

Understanding dealership document fees

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Doc fees are calculated by the State of Michigan. The State of Michigan authorizes licensed new-vehicle dealers to charge a document processing fee of \$190 or five percent of your vehicle's sale price, whichever is less. This fee is regulated by the state and reviewed biennially. Factors such as inflation may cause the state to increase the maximum allowable fee.

Certain vehicle manufacturers have defined an alternate document processing fee for sales under their manufacturer purchase plans.

This fee is intended to help cover the dealership's costs for researching and preparing documents associated with the purchase or lease, financing and registration of your vehicle. Done properly, these measures will protect your financial interests, assure vehicle safety, contribute to national security and deter and detect auto theft.

A great deal of work and expense occurs even before your vehicle's documents are ready to be used, and each transaction is unique. Also, before the vehicles can be sold, your dealer must invest in personnel training to carry out many of these mandates.

Some dealership activities associated with your lease or purchase...

- Validate each customer's eligibility to hold title to a vehicle, in compliance with Michigan's Repeat Offenders law
- Check each purchaser or lessee against federal lists to ensure the customer is not among the prohibited companies or individuals suspected to support illegal or terrorist activities
- Prepare and verify the accuracy of documents and contracts that protect your interests
- Process title, registration and plates
- Verify and document insurance coverage or waivers
- Place and remove title liens on behalf of financial institutions with a security interest in the vehicles
- Process rebates
- Determine and disclose accurate vehicle mileage
- Keep your financial information safe, private and secure (a requirement of the Gramm-Leach-Bliley Financial Privacy Act)
- Maintain important records of your purchase
- Provide full and accurate condition information regarding your vehicle on the window label
- Check safety and history on trade-in vehicles
- Check and clear recalls on trade-in vehicles, as needed

Your privacy is important. Purchasing or leasing a vehicle is a complex transaction, therefore, dealers must often collect non-public, personal information necessary to complete your credit or title application. We won't ask for this information unless it is absolutely necessary, because we take your need for privacy seriously.

Various forms are required to fulfill our responsibilities. Virtually all of the documents we present to you fulfill state and federal laws. Others let us maintain proper accounting records, calculate and file your sales and use tax, process vehicle financing and rebates, and fulfill manufacturer requirements.

Our business is highly regulated to protect you. In order to operate a new-vehicle dealership in Michigan, we must meet several requirements for financial stability, standard accounting practices, proper dealership facilities, accurate record keeping and more. Additionally, our state-certified technicians must demonstrate their qualifications and then maintain their technical knowledge and skills throughout their careers. State-issued licensing and certification gives you peace of mind about our ability to conduct business properly.

New car and truck dealers carry out many regulations specific to motor vehicles. Following are some of the state and federal agencies that oversee dealerships and new-vehicle sales:

- Michigan Department of State/Secretary of State
- Michigan Department of Energy, Labor and Economic Growth
- Michigan Office of the Attorney General, Consumer Protection Division
- Michigan Department of Environmental Quality
- Michigan Department of Treasury
- Federal Bureau of Investigation
- Federal Highway Administration
- Federal Trade Commission
- National Highway Traffic Safety Administration
- U.S. Customs Service
- U.S. Federal Reserve
- U.S. Internal Revenue Service
- U.S. Office of Foreign Assets Control

This handout is provided as an informational service from this dealership and the Michigan Automobile Dealers Association.