

Australian Standard 2690.1—1984

MOTOR VEHICLE SALE CONTRACTS Part 1—CONTRACT FOR THE SALE OF A USED MOTOR VEHICLE



STANDARDS ASSOCIATION OF AUSTRALIA

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Australian Automobile Association
Australian Automobile Chamber of Commerce
Australian Automobile Dealers Association
Australian Federation of Consumer Organizations Incorporated
Australian Finance Conference
Bureau of Consumer Affairs, W.A.
Department of Consumer Affairs, N.S.W.
Department of Public and Consumer Affairs, S.A.
Federal Chamber of Automotive Industries
Ministry of Consumer Affairs, Vic.
Trade Practices Commission
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MOTOR VEHICLE SALE CONTRACTS
Part 1
CONTRACT FOR THE SALE OF
A USED MOTOR VEHICLE

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PREFACE

This standard contract was prepared by a subcommittee of the Association's Committee on Consumer Transactions. Its preparation was undertaken as one of a series of standards requested by the A.C.T. Consumer Affairs Bureau on the subject of contract conditions for a variety of consumer transactions, including car sales. As such, it is designed primarily with consumer sales in mind rather than for commercial sales. Some contracts previously in use were by their nature very one-sided, and the consumer was given no choice but to agree to inequitable conditions. In any event, there are obvious advantages to all parties if the conditions of a contract are set out clearly and unambiguously, and this standard aims to do this.

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NOTES FOR GUIDANCE OF USERS OF THIS CONTRACT

(These notes are not part of the Contract)

The following notes have been provided to assist users of this contract and to explain the intent and effect of some clauses of the contract. For complete understanding of the contract, however, it is necessary to study all the clauses.

GENERAL. This is a legal document—please check to ensure that its provisions are consistent with the negotiated agreement. It should be noted that contract documents for motor vehicle sales are also commonly known by other names including 'agreement of sale' and 'buyer's order form'.

CLAUSE 8 TRADE-IN CONDITIONS. For the conditions relating to the trade-in to be properly observed it is necessary that a record be kept of the condition of the trade-in vehicle at the time of its valuation. The Record of Condition form provided in Schedule A should be used for this.

If the parties are unable to agree on the amount of adjustment to be made under Clause 8(d) it is open to them to agree to submit the question for determination by an independent arbitrator. It has not been thought necessary to include express provision for arbitration in the contract itself.

Clause 8(e)(i) would usually become relevant if the situation arises where the dealer wishes to sell the trade-in vehicle prior to delivery of the purchase vehicle to the Purchaser. It envisaged that the dealer would either actually make payment to the Purchaser or credit the amount then agreed upon against the purchase price of the purchase vehicle as if the amount had been paid in cash.

CLAUSE 14 TERMINATION. The contract provides for the right of termination under specified subclauses of this clause where certain specified events occur, but recognizes that it is not practicable to list all other possible breaches that could occur or to attempt to define in advance whether a particular breach should in all circumstances allow this right. The approach of the contract in relation to such other breaches is to leave it up to the common law or statute to determine whether a party can terminate or is limited to some other remedy, such as damages.

Clause 14 envisages that where the dealer wishes to sell the trade-in vehicle to a third party prior to the Purchaser obtaining delivery of the purchase vehicle, they may agree on a particular amount as the fair market value of the trade-in vehicle. This amount will sometimes be different from the trade-in allowance, which may be more than the market value of the trade-in but which the dealer is prepared to allow on the condition that the sale of the purchase vehicle will be completed. No provision is made in the Contract form for this value to be inserted because the situation where the parties may wish to make such an agreement will arise relatively rarely.

CLAUSE 15 ADDITIONAL CONDITIONS. This clause is provided as a means by which the parties can adapt the standard form of contract to reflect their negotiated agreement, or to insert additional provisions not covered by the standard form. For example, a possible use for this provision would be to state an agreed market value for the trade-in vehicle for the purpose of Clause 14.

STANDARDS ASSOCIATION OF AUSTRALIA

Australian Standard

for

MOTOR VEHICLE SALE CONTRACTS

PART 1—CONTRACT FOR THE SALE OF A USED MOTOR VEHICLE

SECTION 1. SCOPE AND APPLICATION

1 SCOPE. This standard provides a contract for the sale and purchase of a used motor vehicle.

2 APPLICATION. The contract which forms Section 2 of this standard is intended for use in the sale and purchase of a used motor vehicle.