



The State of South Carolina  
**Department of Consumer Affairs**

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 Administrator/  
 Consumer Advocate

*Celebrating Over 40 Years of Public Service*

**MEMORANDUM**

TO: South Carolina Automobile Dealers

FROM: Carri Grube Lybarker *Carri Grube Lybarker*

DATE: December 12, 2017

RE: ANNUAL FILING OF MOTOR VEHICLE CLOSING FEE

Pursuant to Section 37-2-307 of the South Carolina Consumer Protection Code, a motor vehicle dealer that charges a closing fee must file on an annual basis a written notice with the Department of the maximum amount of closing fee the dealer intends to charge. This notice must be filed by January 31 each year. The required filing documents vary based on the dollar amount filed and, when filing a fee in excess of \$225.00, the formula used:

1. **\$225.00 or less:** If the maximum closing fee the dealer intends to charge is \$225.00 or less, the dealer only needs to submit the Notice of Closing Fee Form and pay the \$25.00 registration fee.
2. **Above \$225.00:** The Department reviews maximum closing fees exceeding \$225.00 for reasonableness based on the costs set forth in Section 37-2-307(C)(3)(a)-(e). To aid in the Department's review, the dealer also must submit the Notice of Closing Fee Addendum along with information to support the fee. It is not necessary for a dealer to conduct a full study or audit of the dealership's expenses. An itemization of costs in spreadsheet format is sufficient. If the Department needs anything more, we will request it.
  - a. In the majority of filings, the dealer's maximum closing fee amount is subject to change each year as the underlying costs used to formulate the fee fluctuate from year to year. For example, many dealers use their volume of sales in their calculations. Volume of sales changes on an annual basis, thus these dealers must update their supporting documentation accordingly and submit the current information to the Department.
  - b. If the itemization provided previously has not changed, the dealer may submit it for the current filing.

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The Department relies on the accuracy and good faith of the information provided for closing fees in excess of \$225.00. We may, however, audit the dealer's books, accounts, and records to verify the information provided with the filing and determine if the dealer is in compliance with the closing fee statute. Thus, even if the Department permitted a dealer to charge a closing fee in excess of \$225.00 previously, the Department could require refunds to consumers if portions of the closing fee are found to be unreasonable upon further investigation.

Since November 1, 2017, the Department has processed more than 130 closing fee filings. This is less than 20% of the closing fees that were filed last year. Please ensure that you file your closing fee along with your annual renewals of Maximum Rate Schedules and Credit Grantor Notifications as soon as possible to avoid a delay in processing, but **no later than January 31, 2018**.

While the Department is reviewing a closing fee exceeding \$225.00, the dealer may charge a closing fee that does not exceed the amount on file and permitted by the Department. Dealers can contact **Mr. Richard Provencher** at (803) 734-0046 or **RProvencher@seconsumer.gov** with any questions.