



The State of South Carolina
Department of Consumer Affairs

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Carri Grube Lybarker
 Administrator/
 Consumer Advocate

Celebrating Over 40 Years of Public Service

MEMORANDUM

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TO: South Carolina Auto Dealers
 FROM: Carri Grube Lybarker *Carri Grube Lybarker*
 DATE: December 20, 2019
 RE: **MOTOR VEHICLE CLOSING FEE ANALYSIS FOR REASONABLENESS**

The Department has heard concerns regarding requests for additional information from motor vehicle dealers during the statutory review process for closing fees over \$225.00. The Department is required to determine whether a dealer's closing fee of over \$225.00 is reasonable based on the factors set forth in Section 37-2-307(C)(3)(a)-(e). To aid in the Department's review, the dealer submits a Notice of Closing Fee Addendum along with information to support the fee. Generally, an itemized spreadsheet of costs is sufficient. Occasionally, however, the Department will identify a need for further documentation and/or explanation.

Since the Department began reviewing closing fees for reasonableness, we have identified ranges of percentages for certain entries on these itemized spreadsheets of costs that represent industry trends in South Carolina. During the review process, the Department uses these percentages as a benchmark for staff to use during the initial review as well as the auditing process. When the percentages allocated to a certain line item entry fall outside of the benchmark range, we will request additional supporting information and interview dealership personnel. The request for such information was previously made after the initial review phase concluded. In an effort to expedite processing, the request is now made during this initial stage. During the Department's review, we also take into consideration numerous factors including, but not limited to, the size of the dealership and the type of vehicle being sold.

The Department is currently reviewing correspondence sent during the process to identify areas we can adjust to provide clarity or otherwise alleviate any confusion as we evaluate the filings.

I hope this addresses any concerns. Please feel free to contact the Department with any questions.

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