



# bulletin

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## DEALERS ARE BEING FORCED TO REFUND SERVICES FEES

### *DMV Investigation Turns up Problems*

WATDA has received reports that the Department of Transportation, Division of Motor Vehicles (DMV) is finding numerous dealers with leasing contract errors, regarding the proper disclosure of the Services Fee. In many cases the dealerships are being forced to refund the Services Fee back to the customer. This is in addition to any sanction that the DMV deems appropriate. WATDA has provided and will provide to any dealer requesting, all of the information they need to comply with the law when charging a fee for the services you provide to your customers. It is vital that if you choose to charge a Services Fee that you do so within the guidelines of the law.

### *Required Disclosure*

DMV regulates (oversees) the assessment of Services Fees. Trans 139.05(8)(a) states in part:

“...Dealers that choose to charge a purchaser or lessee a service fee shall include the following disclosure on the purchase or lease contract:

**“A service fee is not required by law, but may be charged to motor vehicle purchasers or lessees for services related to compliance with state and federal laws, verifications and public safety, and must be reasonable.”**

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*Check Your Lease Contract*

In the fall of 2004 edition of the DOT's, *Plain Dealing*, dealers were reminded of the proper way to disclose a service fee when transacting a lease. Not only does the amount of the Services Fee need to be identified separately, but the pre-printed statement (verbatim disclosure) must also be present on the lease contract. This is not a suggestion. It is the law.

*Dealers are Responsible to Provide Disclosure*

The DMV investigators are finding that some dealers who are writing leases and charging services fees are using lease contracts supplied by their lenders that do not have the required pre-printed statement. The fee is yours and not the lenders and the responsibility to provide the disclosure to the customer falls squarely on the shoulders of the dealership. Therefore it is up to you to make sure that the forms you are using are in compliance. DMV has been requiring dealers to refund service fees that they have collected from customers when they (the dealership) neglect to give their customers the proper notice regarding the services fee.

*WATDASI has the Correct Forms*

Every dealership charging a Services Fee needs to make sure they are providing their customers with the proper disclosure. You can do that by simply inspecting the procedure and forms you are using to transact a lease. Lease forms vary considerably among different finance sources and it is your obligation to insure that proper itemization and disclosure of any services fee is made to each customer. Leasing companies are not required to have forms making the required Wisconsin disclosures because the decision to charge a services fee is up to each dealer. WATDA has informed dealers of these requirements from the very start. We modified the WATDASI lease contract forms, 13B (Motor Vehicle Lease Order Form) and 13C (Motor Vehicle Prelease Agreement) specifically to comply with all of the requirements under the law. We even provided instructions on how to use up the old lease contract forms. However, we highly recommend that dealers get up to date and use the newer forms (we have been printing the updated compliant forms for over two years now). The 13B and 13C are similar forms. 13C is used only when you intend to bind the customer to the lease. Both forms can be ordered by calling 800-236-7672 and sell for \$20.50 per 100 forms.

*We Do Not Need This  
Type of Publicity*

Talk about a can of worms. We should be so lucky. This could be a can of poisonous snakes, scorpions, spiders and lawyers! Your Association fought a long and hard battle to secure the right for our members to be fairly compensated for the tedious and time consuming services that you provide for your customers to comply with the mounting state and federal laws. It would be a shame if problems arose simply due to a missed step of the process along the way. Refunding a Services Fee to a lease customer is painful, but it is also the easy solution. To date this problem has flown under the radar. However, if the problem persists the public relations fall out could be disastrous.

*Get Help  
Do It Right*

Wisconsin dealers have been allowed to charge a Services Fee for approximately 30 months now. There has been relatively no outcry from the general public about the fee. That is an indication that for the most part dealers are doing it right. Customers are made aware of the fee up front, it is disclosed in advertising, window stickers and purchase and lease contracts. We believe that this is simply a glitch in the process, in that some lenders do not have their forms structured to properly provide the customer with all of the disclosures in the proper manner. That is what WATDA is here for. We provide dealers with the correct information and forms that make compliance easy. If you are charging or decide to start to charge a Services Fee and have any questions regarding compliance, pick up the phone and call WATDA at (608) 251-5577.

### **BADGER BREAKFAST AT NADA**

*Sunday, January 30  
New Orleans Hilton  
Riverside*

Our annual Badger Breakfast will be on Sunday, January 30 from 7:20 a.m. until 9:00 a.m. at the New Orleans Hilton Riverside in the Versailles Ballroom. Come and join your friends, your WATDA Officers and staff and industry friends for fun! Salute our TMQDA nominee. Catch up on news. Registration materials are included in this mailing.

**INVITATION TO UNIVERSAL  
UNDERWRITERS GROUP RECEPTION AT  
NADA**

*You're Invited to the  
Universal Underwriters  
Party January 29*

Universal Underwriters is hosting a party at NADA on Saturday evening, January 29, 2005 from 6-9 p.m. in the Grand Ballroom at the New Orleans Marriott Hotel and has asked us to extend an invitation to the Wisconsin Dealers. Don't miss their Ragin' Cajun Party!

*Best Wishes for a Happy  
and Prosperous 2005 from  
Your WATDA Staff*