

You AUTO KNOW®

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ENGINE REPLACEMENT AND ODOMETER DISCLOSURES

Scenario:

Your dealership sells a used vehicle to a customer who subsequently has the vehicle serviced at another location. During the service, the entity tells the customer that the engine in the vehicle is not the original engine manufactured and placed in the vehicle. The customer files suit against your dealership for violations of the Federal Odometer Act. What are your dealership's responsibilities?

In this day and age when Carfax is listing as much "information" on its reports as possible (some of which may or may not be entirely substantiated depending on one's interpretation of a repair or accident), the fact that an engine has been replaced will more than likely be on the report. Regarding the facts in this scenario, as long as the replaced engine is of the same make and model originally manufactured for that type of vehicle, the replacement of the engine is proper. There is no obligation for the dealership to match engine numbers to the Vehicle Identification Number (VIN), unless, of course, the vehicle is a collector vehicle and the dealership represented that all the identification numbers for the vehicle are correct.

Again, as long as the engine is for the year, make and model of the vehicle, which does not create any incompatibility or omission issues, there should not be any legal liability. However, in a National Highway Traffic Safety Administration (NHTSA) interpretation letter dated several years ago, NHTSA specifically addressed the odometer issue in the scenario. It stated that the replacement of an engine with unknown mileage does not require the dealership to state the mileage is unknown on the Federal odometer statement. The Motor Vehicle Information and Cost Savings Act states that the transferor (dealership) of a motor vehicle has to; disclose to the purchaser the cumulative mileage on the odometer, or if the actual mileage is unknown, or if the odometer reading is known to be different from the actual miles on the "vehicle", then that information is required. The act itself does not separate disclosure of the number of miles on the vehicle's components since there is no way to measure the amount of miles on the vehicle's individual components.

Therefore, the installation of a replacement engine does not change the disclosure requirement for the seller. The odometer is the only mechanism by which the dealership can disclose the number of miles on a subject vehicle; unless, of course, the dealership knows that the odometer is inaccurate or has been repaired or replaced, in which case, this will have to be disclosed to the customer.



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As always, these are highlights of the law and are not to be construed as containing the entire law. This is not to be construed or relied upon as a legal opinion. If you are presented with this problem, contact your legal counsel for advice.

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Having been a Chevrolet dealer, Robert A. Poklar's business background and experience in the automotive industry aid him in his representation of numerous Ohio automotive dealerships. He also represents after-market service companies, trade organizations, dealers, advertising associations and corporations. Pursuant to certain ethical standards, this may be construed as advertising.