



Maryland's Dealer Processing Charge

A Guide from the Washington Area New Automobile Dealers Association

About the Processing Charge

Retailers of both new and used vehicles in Maryland may assess a dealer processing charge, which as of July 1, 2020, **may not exceed \$500**. According to Section 15.311.1 of the state Transportation Code, a processing charge can only cover costs associated with any or all of the following services:

- The preparation of written documentation of the transaction;
- Obtaining the title and license plates for the vehicle;
- Obtaining a release of lien;
- Filing title documents with the MVA;
- Retaining documentation and records of the transaction;
- Complying with federal or State privacy laws; or
- Other administrative services concerning the sale of the vehicle.

Disclosure Requirements

Under Maryland code, the processing charge (also known as a “doc fee”) is allowed but not required, and the fee can be any amount so long as it is \$500 or less. Maryland new and used auto dealers **must disclose** the dealer charge, both at brick-and-mortar retail stores and online.

In all places where the charge is disclosed, it must be referred to with the following language:

“Dealer processing charge (not required by law): \$_____.”

The charge must be included in the price displayed on a vehicle’s window sticker, and the window sticker must also be available to view online. The total sale price may only exclude the tax and title fees owed to the state of Maryland, if the vehicle is ultimately registered in the state. The charge must also be listed in 12 point font or larger on the vehicle contract form.

The processing charge must be included in the total advertised price of a vehicle, unless “the dealer clearly and conspicuously discloses the amount of the dealer processing charge and freight charge in at least 10 point and bold font within reasonable proximity to the advertised price.” This is the case whether the car is being advertised in-person or online.



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Maryland State Code Section 15-311.1

Source: mgaleg.maryland.gov/mgawebsite/laws/statutes

(a) (1) In this section, "dealer processing charge" includes an amount charged by a dealer for:

- (i) The preparation of written documentation of the transaction;
- (ii) Obtaining the title and license plates for the vehicle;
- (iii) Obtaining a release of lien;
- (iv) Filing title documents with the Administration;
- (v) Retaining documentation and records of the transaction;
- (vi) Complying with federal or State privacy laws; or
- (vii) Other administrative services concerning the sale of the vehicle.

(2) "Dealer processing charge" does not include a charge to purchase or install tangible personal property on or in the vehicle, or to perform mechanical service on the vehicle.

(b) (1) If a dealer charges a dealer processing charge, the charge:

- (i) Shall be reasonable;
- (ii) May not exceed:

1. \$200 for the period from July 1, 2011, through June 30, 2014; and
2. \$300 for the period from July 1, 2014 through June 30, 2020; and
3. **\$500 on and after July 1, 2020;** and

(iii) Shall reflect dealer expenses generally incurred for the services identified in subsection (a)(1) of this section.

(2) A dealer shall provide a written disclosure of the services included in the dealer processing charge on request by the purchaser.

(c) Any dealer processing charge or freight charge shall be disclosed to a purchaser as provided in this section.

(d) A contract for the sale of a vehicle shall contain a statement, in 12 point type or larger, on the contract form as follows:

"Dealer processing charge (not required by law): \$...."

"Freight charge: \$"

(e) If a dealer advertises the price of a vehicle, the amount of any dealer processing charge and freight charge shall be included in the advertised price unless the dealer clearly and conspicuously discloses the amount of the dealer processing charge and freight charge in at least 10 point and bold font within reasonable proximity to the advertised price.

(f) The dealer shall attach its price statement to a window of the vehicle, next to any other price disclosure required by law. The dealer's price statement shall state the total price for which the dealer is offering to sell the vehicle. **The total price stated shall include any dealer processing charge, which shall be disclosed above the total price in at least 10 point type as "dealer processing charge (not required by law): \$....."**

The total price may exclude only the taxes and title fees payable to the State.