

Fees fair and fees foul: What to do about closing costs

	Fee	What's it about?	Amount
Unavoidable	Destination charge	A standard charge levied to cover shipment of the vehicle. Typically, it is the same for all models from a particular brand.	\$
	Documentation fee	A modest charge of \$50 or less for processing documents that establish your title and registration is warranted. Question anything higher than \$100.	
	Gap insurance	A must for leased vehicles, covers the difference between your payments over the life of the lease and the residual value of the vehicle in case it is stolen or totaled in an accident.	
	Title and registration	The formalities of establishing you as the new owner of the vehicle and obtaining temporary tags are best taken care of by the dealer. Expect the dealer to pass along what the state charges — typically between 1% and 3% of vehicle's cost — plus a modest processing fee (see Documentation Fee, above).	
	Sales tax	Unavoidably, the state will take its cut of the deal.	
Maybe	Advertising charge	Increasingly common, regional dealer cooperatives assess fees to support promotional efforts. If this charge shows up only at the closing, contest it. You may end up having to pay.	
	Extended warranty	Extra coverage that covers major repairs that occur after the manufacturer's warranty expires. It's your call whether you need it. Don't feel pressured to buy such a warranty at the same time you buy the car; you can usually buy a plan anytime before the original warranty expires. If you do buy, we suggest sticking with a plan offered by the automaker. Third-party coverage may be cheaper, but can vary enormously in quality and coverage.	

Avoid Paying	Additional dealer markup	A better name would be "gratuitous dealer profit." You may find this on a newly introduced model that's in high demand. This can add up to \$1,000 or more to the cost of some models.	\$
	Dealer preparation fee	Most manufacturers pay the dealers to remove the coatings and coverings that protect the vehicle during shipment and to clean up the car for you. There is no justification for you to pay the dealer again for this service.	