

What's in the fee?

There are a range of essential and required services that go beyond simply selling the vehicle. These services are designed to protect you, save you time, and ensure your transaction is handled properly. They can include:

Streamlined Trade-In Process: Handling the complex details of securing titles for your vehicle, including tracking lost or faulty titles and obtaining out-of-state lienholder-held titles.

Assistance with Paperwork and Titling: Covers necessary paperwork, notary services, and advice on titling options to make sure your vehicle is legally registered.

Hassle-free Loan Payoffs: Ensures prompt verification and payoff of any outstanding loan or lease balances on your trade-in vehicle, reviews of vehicle history, and assistance in applying for refunds and entitlements due from traded or newly purchased vehicles.

Working with Insurance: Assistance with notifying your insurance company of your new vehicle purchase, which saves you a step in the process (you are responsible for obtaining necessary insurance).

Data Security and Fraud Protection: Covers the dealership's continuous vigilance over your personal information to protect against data breaches and prevent fraudulent transactions in your name.

Payment Plan Consultation: Help in developing and reviewing alternative payment methods, including various lease options, cash, and finance combinations, to find the best fit.

Simplified Documentation: Covers creation and review of transaction documentation and customer records to ensure proper, clear handling of the sale.

Ongoing Support and Information: Providing access to information so that customers can receive and understand manufacturer requirements 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 on this list.

What are Processing Fees?

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When you buy a new car or truck, there are many steps that go into the final sale. **The processing fee is a charge to help cover the complex services and time required to ensure a seamless transaction for you and the dealer.** This fee is allowed and outlined in state law and is a key part of the dealership's goal to provide comprehensive, transparent services to all citizens of the Commonwealth.

A dealer processing fee is no different from other professional services.

Processing fees are not unique to the auto industry. Many other businesses, such as retailers, attorneys, and accountants, charge fees to perform services for their customers. **However, there are two key distinctions:**



TRANSPARENT

Virginia dealers are required by state and federal law to include the fee they charge in all advertised sale prices and on the walls of their physical business location(s). Additionally, the fee is featured in the Buyers Order that accompanies every transaction.



VOLUNTARY

The processing fee is 100% voluntary for both the dealer and consumer. Each dealer can decide to charge a fee and how much it will be. Customers can negotiate the fee, compare pricing with other dealerships, or take other steps to ensure the services and fees align with your needs.

Dealers must disclose the fee in several ways to protect you from any surprise:

In Advertising

The processing fee must be included in the sale price in all advertisements. The FTC recently made this clear.

At the Dealership

The fee must be posted on a sign in a conspicuous location within the dealership showroom.

On the Buyer's Order

The fee must be shown as a separate disclosure on the buyer's order, which is the sales contract for the vehicle. This form must be filed with the Motor Vehicle Dealer Board as part of the dealer's licensing requirements.

The motor vehicle dealers of Virginia have worked hard over the years to establish a system for processing fees that is fully voluntary and transparent, with significant benefits for all citizens of the Commonwealth.

BONUS: What is a Buyer's Order?

The buyer's order serves as the official sales contract for the vehicle. It provides a comprehensive list of all associated costs, including the sale price and any added accessories. Virginia law requires that all charges, including any processing fee, are clearly listed as a separate line item on this form. This ensures you have full transparency about what you are paying for and that the dealership is meeting its licensing requirements with the Motor Vehicle Dealer Board.

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 dealers 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 new car and truck dealers since 1943. We represent dealers and provide educational, legislative, legal, and regulatory assistance to local dealerships in the Commonwealth.