

Other Questions

Are dealerships required to charge a processing fee?

No. Virginia law allows dealers to charge a processing fee, but it does not require them to do so.

Do all dealerships charge the same amount for their processing fee?

No. The decision to charge a processing fee is a business decision each dealership makes at its discretion.

Are dealerships the only businesses that charge a processing fee?

No. Many other businesses charge fees to perform services for customers, including those services that are beyond the scope of simply selling their product. For example, many retailers regularly charge handling fees to process customers' orders and ship products via specified carriers.

How is the processing fee different from fees for other types of services?

Unlike other services – such as attorney fees, accountant fees, tax processing services, and the like – the processing fee for auto dealer services is taxable. Also, processing fees are transparent, so there is no surprise to any customer. Dealers disclose the fee they will charge both in their advertising and on the walls of their physical business location(s). The processing fee is also featured in the Buyers Order that accompanies any transaction. Lastly, this is a voluntary fee, so the customer has multiple options as a prospective buyer.

Does the processing fee include the processing of my financing or the preparation of financing documents?

No. Processing fees DO NOT include these fees.

About VADA

The Virginia Automobile Dealers Association has served Virginia's franchised new car and truck dealers since 1943. We represent dealers and provide educational, legislative, legal, and regulatory assistance to local dealerships in the Commonwealth.

Processing ★ Fees



**This brochure is provided for informational purposes only and is not a substitute for Virginia law or regulation. All laws and regulations are subject to change.*



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What is a processing fee?

Retailing motor vehicles is a complex business, and dealers often invest significant time and resources into services and tasks that go beyond simply selling a vehicle. Under Virginia law, dealers are allowed to charge a processing fee that helps to cover those additional services, which also deliver significant value and benefits to consumers.

Dealers that choose to charge a processing fee do so with complete transparency. And, because the fee is taxable, it ultimately serves the interests of all Virginians. In many ways, it's similar to additional fees levied by businesses in other industries.



What is included in a processing fee?

The sale of a motor vehicle is very complex. Some of the services for which the processing fee is charged are:

- » Processing trade-ins, including tracking lost or faulty titles and obtaining out-of-state lienholder-held titles
- » Assisting the customer in applying for refunds and entitlements due from traded or newly-purchased vehicles
- » Reviewing vehicle history to value a trade-in or to assist the customer in evaluating a purchase
- » Providing advice concerning vehicle titling options and alternatives, including information about out-of-state titling, including necessary paperwork and notary fees
- » Verifying loan payoff balances on trade-ins and ensuring payoffs are made to the customer's finance or lease source
- » Assisting the customer in notifying their insurance company of the new purchase (the customer is ultimately responsible for obtaining necessary insurance)
- » Obtaining and verifying customer-preferred contact information and methods
- » Consulting with a customer on available details concerning the customer's identity and information to help a customer protect against fraudulent and improper transactions in the customer's name
- » Developing alternative payment methods for customers for the vehicle chosen (various lease options, cash, and finance combinations)
- » Creating documentation and customer records to assure proper handling of the transaction
- » Reviewing transaction paperwork with the customer to maximize customer understanding and satisfaction

- » Continual vigilance over customer records and information to maximize protections against intrusion
- » Providing information so that the customer can receive and understand manufacturer requirements and information and can obtain warranty, maintenance, and repair services

Not all of these transactions will be performed in every sale or by every dealer. These are just examples, and there are many more not included in this list.

Buyers Order

One of the primary forms required by Virginia for a motor vehicle transaction is the Buyers Order, which must be included in any such transaction and lists all items associated with a vehicle's selling price. For a new car, this could include the MSRP, factory-added accessories, and dealer-added accessories. All charges must be included. Dealers may disclose one collective "processing fee" under Virginia law for services they provide customers that aren't part of the normal process of selling a car. Some dealers may elect to absorb these costs and not charge a processing fee.

Regulatory Requirements

To protect consumers, Virginia has enacted laws and regulations directly affecting the sale of cars and trucks. Licensing laws require people and companies in the business of selling motor vehicles to be licensed. These laws regulate dealers and require them to be open during certain hours of business and to have a mechanic on duty to help ensure consumers can easily service vehicles. Other laws and regulations related to documentation are intended to guarantee consumers are provided with complete and accurate information on the vehicles they buy. Virginia Code is clear about processing fee requirements for dealers, state regulators enforce those requirements, and dealers face penalty for violation.