



State of Louisiana
LOUISIANA MOTOR VEHICLE COMMISSION

Bobby Jindal
Governor

Lessie A. House
Executive Director

April 20, 2009

BULLETIN #B-2009-01

TO: All New Motor Vehicle Dealer Licensees
FROM: L. A. House, Executive Director
RE: Pricing and Discounting

This question has been presented to the Commission many times over the years. Can I increase the price of a car to cover a discount I take on the sale of the finance contract for that car?

Our answer has been and is NO!

Why?

1. When you increase the price of the car to cover the discount, the amount of increase in the purchase price becomes a finance charge for federal disclosure purposes.

Unless you disclose the price increase as a finance charge, you've violated federal disclosure laws.
2. By not including the price increase as a finance charge you've probably violated the maximum finance charge allowed by the Motor Vehicle Sales Finance Act.
3. You have violated our Advertising Rules, if the original price was advertised, which require you to sell the car at the price you advertise.
4. You have probably violated the terms of your dealer agreement between you and your sales finance company, which could result in your being forced to repurchase the contract.