

VERMONT DEPARTMENT OF FINANCIAL REGULATION

DIVISION OF BANKING

Banking Bulletin #45

Guidance for Implementing Regulation B-2016-01

The Department of Financial Regulation (“DFR”) adopted Regulation B-2016-01 Vermont Disclosure Form – Amount to be Financed in a Motor Vehicle Retail Installment Contract, effective April 1, 2017. DFR, after consulting with the Department of Motor Vehicles (“DMV”), issues this Bulletin to provide guidance to the DMV Field Investigators, who review dealer transactions. This guidance is also beneficial to the Dealers who complete the forms involved.

Regulation B-2016-01 modifies terms on the Vermont Disclosure Form that correlate to terms on two DMV forms completed by Dealers in sales transactions. DFR and DMV have reviewed the revised terms to determine how they relate to the terms on the DMV forms. This addresses the relationship of the “Cash Price” and the “Vehicle Price,” which are DFR terms, and the “Cash Price” and the “Purchase Price,” which appear on the DMV Forms.¹

Regulation B-2016-01 intends to allow Dealers the same flexibility in the calculation of the Cash Price that currently exists under federal law. Accordingly, the Cash Price may now include “Optional Items” which are defined in the Regulation as: (1) service contracts; (2) services related to the sale; (3) purchase and use tax; and (4) fees for license, title and registration.

Prior to Regulation B-2016-01, the Cash Price was used in the negative equity calculation on the Vermont Disclosure Form, however, the revisions to the Cash Price calculation allows for amounts that, if used in the negative equity calculation, would not adequately reflect the negative equity in a transaction. To address this, the revised Vermont Disclosure Form (effective April 1, 2017), uses the Vehicle Price in the negative equity calculation. The Vehicle Price is the Cash

¹ These terms are defined in either Regulation B-2016-01 or in DMV regulations.

Price minus any of the Optional Items that are included in the Cash Price at the discretion of the dealer.

Therefore, the relationship between Cash Price, Vehicle Price and Purchase Price on the applicable forms is as follows:

- The Cash Price on the Vermont Disclosure Form (TA-VD-126 - commonly called “Negative Equity Disclosure”) must match the Cash Price on the Department of Motor Vehicle Dealer’s Vehicle (Inventory) Record (TA-VD-125); and
- The Vehicle Price on the Vermont Disclosure Form must match the Purchase Price on the Dealer Report of Sale – Temporary Registration (TA-VD-127) and the Registration/Tax/Title Application (VD-119).

If the Dealer does not include Optional Items in the Cash Price, the Cash Price will equal the Vehicle Price and the Purchase Price. If the Dealer chooses to include Optional Items in the Cash Price, the Dealer should review 9 V.S.A. § 2355(f)(1) which requires that certain Optional Items be disclosed on the retail installment contract.



Michael S. Pieciak, Commissioner
Department of Financial Regulation

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