



August 12, 2016

Karla Nuissl
Assistant General Counsel
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620

Re: Regulation B-2016-01 Vermont Disclosure Form – Amount to be Financed in a Motor Vehicle Retail Installment Contract

Dear Ms. Nuissl:

On behalf of the American Financial Services Association (“AFSA”),¹ thank you for the opportunity to comment on the Department of Financial Regulation’s (DFR) proposed rule amending the disclosure form for the amount financed in motor vehicle retail installment transactions (B-2016-01). We appreciate the Department’s consideration of our comments regarding the previous drafts of the proposed regulation and our comments regarding the final proposed rule.

As preventing ambiguity is vital to proper disclosure, AFSA requests that DFR more clearly define “Optional Items” and provide a clear definition for the term “accessories” as used in the rule to adequately distinguish between accessories that are included in the definition of optional items and those that are not. Both terms could be used to describe a host of products and services, including vehicle service contracts, maintenance, powertrain, theft deterrent, satellite radio, VIN Etch, and paint and dent removal. Accordingly, we believe further clarity from DFR on the definitions is necessary.

Additionally, AFSA requests more information regarding the “Other” category on the list of optional items to be deducted from cash price on the disclosure form. The category is included on the disclosure form, but the proposed rule provides no information regarding what other costs or items DFR believes would fall into this category beyond the listed categories of service contracts, purchase and use taxes, and fees. If there are specific categories of items DFR believes must be deducted from the cash price—but do not fall into the aforementioned categories—further guidance is needed.

Section 1.2 of the proposed regulation states: “This regulation shall apply to all motor vehicle retail installment transactions governed by Title 9 V.S.A. Chapter 59.” The policy concerns surrounding financing negative equity on vehicle trade-ins have traditionally been limited to the

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

purchase of non-commercial vehicles designed for use on public highways. Accordingly, AFSA proposes Section 1.1 be changed to the following (proposed addition in italics): “This regulation shall apply to all motor vehicle retail installment transactions governed by Title 9 V.S.A. Chapter 59 *that relate to a vehicle designed for use on public highways.*”

We also request that, if the proposed rule is adopted, the rules include a delayed effective date, at least six months after adoption, for affected industry members to implement the required changes, as the proposed rule will require changes to existing retail installment contracts, and time will be needed to draft, review and distribute new forms and for reprogramming.

Thank you in advance for your consideration. We appreciate the opportunity to work with the DFR during the rulemaking process. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 952-922-6500 or dfagre@afsamail.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Fagre Arlowe', written in a cursive style.

Danielle Fagre Arlowe
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