments to creditors of
- A. Salaries
  - B. Bonuses
  - C. Disability benefits
  - D. All of the above
  - E. None of the above
175. Under the Credit Practices Rules, you do not need to inform a cosigner of any potential liabilities involved before they become obligated for the applicant's debt.
- A. True
  - B. False
176. A Co-Signer is the same thing as a Co-buyer.
- A. True
  - B. False

177. The CFPB may hold finance sources responsible for discrimination at dealerships with whom the finance sources do business.
- A. True
  - B. False
178. What does the acronym CFPB stand for?
- A. Center for Fairness, Productivity and Benefits
  - B. Car Financing Professionals Bureau
  - C. Consumer Financial Protection Bureau
  - D. Charitable Financing Provisions Board
179. It is possible for a customer to pay a higher interest rate, but still pay less money overall.
- A. True
  - B. False
180. Which of the following is not an example of disparate treatment?
- A. An employment ad that reads: "Minorities not welcome"
  - B. A diner that refuses to serve blacks, while serving whites
  - C. A dealership that allows test drives to any adult customer with a valid driver license
181. In the eyes of the CFPB, if one part of a transaction exhibits disparate impact, discrimination may have occurred.
- A. True
  - B. False
182. Sexual harassment is against the law.
- A. True
  - B. False
183. The following can be victims of sexual harassment in the dealership:
- A. Employees
  - B. Managers
  - C. Customers
  - D. Vendors
  - E. All of the above
184. Engaging in sexual harassment in the workplace can result in your being disciplined or terminated, and expose your dealership to legal liability.
- A. True
  - B. False

185. The following types of conduct can constitute sexual harassment:
- A. Conditioning an employment benefit on an employee's engaging in sexual behavior
  - B. Pervasive jokes of a sexual nature in the workplace
  - C. Posting sexually suggestive calendars in the workplace
  - D. Sexually degrading comments directed towards co-workers
  - E. All of the above
186. Every dealership employee should treat all other persons with respect and dignity.
- F. True
  - G. False
187. Instances of sexual harassment should be:
- A. Ignored
  - B. Covered up
  - C. Reported to your manager
  - D. None of the above
188. Dealers and the telemarketers they use are required to search the Do Not Call registry at least \_\_\_\_\_ and drop from their call lists the phone numbers of consumers who have registered.
- A. Monthly
  - B. Annually
  - C. Quarterly
  - D. None of the above
189. The Telemarketing Sales Rule – often called the Do Not Call Rule - applies to any effort to sell goods or services through interstate phone calls.
- A. True
  - B. False
190. Consumers who receive a telemarketing call despite being on the list (in the absence of an exception) may file a complaint with the FTC.
- A. True
  - B. False
191. A dealer or telemarketer may call a consumer with whom it has an established business relationship for up to \_\_\_\_ after the consumer's last purchase, delivery, or payment - even if the consumer's number is on the national "Do Not Call" registry.
- A. 18 months
  - B. 24 months
  - C. 12 months
  - D. 20 months

192. If the customer is interested in a particular advertised special and it is still available, then you must tell him that's the case and give him the option of purchasing the vehicle based on the advertisement.
- A. True
  - B. False
193. It is not necessary to disclose known prior damage of a used vehicle to a customer.
- A. True
  - B. False
194. A "Service Contract" is the same thing as a "Warranty."
- A. True
  - B. False
195. Failing to implement readily-available computer security applications in the dealership can constitute a deceptive trade practice.
- A. True
  - B. False
196. Failing to include dealer fee/document fee in advertised prices can constitute a deceptive trade practice.
- A. True
  - B. False
197. Internet ads are exempt from the disclosure requirements of Regulation Z and Regulation M.
- A. True
  - B. False
198. It is a permissible sales tactic to condition financing on the purchase of F&I products.
- A. True
  - B. False
199. If you confirm a customer is, in fact, an actual identity thief attempting to steal a vehicle, you should call the police and prevent the customer from leaving the F&I office.
- A. True
  - B. False
200. When in doubt, it is best to assume you should give the customer more information rather than less, sooner rather than later, and always accurate.
- A. True
  - B. False

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I agree to permit the use of my name and image in connection with the announcement of successful candidates for ACE certification and press or promotional related to Automotive Compliance Education or its sponsors, and agree that my name may be listed on the AceCert.org website as having achieved ACE Certified status.

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