

Vermont Disclosure Relating To Amount To Be Financed In A Motor Vehicle Retail Installment Contract As Required By 9 V.S.A. Section 2355(f)(1)(J) And Relating To Department of Motor Vehicles Dealer's Vehicle Record Log Sheet

This Bulletin is promulgated pursuant to Title 9 V.S.A. §2355(f)(1)(J), to specify the form of the Vermont Disclosure Relating To Amount To Be Financed In A Motor Vehicle Retail Installment Contract disclosure required by Section 2355(f)(1)(J) ("Disclosure Form") and to respond to certain inquiries regarding the calculation of "Cash Price" for purposes of the Disclosure Form and for purposes of the Department of Motor Vehicles ("DMV") Dealer's Vehicle Record log sheet.

Disclosure Form. The purpose of the Disclosure Form is to inform consumers, among other things, of the impact of adding negative equity to a motor vehicle retail installment contract. **However, this Disclosure Form is required in connection with every motor vehicle retail installment contract regardless of whether or not the transaction involves negative equity.**

Section 2355(f)(1)(J) requires a motor vehicle dealer to provide to the buyer(s) an unexecuted copy of the Disclosure Form prior to consummation of the transaction and requires that the Disclosure Form must be signed by the buyer(s) at the time the buyer(s) signs the motor vehicle retail installment contract. The disclosure must be on a form prescribed by the Commissioner on or before July 1, 2006 and as thereafter amended by the Commissioner of Banking, Insurance, Securities and Health Care Administration by rule.

The required form of disclosure is attached.

The Disclosure Form must be provided to buyers beginning July 1, 2006.

The Disclosure Form shall be printed on a single sheet of paper that is easily distinguished from all other disclosures, applications, or other documents presented to the buyer of the motor vehicle. A copy of the completed form must be given to the buyer(s). The form shall be printed in a size equal to at least 12 point type.

The Disclosure Form shall be attached to and shall become a part of the motor vehicle retail installment contract and must be assigned, sold, or transferred together with any assignment, sale, or transfer of the motor vehicle retail installment contract to which it was originally related.

Violations will be subject to remedies prescribed by law.

Calculation of Cash Price for Purposes of the Disclosure Form and the DMV Dealer's Vehicle Record Log Sheet. The Department has received multiple inquiries about how to calculate the "cash price" for purposes of the Disclosure Form and for purposes of recording on the Department of Motor Vehicles "Dealer's Vehicle Record" log sheet (TA-VD-125). In preparing this Bulletin the Department has learned that there are multiple forms of motor vehicle installment sales contracts in use in Vermont. Furthermore, based upon the particular form of motor vehicle installment sales contract used by the dealer, and depending upon the practices and procedures used by any particular dealer, the Department has become aware that the components of the "cash price" vary from dealer to dealer and from installment sales contract to installment sales contract.

In order to make the Disclosure Form meaningful to consumers and consistent with the intent of the legislature, the components of the "cash price" as it appears on the Disclosure Form and on the DMV Dealer's Vehicle Record log sheet must be consistent regardless of the form of installment sales contract used by a dealer and regardless of any particular dealer practices and procedures in preparing the installment sales contract.

The "cash price" on the Disclosure Form and the DMV Dealer's Vehicle Record log sheet is the minimum price of the vehicle including any accessories that have been attached to the vehicle and reductions for rebates (i.e., rebates, if any, are deducted in determining the cash price). The "cash price" does not include any service contracts, insurance, warranty contracts, debt cancellation agreements, or similar agreements or contracts, and as discussed below, does not include the purchase and use tax.

Purchase and Use Tax. The Department has received inquiries about whether or not the purchase and use tax due on the motor vehicle should be included as part of the "cash price" of the motor vehicle for purposes of Title 9, Vermont Statutes Annotated, Chapter 59, Motor Vehicle Retail Installment Sales Financing Act, for purposes of calculating the "cash price" for purposes of the Disclosure Form, and for purposes of calculating the "cash price" for the DMV Dealer's Vehicle Record log sheet.

The purchase and use tax is not part of the "cash price" of a motor vehicle. The Department views the purchase and use tax as one of the "official fees" prescribed by law that must be paid in order for the seller to obtain a lien on the motor vehicle. See 9 V.S.A. §2351(7).

John P. Crowley
Commissioner

**VERMONT DISCLOSURE
RELATING TO AMOUNT TO BE FINANCED
IN A MOTOR VEHICLE RETAIL INSTALLMENT CONTRACT**

Name of Buyer(s)	Date
<p>Trade-in or Cancellation of Lease</p> <p>Dealership allowance for trade-in: \$ _____</p> <p>Amount owed on trade-in or lease as of _____ (date): \$ _____</p> <p>EQUITY <input type="checkbox"/> POSITIVE <input type="checkbox"/> NEGATIVE** \$</p> <p><small>**If the EQUITY is NEGATIVE, the amount the Dealer is offering you in trade for your vehicle is less than what is currently owed on your vehicle. You MAY be financing an amount in this transaction that exceeds the CASH PRICE of your new vehicle.</small></p>	

THIS DISCLOSURE MUST BE PROVIDED WITH EVERY MOTOR VEHICLE RETAIL
INSTALLMENT CONTRACT.

CASH PRICE of vehicle (rebates, if any, have been deducted in determining the cash price.)	\$
AMOUNT FINANCED on motor vehicle retail installment contract	\$
The AMOUNT FINANCED on the motor vehicle retail installment contract as a percentage of the CASH PRICE of the vehicle	%
Buyer: _____ Co-Buyer: _____	Date: _____ Date: _____
Name of Dealership Street Address City, State, Zip Telephone No.	

White Copy – Retail Contract

Yellow Copy – Customer Copy

Pink Copy – Dealer Copy