



State of Louisiana
LOUISIANA MOTOR VEHICLE COMMISSION

Kathleen Babineaux Blanco
Governor

Lessie A. House
Executive Director

August 11, 2004

BULLETIN #B-2004-03

TO: All New Motor Vehicle Dealer, Speciality Vehicle Dealer, New Motor Vehicle Dealer Used Motor Vehicle Facility, and Motor Vehicle Lessor Used Motor Vehicle Licensees.

RE: LSA-R.S. 32:1251 et seq., 2004 Legislative Changes

Enclosed for your use is a copy of the Louisiana Motor Vehicle Commission Law, LSA-R.S. 32:1251 *et seq.*, as amended in the 2004 Regular Legislative Session. All amendments are reflected in **red type**. Review all the changes and be governed accordingly.

Act 276 of the 2004 Legislative Session allows a dealer to participate in finance charges up to three percent of the difference between the buy rate and contract rate but at no greater percentage. However, a disclosure must be made to the consumer **“that the dealer may be participating in finance charges associated with the sale.”** This act goes into effect on August 15, 2004. The statute as enacted reads as follows:

LSA-R.S. 32:1254 N. It shall be a violation of this Chapter:

(3) For a motor vehicle dealer, speciality vehicle dealer, used motor vehicle dealer, or a motor vehicle salesman/agent:

(k)(i)(aa) To fail to disclose to a purchaser in writing on the sales contract, buyer’s order, or any other document that the dealer may be participating in finance charges associated with the sale.

(bb) To participate in a finance charge that would result in a difference between the buy rate and the contract rate of more than three percent.

(ii) The provisions of Item (i) of the Subparagraph shall apply only to transactions subject to the Louisiana Motor Vehicle Sales Finance Act.

According to conversations with Louisiana Auto Dealers Association, many lenders have already placed this language on their forms; however, please be aware that some lenders may not have put the language on the sales finance contract. In order to ensure compliance, you should disclose the required language on the contract, buyer's order, or a separate sheet of paper, a copy of which should be made a part of the transaction file.

You should also be aware that the Motor Vehicle Sales Finance Act, LSA-R.S. 6:969.1 *et seq.* was also amended this past legislative session. The effective date is August 15, 2004. One amendment of particular interest to you is LSA-R.S. 6:969.18 which was amended by Act 153 as following:

§ 969.18. Documentation fees; notary fees; transfer of equity and other fees; disclosure

A.(1) The extender of credit may charge the consumer **up to** thirty-five dollars documentation fee for services performed in documenting a motor vehicle credit transaction.

(2) The seller may, in connection with any retail sale, including but not limited to a retail installment transaction, charge a fee for credit investigation, preparation of the documents necessary to perfect or satisfy a lien upon the objects sold, and any other functions incidental to the titling of the retail sale. The maximum amount permitted to be charged shall be thirty-five dollars.

(3) The seller or extender of credit may additionally charge the consumer a convenience fee, as provided by R.S. 47:532.1(A)(7)(c), for services performed in obtaining a motor vehicle license or title on the consumer's behalf.

(4) The fees provided for in this Section are not considered to be additional loan finance charges or credit service charges under this Chapter and are nonrefundable and not subject to rebate.

(5) In the event the seller and the extender of credit are the same entity or a directly related entity, the maximum charge for all the services outlined in Paragraphs (1) and (2) of the Subsection shall be thirty-five dollars.

The above are just some highlights of the session, you are encouraged to review the statutes and if you have any questions or comments, please do not hesitate to call the undersigned.

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Additional copies of both laws may be downloaded from the Commission's website,
www.lmvc.state.la.us.

Yours very truly,

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