



# DIMINISHED VALUE

## CAROLINA

### Dealer Fees to Know When Buying a New Car

Wednesday, January 04, 2023.

When selling a new or used car, many dealerships charge fees to cover the cost of new license plates, dealer prep services, or sales tax.

Learning the most common dealer fees when buying a car will help you save money as you begin the car-buying process.



#### **Documentation Fees**

Documentation fees, sometimes referred to as doc fees, refer to the handling and processing of paperwork. The price of doc fees can vary widely. Some dealerships charge less than \$100 in doc fees, while others charge hundreds of dollars. Some dealerships spend a lot of time preparing sales paperwork, so they might charge you for this service.

#### **Delivery Fee**

If you buy a new car that needs to be delivered, the dealership may charge you a destination fee. This fee depends on the vehicle's location.

#### **Sales Tax**

Like when you buy goods, you have to pay sales tax when you buy a new car. The sales tax rate varies from state to state.

#### **Title and Registration**

When you buy a car from a dealership, the dealer might handle the registration process for you, including ordering the title and securing the license plate.

#### **GAP Insurance**

The lender may require you to purchase guaranteed asset protection (GAP) insurance in addition to your regular insurance. The cost of GAP insurance depends on how much you pay for the car and how much it is worth. It covers the difference between the value of your car and the amount of your auto loan.

## **Warranties and Maintenance Costs**

If you do not want to pay for an extended warranty or maintenance plan, you can decline it. Dealers may include other warranties in your payment, such as tire and wheel protection, a powertrain warranty, a restraint system warranty, or a corrosion warranty.

## **VIN Etching**

Some dealerships charge an extra fee for etching your vehicle identification number (VIN) into your windshield so you always have easy access to it. You can usually decline this service.

## **Loan Protection Insurance**

The fee is usually optional, and you should be able to decline it if you don't want it. Some dealers automatically include loan protection insurance with a new car purchase. This protects you from repossession if your job is lost.

## **Loan Payment Fees**

Some dealerships also offer loans. Some charge extra fees in addition to the usual interest rate. For example, a dealership might charge a payment fee if you use a bank transfer to pay your monthly payment. If dealers charge additional fees, it can result in high payments on auto loans.

## **How Much Does it Cost?**

Depending on the location and price of the vehicle, you may have to pay anywhere between 8 and 10% of the vehicle's price in dealer fees. These fees almost always include sales tax, document fees, and registry fees.

It also depends on where you live and how much the dealership charges for state sales taxes and title and registration fees. Different states also have different laws about trade-ins and whether you can use one to reduce your car payment.