



Vermont . . .

Department of Banking, Insurance,
Securities and Health Care Administration

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Insurance: 1-800-964-1784
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BANKING BULLETIN NO. 25

October 21, 2002

DOCUMENTATION FEES

It has come to the Department's attention that there is confusion about whether so-called "documentation fees" may be charged by automobile dealers.¹ The Motor Vehicle Retail Installment Sales Financing Chapter (Title 9, Chapter 59) permits "documentation fees" only when the dealer complies with the conditions described in this bulletin. It should be carefully noted that, although dealers are permitted to charge documentation fees in compliance with this bulletin, dealers are not required to charge a documentation fee for goods and services related to the preparation of documents. Furthermore, this bulletin does not regulate the amount of any documentation fees the dealer may charge to the buyer.

1. Documentation fees. A motor vehicle dealer may charge for services related to the preparation and handling of documents only if the dealer charges all customers for these services and includes the amount of the documentation fee in the "cash price" of the motor vehicle.² "Cash price" is defined in 9 V.S.A. § 2351 (6) and the required disclosure related to "cash price" is contained in 9 V.S.A. § 2355 (f)(1). When these fees are part of the "cash price," they must be included in the computation of the motor vehicle purchase and use tax. Official fees, such as for registration and any required inspection of the vehicle, must be itemized as provided in 9 V.S.A. § 2355 (f)(5). Fees for the preparation of loan documents related to the financing of the motor vehicle cannot be included in the "cash price." (See ¶ 2 below for discussion of charging borrowers for the cost of preparation of loan documents.)

The goods and services for which documentation fees may be charged under this bulletin are as follows:

¹ Documentation fees as used in paragraph # 1 of this bulletin do not include the cost of preparation of loan documents. Rather, the handling of the cost of preparation of loan documents is discussed in paragraph # 2.

² In reviewing this issue, we have also considered the Attorney General's Automobile Advertising Rule, CF 118. Documentation fees should be included and disclosed in any advertising subject to that rule as part of the Sales Price Available to All.

89 Main Street, Drawer 20, Montpelier, VT 05620-3101

Banking
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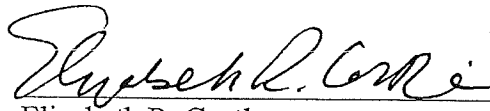
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- the preparation of vehicle documents, including but not limited to, title and replacement title forms, odometer forms, registration forms, registration transfer forms, tax forms, lien release forms, Buyer's Guides for used cars, As-Is and limited warranty forms, and warranty registration forms;
- related assembly, copying, filing, mailing, courier and telephone services;
- clerical services, such as verification and notarization;
- related computer, software and programming fees;
- performance of State inspection and related documentation;
- purchase of forms, in-transit and 30 day temporary plates;
- record keeping for the customer and the manufacturer with respect to warranties and maintenance of the vehicle and mailing of maintenance reminders to the customer

2. Fees for preparation of loan documents. A dealer that extends credit on the sale of the automobile may include the cost of preparation of loan documents in the finance charge (a finance charge is the cost of credit, including interest, to the borrower). Any amount included in this manner is subject to all applicable usury laws including truth-in-lending laws. See 9 V.S.A. § 41a. (Note: The term "documentation fees" does not include fees for the preparation of loan documents.)



Elizabeth R. Costle
Commissioner of Banking, Insurance,
Securities and Health Care Administration