MOTOR VEHICLE DEALER MANUAL

2014 EDITION

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Texas Department *of* Motor Vehicles

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INTRODUCTION

The purpose of this manual is to provide prospective and current motor vehicle industry licensees as well as other stakeholders with an easy-to-use overview of Texas motor vehicle dealer licensing and operating laws. Please understand that the laws themselves, both statutes and the department's rules, are controlling and should be consulted first in the event of an apparent conflict between a statute and rule and what is presented in this manual.

Our goal is that licensees comply with the laws regulating the industry. Our belief is that a better understanding of those laws will result in increased compliance and creation of a level playing field for those operating in the industry. To that end, our staff stands ready to assist with any questions you may have regarding the laws. Licensees are also encouraged to keep up with changes in the law through regular attendance of continuing education presentations made by the division and by the dealer associations.

This manual will necessarily be updated on a regular basis to keep up with changes in the law. Input from the users of the manual has always been valuable to staff in producing what is hoped to be a valuable tool to better serve our licensees and other stakeholders. Accordingly, comments or suggestions for improving the manual are always most welcome.

The Dealer Training Manual is an educational tool for licensees. In the event of a conflict of content between the manual, state law and/or an agency rule, the rule and/or statute will take precedence.

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January, 2014 Motor Vehicle Division

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CHAPTER 1.

DEFINITIONS

1.1 Key Terms. Unless the context clearly indicates otherwise, the following words as used in this manual will have the following meanings:

Antique Vehicle – A motor vehicle that is 25 years of age or older. (Tex. Trans. Code § 504.502)

Blue Law – The law that prohibits motor vehicle dealers from selling or offering for sale motor vehicles on consecutive days of Saturday and Sunday. (Tex. Trans. Code § 728.002)

Broker – A person who, for a fee, commission, or other valuable consideration, arranges or offers to arrange a transaction involving the sale of a new motor vehicle who is not a licensed dealer or bona fide employee of a licensed dealer; a licensed representative or bona fide employee of a representative; a distributor or bona fide employee of a distributor, or the owner of the vehicle at any point of the transaction. (Tex. Occ. Code § 2301.001[3])

Buyer's Guide - Also known as the "As Is" sticker which is required by the Federal Trade Commission to be placed on all used light duty trucks, vans and automobiles offered for sale.

Converter – A person who assembles, installs or affixes a body, cab or special equipment to a chassis prior to the retail sale of a vehicle, or who substantially adds, subtracts from or modifies a previously assembled or manufactured motor vehicle unless the resulting vehicle is a motor home, ambulance or fire-fighting vehicle. (Tex. Occ. Code § 2301.001[6])

County Appraiser's Office - The Chief Appraiser sets the property tax rate. Copies of the Vehicle Inventory Tax (VIT) statements and declarations are filed here.

County Tax Office - The Tax Assessor-Collector's (TAC) office in the county in which a dealership is located. This is where documents are submitted for title transfer. Vehicle Inventory Tax statements and Declarations are also filed with these offices.

Curbstoning - The act of selling vehicles somewhere other than licensed premises. Unlicensed persons commonly use vacant store parking lots and other curbsides to place vehicles for sale. Licensed dealers are also known to try to sell their less than desirable inventory away from their licensed premises by way of

curbstoning. (Tex. Trans. Code §§ 503.021 and 503.027; Tex Occ. Code § 2301.362)

Dealer – A person who regularly and actively buys, sells, or exchanges vehicles at an established and permanent location. (Tex. Trans. Code § 503.001)

Department – the Texas Department of Motor Vehicles. (Tex. Trans. Code § 503.001)

DBA (Doing Business As) – The business name used, which may or may not be the same as the name of the legal entity that owns the dealership (e.g. Auto Imports, Inc. DBA AI Cars). The DBA is also known as the "assumed name."

DMV a/k/a TxDMV – See the Texas Department of Motor Vehicles.

Enforcement Division – The division within TxDMV that regulates the activities of the motor vehicle industry, motor carriers, and household goods movers. The administration of the Lemon Law is also handled within this division.

Franchised Dealer - A person, holding a board-issued franchised motor vehicle dealer's license, and is engaged in the business of buying, selling, or exchanging new motor vehicles and servicing or repairing motor vehicles under a manufacturer's warranty at an established and permanent place of business under a current franchise agreement with a manufacturer or distributor. (Tex. Occ. Code § 2301.002)

GDN (General Distinguishing Number) - The dealer's license number, commonly called the "P" number or "GDN", issued by the Motor Vehicle Division is required of all dealers.

Independent Dealer - A person who is not a franchised dealer or independent mobility motor vehicle dealer and holds an independent motor vehicle dealer's general distinguishing number, allowing the sale of used motor vehicles. See also "Wholesale Dealer." (Tex. Trans. Code §503.001)

Lemon Law – Chapter 2301.601 of the Occupations Code that imposes a duty on manufacturers to perform obligations of warranties of new motor vehicles and provides relief for consumers in the manner of forced repairs or repurchase of vehicles impaired by defects.

Line-make - Line-make is not legally defined but generally refers to the various name plates or "badges" under which vehicles are marketed such as "Buick" or "Nissan." Current cases may give a legal definition to "line-make" in the next few years.

Monroney Sticker - Also known as the MSRP sticker that manufacturers attach to the window of new motor vehicles describing the vehicle and its specifications.

MCO (Manufacturer's Certificate of Origin) – This is the birth certificate for a motor vehicle. Manufacturers issue the MCOs to their franchised dealers for vehicles bought from the factory. The MCO is turned in at the first retail sale for a title. These are also called MSOs.

MFR (Motion for Rehearing) - This is a request for the final decision maker to reconsider their decision. Once a case has been subject to a final order, a MFR must be filed before the litigant can appeal the case to the District Court.

Motor Vehicle Collector – A person who owns one or more antique or special interest vehicles; and acquires, collects, or disposes of an antique or special interest vehicle for personal use to restore and preserve an antique or special interest vehicle for historic interest.

Motor Vehicle Division (MVD) - A division within the TxDMV tasked with the licensing of motor vehicles manufacturers, distributors, dealers, converters and representatives within the state of Texas. This division also provides dealers and manufacturers with their metal plates.

MSO (Manufacturer's Statement of Origin) – See "MCO." This is another name for a MCO.

New Motor Vehicle - A new motor vehicle is one that has not been subject to a retail sale to a consumer, regardless of its mileage. Payment of sales tax when purchasing a new motor vehicle does not make the vehicle a used motor vehicle. If the buyer intends to resell the vehicle for profit it is not a retail sale. (Tex. Occ. Code § 2301.002)

Non-franchised Dealer - See Independent dealer.

Occupations Code - As of June 1, 2003, the Texas Motor Vehicle Commission Code was codified under Chapter 2301 of the Occupations Code.

OEM – Original Equipment Manufacturer.

Person – A natural person, partnership, corporation, association, trust, estate or any other legal entity as defined by Chapter 2301 of the Occupations Code. (Tex. Occ. Code § 2301.002[27])

PFD (Proposal for Decision) - The opinion written by the Administrative Law Judge after hearing on a docketed case. The PFD outlines the facts of the case as presented in the hearing and documents the evidence presented and recommends

an outcome. The PFD is presented to the Board or MVD Division Director for a final decision.

Public Auctions – These are licensed GDN dealers who sell by way of an auction on their licensed premises. Some public auctions sell only the dealership's own inventory. Others sell vehicles taken on consignment from individuals. Dealers can not consign their inventory to other dealers, to sell at a public auction.

SOAH (State Office of Administrative Hearings) - The agency that provides Administrative Law Judges that hear the cases of MVD and render Proposals for Decisions.

Special Interest Vehicle – A motor vehicle of any age that has not been changed from original manufacturer's specifications and, because of its historic interest, is being preserved by a hobbyist (motor vehicle collector). Collectors of special interest vehicles do not need a dealer license if the vehicles are at least 12 years of age. (Tex. Trans. Code § 683.077)

SPV (Standard Presumptive Value) - The calculated value of a motor vehicle that is used to calculate motor vehicle tax on private-party purchases of used motor vehicles. Dealers may be requested to provide a certified appraisal for a buyer on a private purchase to prove a value lower than the SPV.

TAC (Tax Assessor-Collector) - The local tax office that is responsible for accepting and issuing receipts for title transfers.

Texas Motor Vehicle Commission – The original agency that regulated franchised dealers and manufacturers. The Commission became the **Texas Motor Vehicle Board** when the agency was folded into the Texas Department of Transportation in 1991. The Texas Motor Vehicle Board was dissolved by law on June 14, 2005. All functions of the Board were transferred to the MVD Division Director except the rulemaking authority which was vested in the Texas Transportation Commission. This has changed with the establishment of the Texas Department of Motor Vehicles in 2009 and the new Texas Department of Motor Vehicles Board was established.

Texas Department of Motor Vehicles (TxDMV) - The agency was created by the 81st legislature in 2009. This agency is composed of 10 divisions including: Motor Vehicle Division, Enforcement Division, Motor Carrier Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Division. The agency is governed by a nine-member board appointed by the Governor.

Texas Department of Motor Vehicles Board – Composed of nine members each of whom serve six staggered year terms. This board sets policy for the department and is the final arbiter of cases brought before the agency.

Texas Motor Vehicle Commission Code - (TMVCC) The original law that regulated franchised dealers, but now covers both franchised and non-franchised entities. As of June 1, 2003, this code became the Texas Occupations Code, Title 14, Chapter 2301.

Used Motor Vehicle - A vehicle that has been sold to a retail customer for purposes other than resale and for which the dealer is required to apply for a certificate of title for that customer.

VIN (Vehicle Identification Number) - A number assigned exclusively to a particular vehicle by the manufacturer that contains information about the vehicle's manufacturer.

Vehicle Inventory Tax (VIT) - A property tax that dealers pay on their business inventory. This is NOT a tax that is required to be paid by the consumer.

Vehicle Titles and Registration Division (VTR) – A TxDMV division responsible for issuing and maintaining records of titles and registration. Providing the license plates and specialty plates for vehicle registration is a function of this division.

Wholesale Dealer - A person who holds a GDN issued by the TxDMV but is not allowed to sell to retail customers.

Wholesale Motor Vehicle Auction – An entity that offers motor vehicles for sale to the highest bidder during a transaction that is one of a series of regular periodic transactions that occur at a permanent licensed location. The wholesale motor vehicle auction is open only to licensed dealers.

CHAPTER 2.

THE ENFORCEMENT DIVISION AND STAFF

2.1 History. In 1991, the Motor Vehicle Commission was a state agency that licensed and regulated franchised dealers. That same year, the commission was merged into the Department of Transportation (TxDOT) and became the Motor Vehicle Division (MVD). At that time, the Texas Motor Vehicle Commission became the Texas Motor Vehicle Board which was made up of nine members appointed by the Governor. In the 2005 legislative session, the Texas Motor Vehicle Board was dissolved and all functions of the board were placed with the Director of the MVD with the exception of rulemaking which resided with the Texas Transportation Commission.

In 2009, the 81st Legislature extracted the MVD along with three other divisions of TxDOT to form the Texas Department of Motor Vehicles (TxDMV). The four divisions of TxDMV that composed the new agency are the Motor Vehicle Division, the Motor Carrier Division, the Vehicle Titles and Registration Division (VTR), and the Automobile Burglary and Theft Prevention Division (ABTPA). These divisions were further reorganized into 8 different divisions, Central Administration, Financial Services, Motor Carrier, ABTPA, Consumer Relations, VTR, Enforcement, and Motor Vehicle Division, which handles the licensing aspect.

This agency is governed by a nine-member board appointed by the Governor, composed of three dealers, two of which must be of different types and one of which is an independent dealer; a tax-assessor collector; a member of a municipal or county law enforcement entity; a manufacturer or distributor representative; a motor carrier industry representative; and, two lay persons. This board sets policy and is the final arbiter of the Occupation Code cases brought before the agency.

2.2 The Enforcement Division Staff. The Enforcement Division staff consists of five sections under the direction of a single director who reports to the TxDMV Executive Director. The five sections are Administration, Lemon Law, Compliance Education, Legal and Investigations.

a. Administration. Administration supports the other sections with the functions of Human Resources, Purchasing and Accounting.

b. Investigations. The Enforcement Section receives an average of 5,000 complaints a year from consumers, government agencies, public companies and other licensees. Investigations are broken down into three distinct areas: motor vehicle; motor carrier/household goods carriers; and oversize/overweight investigations. The job of these investigators is to collect information and document those complaints that are turned into the division. Investigators also assist law enforcement by training officers and agents on the dealer law.

c. Legal. Staff attorneys review investigations and, if needed, prosecute violations of the code and rules.

d. Compliance Education. This section is responsible for overseeing the training efforts of the division. Websites and publications are also updated and monitored by this section.

e. Lemon Law. This section administers the Texas Lemon Law and Warranty Compliance programs. If a consumer buys or leases a new vehicle and experiences ongoing repair problems, they may file a complaint with this section seeking repurchase, replacement or repair under the Lemon Law or warranty compliance requirements. This section has trained mechanics as case advisors who mediate between consumers and factory representatives. Failing mediation, the complaints are forwarded to the State Office of Administrative Hearings (SOAH) where one of the administrative law judges will hold hearings in or near the consumer's locale to determine if the vehicle qualifies for Lemon Law or warranty compliance relief.

2.3 Motor Vehicle Division. The MVD receives reviews and processes new, renewal and amendment applications for licensees. Their job consists of making sure all new applicants meet the requirements for a license and that applicants for renewals are maintaining the requirements. The many different types of licenses have different requirements and the licensing personnel assist applicants in understanding the distinctions and completing their applications. This division must also determine if any new franchised applicants are within the protest area of an existing dealership and notify all dealers who are eligible to protest a new dealership in this area.

The MVD also reviews requests for off-site auto shows and exhibitions pursuant to the law which requires franchised dealers to submit an application thirty (30) days in advance before removing vehicles from their lot to display at auto shows or other places. The requests for off-site shows and displays must be reviewed for conflicts before approval is given.

CHAPTER 3.

LICENSING

3.1 Who must be licensed. Any person who is engaged in the business of buying, selling or exchanging motor vehicles or otherwise engaging in business as a dealer, directly or indirectly, including by consignment, must apply for and receive a general distinguishing number issued by the Department. This is commonly referred to as the "GDN." See Section 3.3 for certain exemptions from licensure.

3.2 Types of Licenses.

a. GDN License. GDN licenses are broken down into several categories. A GDN is the basic dealer license that allows a person to buy, sell or exchange the type of ***used*** vehicle for which the GDN is issued. For example, if a dealer wants to sell both used motorcycles and used automobiles, that dealer must have both a motorcycle GDN and a motor vehicle GDN. Any GDN licensee may use dealer's temporary tags, buyer's temporary tags and metal dealer license plates only on motor vehicles for which they are licensed to sell. The dealer must be bonded (See 3.10) unless he or she is a franchised dealer or a trailer dealer. The following are the different types of GDNs that must be obtained to sell that particular type of vehicle:

1. Motor Vehicle: This dealer may buy, sell or exchange any type of used vehicle other than motorcycles, utility trailers or semi-trailers. A separate GDN must be obtained for these categories.

2. Motorcycle: This dealer may buy, sell or exchange any type of used motorcycle, motor scooter, ATVor ROV (recreational off-highway vehicle).

3. Non-motorized Travel Trailer (towable recreational vehicle): This dealer may buy, sell or exchange any type of used travel trailer.

4. Utility Trailer/Semi-Trailer: This dealer may buy, sell or exchange any type of **new or used** utility trailer or semi-trailer. This is the only GDN that permits the sale of new vehicles without a franchised dealer license.

5. Wholesale Dealer License: A wholesale GDN may be obtained if the dealer sells used vehicles only to other licensed dealers. A wholesaler may not sell retail. There is no license category for a wholesale new vehicle dealer.

6. Wholesale Motor Vehicle Auction License. This license allows an entity to offer vehicles for sale by bid only to licensed dealers at a bona fide auction at a permanent location. Only one auction GDN may be issued for a particular location. A licensee with an auction GDN may obtain one additional GDN at the

same location the auction GDN is issued for. No other entity may hold a license at the auction location.

7. Independent Mobility Motor Vehicle Dealer. This license allows a dealer to offer to sell **new** mobility motor vehicles. A "mobility motor vehicle" is a motor vehicle that is designed and equipped to transport a person with a disability. It must contain a permanently lowered floor or lowered frame; or a permanently raised roof and raised door. The vehicle must also contain at least one of the following which is installed as an integral part or permanent attachment to the motor vehicle's chassis:

1. A platform lift that enables a person to enter or exit the vehicle while occupying a wheelchair or scooter;

2. A wheelchair ramp; electronic or mechanical

3. A system to secure a wheelchair or scooter to allow a person to be safely transported while occupying the wheelchair or scooter.

b. Franchised Dealer License. In addition to a GDN, if a dealer wishes to buy, sell, or exchange **new** motor vehicles, he or she must obtain a franchised dealer license for each separate and distinct showroom that will sell new motor vehicles or provide warranty service. A franchised dealer may operate several locations within a city limit with one GDN. If a dealer relocates a showroom within the same city limits, an application for a new franchised dealer license must be made for the new location, but the dealer will be able to keep the same GDN. If a franchised dealer wishes to add a line-make to their current licensed location, they submit a license amendment form so the new line can be added to their franchise license.

The same rules apply to franchised dealers as with GDNs. They may buy, sell or exchange any type of used vehicle within the particular type of GDN they possess. For example, a Ford dealer may be franchised to sell new Fords and have a motor vehicle GDN to sell used cars. However, they may not sell used motorcycles (of any line-make) without a motorcycle GDN.

c. Converter License. This license is required of persons who assemble, install or affix a body, cab or special equipment to a chassis prior to the retail sale of a vehicle, or who substantially add, subtract from or modify a previously assembled or manufactured motor vehicle unless the resulting vehicle is a motor home, ambulance or fire-fighting vehicle. Converters cannot sell converted **new** motor vehicles directly to the retail public, including cities and municipalities. Only a franchised dealer for the underlying line-make of the converted vehicle may sell the vehicle at retail. See Section 9 for more information on this license type.

d. Manufacturer License. This person manufactures or assembles new motor vehicles for sale within this State by franchised dealers, regardless of the location of the factory. This applies to all types of motor vehicles, whether they are cars, motorcycles,

travel trailers, motor homes, ambulances, fire trucks or other types of service vehicles. They may use manufacturer metal license plates exclusively for testing vehicles or loaning a vehicle to a consumer in connection with a Lemon Law case. Manufacturers may not sell directly to the retail public, including cities and municipalities.

e. Distributor License. This person distributes and/or sells new motor vehicles to franchised dealers within this State and is not a manufacturer.

f. Representative License. This person acts as an agent, employee or representative of a manufacturer, distributor or converter and performs duties in this State relating to promoting the distribution and/or sale of new motor vehicles or contacts dealers in this State on behalf of a manufacturer, distributor or converter. This license allows the representative to promote the product, but not sell it as sales must be done through a licensed franchised dealer.

g. Lessor License. This license is required of a person who, under the terms of a lease agreement in excess of 180 days, gives another person the right to possession and use a motor vehicle that is titled in the name of the lessor. No bond is required.

A franchised dealer does not need a lessor license to lease the line-make of vehicles for which they have a franchise license. Any state or federally chartered financial institution or a regulated subsidiary of a state or federally chartered financial institution is not required to obtain a lessor or lease facilitator license. Any entity exempt from the licensing requirement still needs to observe the record-keeping requirements found in the Lease Rules. To read more on the Lease Rules, see Chapter 8 on Leasing.

A dealer may not have the words "lease" or "leasing" in his or her company name unless they obtain a lessor or a lease facilitator license.

h. Lease Facilitator License. A lease facilitator is a motor vehicle leasing company or agent that has an agreement with a lessor to find customers to enter into lease contracts with the lessor. The lease agreement will be between the customer (lessee) and the lessor, not the lease facilitator. A leased vehicle will never be titled in a lease facilitator’s name.

A lessor licensee does not need a lease facilitator license to facilitate leases for themselves. The lessor license includes the ability to facilitate its own leases. However, if the lessor facilitates leases between lessees and *other* lessors, they would need a lease facilitator license in addition to their lessor license.

i. In-transit License. An in-transit license is required for a drive-a-way operator who transports and delivers a vehicle in this state from the manufacturer or another point of origin to a location in this state using the vehicle's own power or using the full-mount method, the saddle-mount method, the tow-bar method, or a combination of those methods. Drive-a-way operators may apply for, receive, and attach metal in-transit license plates to the vehicles they transport.

j. Salvage Dealer License. A salvage dealer is a person or company, who acquires, sells, dismantles repairs, rebuilds, reconstructs, or otherwise deals in nonrepairable motor vehicles and salvage motor vehicles. You are required to be licensed as a salvage dealer if you sell more than five salvage or nonrepairable motor vehicles in a calendar year; or repairs, rebuilds, or reconstructs three or more salvage motor vehicles in the same calendar year. A salvage dealer's license has a term of one year. There are five classifications you may apply for using one application form:

1. New automobile dealer - primary business is selling new motor vehicles, but may also buy salvage motor vehicles to repair and sell, or otherwise deal in nonrepairable motor vehicles

2. Used automobile dealer - primary business is selling used motor vehicles but may also buy salvage motor vehicles to repair and sell, or otherwise deal in nonrepairable motor vehicles

3. Salvage vehicle pool operator - primary business is selling nonrepairable motor vehicles or salvage motor vehicles at auction, including wholesale auction.

4. Salvage vehicle broker - primary business is buying, selling or exchanging salvage and nonrepairable motor vehicles with other licensed salvage vehicle dealers.

5. Salvage vehicle rebuilder - primary business is acquiring and repairing, rebuilding or reconstructing for operation on a public highway three or more salvage motor vehicles in a calendar year.

Metal recyclers and selling used parts are regulated by the Texas Department of Licensing and Regulation.

3.3 Exemptions. A person is not required to obtain a dealer GDN if the person:

a. Is selling or offering to sell fewer than five vehicles in the same calendar year *if the vehicles are owned and registered in that person's name*. If the vehicles are not owned and registered in that person's name, they would need a license to sell even one vehicle; or

b. Is a federal, state, or local government agency selling a vehicle; or

c. Is selling or offering to sell a vehicle the person acquired for personal or business use to a person other than a retail buyer if the sale or offer is not made to avoid the law; or

d. Is selling a vehicle in which the seller holds a security interest at a forced sale, in a manner provided by law; or

e. Is acting under a court order as a receiver, trustee, administrator, executor, guardian or other appointed person; or

f. Is an insurance company selling a vehicle acquired from the owner as a result of paying an insurance claim; or

g. Is selling an antique passenger car or truck that is at least 25 years of age; or

h. Is a collector selling a special interest vehicle that is at least 12 years of age? A special interest vehicle is defined in Transportation Code §683.077(3) as a motor vehicle that has not been changed from the original manufacturer's specifications and, because of its historic interest, is being preserved by a hobbyist.

3.4 Licensing Periods. All licenses are valid for two years from the date of issuance. The fee is due at the time of license issuance or renewal. Applicants are reminded that they must not commence business until the license becomes effective. License renewal applications are sent to the mailing address in a licensee's file between **75-90** days before the license expiration date. If the licensee has not informed the agency of a change of address, they may not receive their renewal application. It is the licensee's responsibility to file a timely renewal application regardless if they failed to receive the renewal application.

3.5 License Purveyors. A license purveyor is someone who assists licensees for a fee or other consideration in applying for and maintaining their license to the point where the licensee does not communicate directly with the MVD.

In October 2012, the TxDMV Board promulgated a rule that limited the practice of license purveyors placing themselves between the license applicants and the application. The rule states that applications for licenses will only be accepted for processing if filed by

- The applicant, or
- The licensee or
- The applicant's authorized representative who is
    - An employee, or
    - An unpaid agent, or
    - A designated attorney, or
    - A CPA.

License fees paid by check, credit or debit card, or electronic transfer must be drawn on the account held by:

- An applicant,
- A licensee,
- Applicant's CPA's trust account, or
- Applicant's designated attorney's trust account;

Required information will not be accepted if it is on the letterhead of anyone other than the applicant, his/her authorized representative, or the applicant's attorney or CPA. Information will not be given to or follow-up information requested from anyone other than the licensee, applicant or his/her authorized representative, a designated attorney or CPA. New license numbers will not be released to anyone other than the new licensee or the new licensee's attorney or CPA.

3.6 Obtaining More than One GDN or License. Questions often arise as to when a dealer needs an additional GDN. The following are some examples that a dealer would need to obtain more than one license:

- Franchised dealers need a franchise license in addition to the GDN.
- Franchised dealers must obtain a separate franchise license for each location that new motor vehicle sales are made.
- Dealers who own dealerships in different cities.
- Franchised or independent dealers who wish to sell different types of vehicles (i.e. a motorcycle dealer who wishes to sell trailers as well).

A separate bond is required for each type of GDN held except for travel trailer and trailer/semitrailer. For example, selling automobiles and motorcycles would require a separate GDN for each category and a separate bond for each GDN. Premises requirements contained in Section 3.7 also affect the number of GDNs a dealer must have.

3.7 Premises Requirements. Dealerships are licensed by location. A dealer needs only one GDN for each location that he or she buys, sells or exchanges vehicles of the same type. However, for legitimate reasons, a dealer may have more than one GDN for a single location.

a. Primary Location. If all of the dealer's locations are situated within the same city limits, a dealer needs only one GDN for each type of vehicle sold. The dealer must determine and notify the agency which location is designated as his primary location.

b. Supplemental Location. Any additional locations within the same city limits are considered supplemental locations, and a separate GDN license is not required. Each supplemental location must meet all premises requirements and be included on the license and bond, if applicable. To add a new supplemental location, an amendment application and a $25.00 fee is required. Should a dealer acquire an additional location outside the city boundary, an additional GDN license and bond is required.

c. Different Entities at Different Locations. Some dealers operate their different locations under different entities. For example, a dealer may operate each location

under a different corporation or with a different partner. If the entity is not the same, then each entity is considered a different dealer and must have a separate license regardless of where the dealership is located.

3.8 Established and Permanent Location. Each location a dealer operates must be an established and permanent place of business. To be considered established and permanent, the location must have the minimal premises requirements outlined below.

a. Office structure for retail and wholesale dealers. A dealer that files an application for a new license or a supplemental location must conform to the following requirements:

1. Be located in a building, with connecting exterior walls on all sides.

2. Comply with all applicable local zoning ordinances and deed restrictions.

3. May not be located within a residence, apartment house, hotel, motel, or rooming house.

4. The physical address of the dealer's office must be recognized by the U.S. Postal Service or capable of receiving U.S. mail. Please note that licenses and metal dealer plates will not be mailed to any out-of-state address.

5. A portable-type office structure may qualify as an office only if the structure meets the other requirements and is not a readily moveable trailer or other vehicle.

b. Required office equipment for retail and wholesale dealers. At a minimum, the office must be equipped with: (1) a desk; (2) two chairs; (3) Internet access; and (4) a working telephone listed in the business name or assumed name under which the dealer does business.

c. Number of dealers in one office. Not more than four retail dealers or no more than eight wholesale dealers may be located in the same business structure. Unless otherwise authorized by the Transportation Code, a retail motor vehicle dealer and a wholesale motor vehicle dealer either of which is established after September 1, 1999, may not be located in the same business structure. A business structure is considered a building, with connecting exterior walls on all sides.

d. Dealer housed with other business. If a person conducts business as a dealer in conjunction with another business owned by the same person and under the same name as the other business, the same telephone number may be used for both businesses. If the name of the dealer differs from that of the other business, a separate telephone listing, and a separate sign for each business is required.

A person may conduct business as a dealer in conjunction with another business not owned by that person only if the dealer owns the property on which business is conducted or has a separate lease agreement from the owner of that property. The same

telephone number may not be used by both businesses. The dealer must have separate business signs, telephone listings, and office equipment.

e. Sign Requirements.

1. Business sign requirements for retail dealers. A retail dealer must display a conspicuous, permanent sign with letters at least six inches in height showing the dealer's business name, or assumed name as substantially similar to the dealer's license, under which the dealer conducts business. The sign must be permanently mounted at the address listed on the application for the dealer license. A dealer may use a temporary sign or banner if the dealer can show proof that a sign is on order that meets requirements.

2. Business sign requirements for wholesale dealers. A wholesale dealer must display a conspicuous, permanently mounted sign with letters at least six inches in height showing the dealer's business name or assumed name substantially similar to the dealer’s license under which the dealer conducts business. The sign must be placed on the main door to the dealer's office or on the outside of the building housing the office. If the dealership is located in an office building with one or more other businesses and an outside sign is not permitted by the landlord, a business sign permanently mounted on or beside the main door to the dealer's office with letters at least two inches in height is acceptable. A dealer may use a temporary sign or banner if the dealer can show proof that a sign is on order that meets requirements.

f. Display area requirements. A wholesale dealer is not required to have display space at the dealer's business premises. A retail dealer must have an area designated as display space that meets the following requirements:

1. Be located at the dealer's business address or contiguous with the dealer's address. A non-contiguous storage lot is permissible only if there is no public access and no sales activity occurs at the storage lot. A sign stating the dealer's name, telephone number, and the fact the property is a storage lot is permissible.

2. Be sufficient to display at least five vehicles of the type for which the dealer is licensed. Those spaces must be used exclusively for that dealer's inventory and may not be shared with another business or a public parking area, a driveway to the office, or another dealer's display area.

3. May not be on a public easement, right-of-way, or driveway unless the governing body having jurisdiction of the easement, right-of-way, or driveway expressly consents in writing to the use as a display area. If the easement, right-of-way, or driveway is a part of the state highway system, use as a display area may only be authorized by a lease agreement.

4. If the display area is in conjunction with another dealership or another business that is not related to the sale or operation of motor vehicles, the display area for

the dealer's inventory must be separated from any other business's or dealer's parking area by a material object or barricade that cannot be readily moved by an individual.

5. The display area must be adequately illuminated if the dealer is open after sundown so that vehicles for sale can be properly inspected by any prospective customer.

6. The display area may be located inside a building.

7. If a dealer also holds a salvage dealer license, each salvage vehicle that is offered for sale on the premises of the dealer's display area must be clearly and conspicuously marked with a sign that informs the potential buyers that the vehicle is a salvage vehicle. This requirement does not apply to a licensed salvage pool operator.

g. Lease or Ownership of the Property. A dealer must own the property where business will be conducted or have a written lease agreement for at least the term of the license on that property. The lease agreement must be in the applicant's business name. If the premises from which a dealer conducts business, including any display area that is not owned by the dealer, the dealer must maintain a lease that is continuous with the period for which the dealer's license will be issued. The lease agreement must be on a properly executed for containing at a minimum:

(A) the names of the lessor and lessee;
(B) the period of time for which the lease is valid; and
(C) the street address that is being leased.

The Department may request a dealer to submit documentation showing he owns the property or has a valid written lease agreement.

h. Business Hours.

1. Business hours for retail dealers. A retail dealer's office facility must be open at least four days per week for at least four consecutive hours per day. The business hour must be posted at the main entrance to the dealer's office that is accessible to the public. The owner or a bona fide employee of the dealer must be at the dealer's licensed location during the posted business hours for the purpose of buying, selling, exchanging, or leasing vehicles. If the owner or a bona fide employee is not available to conduct business during the dealer's posted business hours due to special circumstances or emergencies, a separate sign must be posted indicating the date and time the dealer will resume operations. Regardless of the retail dealer's business hours the dealer's telephone must be answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona fide employee, answering service, or answering machine.

2. Business hours for wholesale dealers. A wholesale dealer's office facility must be open for at least two weekdays per week at least two consecutive hours

per day. The business hours must be posted at the main entrance of the dealer's office. Regardless of the business hours, the telephone must be answered from 8:00 a.m. to 5:00 p.m. weekdays by a bona fide employee, answering service, or answering machine.

i. Dealer must display license. A dealer must display in a conspicuous place at each place of business the dealer license at all times in a manner that is easily readable by the public. If the dealer's license applies to more than one location, a copy of the original license may be displayed in each supplemental location.

j. Mailing dealer's license and dealer plates. A dealer's license and dealer plates will not be mailed out of state. If a dealer's mailing address is out of state, will need to provide an alternative Texas mailing address specifically for the license and plates.

3.9 Applying for the General Distinguishing Number License. The first step in applying for a license is to request an application packet for a new license from the MVD. This may be done by calling the main number and requesting an application or going to the TxDMV website and downloading all the application forms found at www.txdmv.gov/forms-dealers. Make certain you download all the necessary forms and their instructions. By reviewing the instructions, completing all applicable application form fields and properly calculating fees, you will help ensure a smooth and timely licensing process.

a. Choose one GDN category per application. You may need more than one type of GDN depending on what you plan on selling. A separate application will be needed for each different category you choose. If you want to sell vehicles retail and wholesale at the same location, please note that the GDN category of the vehicle type you want to sell permits you to sell wholesale. This means you do not need to submit an additional application for a wholesale GDN category. Example: A motorcycle GDN category permits you to sell used motorcycles retail (to the public) **and** wholesale (to other licensed dealers).

b. Complete all Sections, Include all Required Attachments. Before submitting an application: 1) make certain you have completed all sections, and 2) ensure all requirement documents are attached. Incomplete applications and those missing required attachments will delay the issuance of your license. Required items to attach to the application include:

1. Ownership Information. Make certain all requested information on the form is complete such as date of birth, social security number, driver's license number and ownership percentage.

2. Assumed Name Certificate. If you are operating your dealership under an assumed name, in other words, a different name than the entity that holds the license, (e.g. John Doe d/b/a Doc's Auto Sales, or Doe, Inc., d/b/a Doe's Auto Sales) you must submit a copy of the Assumed Name Certificate. Sole

proprietorships and general partnerships would get this certificate from your county clerk. If you have a corporation, limited liability company, limited partnership or limited liability partnership, you need to secure the Assumed Name Certificate from the Texas Secretary of State.

3. Certificate of Incorporation, Organization or Partnerships. If the entity applying for a license is a corporation, limited partnership, limited liability partnership or limited liability company, you must submit a copy of your approved certificate of formation or certificate of authority issued by the Texas Secretary of State.

3.10 The bond. The most common issue holding up new license applications from being approved is the information on the bond is not correct. To avoid this, carefully read the requirements of a bond and confirm these are met. A sample bond and required information is included in the instruction packet, form number LP021.

a. Who needs a bond, for what term and what amount? With the exception of franchised dealers, travel trailer dealers, or trailer/semitrailer dealers, all new applications for GDN categories of motor vehicle, motorcycle, wholesale only, wholesale motor vehicle auction and independent mobility motor vehicle must be submitted with a surety bond for $25,000. The bond must be effective for the same term as the license. The bond must always equal $25,000. In the event a claim is made and the bond is reduced to below $25,000, a dealer must immediately bring the bond back up to $25,000. All bonds should cover a two year period and must expire on the last day of a month. For a new license, the license cannot be approved unless the bond is in effect on the date the application is approved. The license term is based on the bond term dates. The license expiration date and the bond expiration date should be the same.

b. Names on bond and contents. The names on the bond must match the exact name(s) of the applicant/business on the license. The bond must be submitted in conjunction with the application, and meet the following specifications:

1. Signature: The bond must be signed and dated by the owner/principal of the dealership and by an authorized agent for the bonding company.

2. Term Dates: The bond effective dates must be equal to the license term.

3. Name: The bond must be issued in the name of the applicant; for example:

For a sole proprietor: John Doe DBA John Doe Motors

For a partnership: (All partners need to be listed)
John Doe and Jane Doe DBA Doe Motors.

For a corporation with no DBA: John Doe, Inc.

For a corporation with a DBA: John Doe Inc., DBA John Doe Motors

4. Physical Address: The bond must reflect the physical address of the dealership. If a single GDN is issued for multiple locations, all physical addresses must be reflected on the bond.

5. Power of attorney: A Power of Attorney attachment from the bonding company must also be included with the bond.

6. A Rider: If information is listed incorrectly on the bond, the bond company may issue a "Rider" to correct the information. Each "Rider" must also have a Power of Attorney attachment included with it.

7. Format and amount: The bond must be in the language approved by the department and be in the amount of $25,000. A copy of the approved bond language is included in the instructions to the application.

3.11 Phone Listings. The telephone number must be listed in the exact and complete name under which the dealer conducts business.

3.12 Employer Identification Number. If the applicant is a partnership, corporation, limited liability company, or limited partnership, then an Employer Identification Number (EIN) must be obtained from the Internal Revenue Service and provided on the application.

3.13 Felony Convictions. The application Statement of Ownership asks if any person named in the application has **ever** been convicted of a felony or is presently charged with the commission of any such crime. The question must be answered truthfully. If it is discovered that an applicant did not disclose he/she had a conviction, it is considered a misrepresentation on the application that could result in not only the application being denied, but also denial of future applications, and/or civil penalties. Copies of any and all conviction documents must be submitted with the application.

3.14 Sign the Application. After the applicant has confirmed that all fields are completed, all questions are answered, and all items required are attached, the applicant or its authorized agent should sign the application. Carefully read the certification of responsibility. The applicant or its agent is certifying that the statements made and on attachments and documents submitted are true, complete and correct; the applicant agrees to permit the agency to examine the applicant's records during working hours; and the applicant is not delinquent in paying child support. If the applicant makes any misrepresentations on the application, the application could be denied and the applicant or its agent may subject itself to civil penalties, denial of future applications, and/or criminal prosecution.

3.15 Amending a Current License. Any change in the licensed entity, name or ownership of the dealership, addition of a location, deletion of a location, relocation of the dealership, change in mailing address, contact information, business phone number and email address, must be reported to the agency. Failure to notify the agency of

changes in address (physical and mailing), telephone number, name, type of entity, ownership, or of new locations, within ten (10) days after such change may result in a civil penalty, license revocation, or license suspension. **It is critical that the dealer comply with this requirement.** The agency must be kept aware of this information in order to provide you and your potential customers with the most up-to-date information about the motor vehicle marketplace.

a. Adding an Additional Location. If a GDN dealer wishes to add a new additional location or move to a new location, the dealer will need to either amend the current GDN license or apply for a new GDN license depending on where the new location is located at in relationship to the currently licensed location. If the new location is within the same city limit as the currently licensed location or outside the same city limit as the currently licensed location, need to submit a GDN amendment application (form # LF021) along with a minimal fee of $25.00 and any required attachments. If the new location is not within the same city limits or outside the same city limits as the currently licensed location, need to submit a new GDN application (form # LF001), minimum fee of $700.00 and all required attachments, including a new motor vehicle surety bond, if applicable, to have a different GDN issued for the new location. A franchised dealer must submit a new franchised dealer license application for each location at which new motor vehicle sales or warranty service will occur. A franchised dealer may submit a franchised amendment application (form # LF121) to add a supplemental location (used car lot) that is within the same city limits or outside the same city limits has the current franchised license as long as the same GDN vehicle type will be sold at the supplemental location.

b. Moving to a New Location, Deleting a Location or Closing the Business. Should a dealership move, close a location or close business, the agency should be notified as soon as possible, preferably before the change occurs to avoid licensing issues

c. Changing the Name or Ownership of the Dealership. To maintain a license, a dealership must have its license, bond and lease all in the same name. Current administrative rules require that a dealership notify the agency within 10 days of the change of any name or any ownership change

d. Changing the Type of Entity of the Dealership. If a sole proprietor incorporates or takes on a partner, the agency should be notified, so that the new business entity may be licensed. Based on the circumstances, a new license or a license amendment would be required. Failure to do so could result in a fine and suspension of the right to do business.

e. Transfer or Assignment of License. A dealer license issued by the agency is not transferable or assignable. The state-issued license may not be considered part of a buy/sell agreement of a franchised dealership. A license is not automatically transferred by a court order directing the change of the ownership of a licensed dealer. In such cases, the transferee, assignee, buyer or other person receiving the benefit of the dealership is required to apply for a license in his or her own individual or business name and meet all the qualifications for the license.

3.16 Obtaining A Franchised License. Any person who wants to engage in the business of buying, selling or exchanging new motor vehicles and servicing or repairing motor vehicles pursuant to the terms of a franchise and a manufacturer's warranty must obtain a GDN. In addition, each facility where new motor vehicles are sold, displayed or serviced must have a franchised license.

3.17 Service-Only Facilities. Only licensed franchised dealers may open a separate service-only facility to perform warranty work on the line-make they are franchised and licensed to sell. This license is like a franchised license in that it may be subject to protest by other like line-make franchised dealers

3.18 Protest Area. Existing dealers of the same line-make may have the right to protest the establishment of a new franchised dealership or relocation of an existing licensed franchised dealership if the requirements of 43 TAC §215.105 et seq are met. Under the Texas Occupations Code, an existing dealer may protest an application for the establishment of a same line-make dealership or the addition of a line to an established dealership, if the proposed dealership is in the same county or within 15 straight-line miles from the existing dealer. An existing like-line dealer located within the same county or within 15 straight-line miles may protest the relocation of a dealership if the proposed relocation site is farther than two miles from the site from which the dealership is being relocated, and the relocation site is closer to the existing dealer than the site from which the dealership is being relocated. For relocations within or between counties with a population of one million or more or a population of 500,000 or more (known as an affected county) where the proposed new location is more than 2 miles from the site from which the dealership is being relocated, all like-line dealers within a 15-mile radius around the proposed new dealership location and the proposed new dealership location is moving closer are eligible to protest. If there are no like-line dealers within a 15-mile radius in which the proposed new location is moving closer, the closest like-line dealer within the same county in which the proposed new dealership location is moving closer too is eligible to protest. The Motor Vehicle Division will send a Notice of Eligibility to Protest letter to each protestable dealer of these applications. The protest period is 15 days from the mailing date of the letter. Further information regarding the protest requirements can be found in sections 2301.652 and 2301.6521 of the Texas Occupations Code, or by contacting TxDMV's Motor Vehicle Division.

3.19 Relocating a Franchised Dealership. A franchised dealer may operate several locations within a city limit with one GDN, but a franchise license is required for each separate and distinct showroom that will sell new motor vehicles or provide warranty service. If a franchised dealer relocates a showroom, an application for a new franchised license must be made and approved before opening for business at the new location. The franchised dealer will be able to keep the same GDN if the move is within the same city limits or outside the same city limits as the old location.

3.20 Addition or Deletion of a Line. Prior to adding a line to an existing dealership, whether as a new point, an acquisition from an existing dealer or other, a request for a license amendment application must be submitted to the MVD **and** the

approval of such addition obtained. Furthermore, any other information such as a deletion of a line, ownership changes, etc., must be promptly submitted.

3.21 Special Requirements or Exemptions for Lessors and Lease Facilitators. Lessors may be located anywhere; lease facilitators must have a physical presence in Texas. A lessor may operate anywhere in Texas with one license; a facilitator must have a license for each physical location from which he or she operates. Lessors and Lease facilitators must apply for a new license whenever they relocate to another city. For relocations within the same city limits, an amendment application is required.

3.22 Revocation of Dealer's License. All the requirements that are needed to obtain a license must be maintained throughout the licensing period. If any of the licensing requirements are allowed to lapse, the dealer's license is at risk of being revoked.

3.23 Denial of Initial or Renewal Application for Dealer's License. If a licensee fails to meet or maintain the requirements of a license, the MVD may deny their application for a new license or the renewal of an existing license.

3.24 Renewing Dealer Licenses. MVD will mail out renewal applications to licensees between 75 to 90 days before the date of license expiration. Failure to receive the renewal application does not excuse a late renewal. We request renewal applications with all required attachments be submitted to the agency at least 45 days before license expiration to allow for application processing and the issuance of a new license and renewal stickers for metal plates before expiration. If a licensee submits a timely and sufficient renewal application prior to the license expiration date, the licensee may continue business activities while the renewal application is being processed. If a licensee submits a renewal application after the license expiration date, the licensee is not authorized to continue licensed activities, including entering the auction to buy vehicles and access to E-Tags, until the license is renewed. Failure to submit a renewal application within the time specified will cause a licensee to be assessed a penalty of 50 percent of the application fee amount for each 30-day period the license is expired. If a renewal application is not received within 90 days after the license expiration date, the licensee will have to submit an application for a new license.

3.25 Applicant's Procedures and Rights. Licensees or applicants who are denied renewal or an initial license are notified of the application denial. A license denial letter and notice of hearing to be held before the State Office of Administrative Hearings will be issued and sent to the licensee or applicant. If a renewal application is denied, the dealership may be able to continue operating until the hearing results are final provided all requirements for the license continue to be met. See Chapter 12 for more information on the hearing process.

CHAPTER 4.

COMPLIANCE & DEALER OPERATIONS

4.1 Codes and Rules. Codes are statutes or laws and are known as "black letter law." Any changes to the codes require action by the Texas Legislature which meets every other year. Rules are the regulations that the commissions and boards of agencies pass to clarify the laws and set out the details as to how the law will be administered. Rules are easier to change as they may be presented to the board or commission at any time. So while the Codes may change only every other year, the rules may be changing at any time. The rules are considered laws and carry the same weight as a code provision. A dealer is required to keep abreast of the various laws and the changes that may occur by attending seminars, reading special mail-outs from the different agencies, and being familiar with the following codes and rules. This is another reason why it is very important to keep the different agencies informed as to the dealership's current address.

The specific codes and rules to be discussed in this manual involve the following:

a. Texas Occupations Code. The Texas Occupations Code (formerly the Texas Motor Vehicle Commission Code) historically has regulated the relationship between franchised dealers and their manufacturers. Since the Motor Vehicle Division acquired jurisdiction of the independent dealers and the general dealer law, the Occupations Code has evolved to also include independent dealers and is applied in transactions involving used vehicles. Leasing of vehicles and the licensing of Lessors and lessees is found in this Code, as is the direction to regulate advertising. Fines under the Occupations Code can range as high as $10,000 per violation, per day, of a continuing violation.

b. The Texas Transportation Code. The Transportation Code is a large set of laws involving everything from motor carriers, driver's licensing and traffic signals to titling of vehicles. The dealer law that the Motor Vehicle Division administers is Chapter 503. In this chapter, you will find the dealer licensing requirements and laws regarding dealer plates and temporary tags. Fines under this chapter can run from $50 to $5,000 if pled under the criminal penalty portion in §503.094, in addition to a civil penalty of $50 to $1000. However, for more serious violations of the Transportation Code, Section 2301.801 of the Texas Occupations Code allows a civil penalty of up to $10,000 for violations of §503.038(a) of the Transportation Code.

c. The TxDMV Rules. All the rules adopted by administrative agencies in Texas are compiled in the Texas Administrative Code (TAC). All rules adopted by the Texas Department of Motor Vehicles Board along with the rules promulgated to administer Transportation Code Chapter 503 are found in Title 43, Chapter 215 of the TAC. These rules detail the requirements of getting a license, premises requirements and some general operation guidelines. They also set out under what circumstances metal plates and tags may be used and how to fill out temporary tags.

d. Advertising Rules. All rules promulgated by the Department regarding advertising motor vehicles are found at 43 TAC Subchapter H, §§215.241-215.271. These rules apply to both new and used vehicles unless explicitly stated otherwise in the rule. See Chapter 10 on the advertising rules for more information as to what is required when advertising.

e. Leasing Rules. In 1995, the Legislature passed a law that amended the Occ. Code requiring licensing of Lessors and lease facilitators. Rules adopted by the TxDMV regarding requirements for licenses, records and premises are found at 43 TAC Subchapter F, §§215.171-215.181.

f. Lemon Law and Warranty Repair Rules. Warranty performance obligations are commonly known as the Lemon Law and which is set out in §2301.601et seq. of the Occupations Code. The rules that set out how the Lemon Law and Warranty Repair will be administered are found at 43 TAC Subchapter G, §§215.201-215.210. This is where you will find out how a vehicle qualifies for repurchase or repair under the Lemon Law and Warranty Repair, and how complaints of consumers are handled. Section 2301.204 of the Occupations Code covers repair requirements to motor vehicles with defects that are reported during the term of the existing manufacturers' warranty in order to maintain the vehicle in operating condition. These cases, like the Lemon Law cases, if not settled informally, can be referred to an administrative law judge for hearing and the TxDMV Board for final decision.

g. Other Laws. Dealers are responsible to many different agencies for many laws on the local, state and federal level. The Texas Finance Code, the Texas Tax Code and the Deceptive Trade Practices Act are just a few examples. Cities have zoning and signage ordinances. Some cities require additional licenses for motor vehicle dealers. Federal agencies such as OSHA and EPA have serious penalties for violations of emission and work place standards.

4.2 Record-keeping Requirements. Dealers are subject to many different state and federal agencies record keeping requirements. Requirements for some agencies involve keeping different documents from those required by the TxDMV for longer periods of time. Dealers are responsible for complying with all record-keeping requirements.

The TxDMV requires a dealer to keep a complete, accurate record of all vehicle purchases and sales (retail or wholesale) for a minimum period of 48 months. The current and previous 13 months of records must be kept at the dealer's licensed location and be available for inspection by a TxDMV representative. The remaining 35 months of records need not be kept at the dealer's licensed location, but must be within the same county and readily available for inspection upon request of a TxDMV representative.

Records may be kept in an electronic format. Records, like the names, addresses, dates, VINs, etc. may be kept in a database, and no paper copy is required if they are available for inspection and are capable of being printed out for inspection by the TxDMV representative at the dealership location during normal business hours. Original vehicle titles in the possession of a dealer (not by a lien holder) should be kept in a secure but readily available location near the dealership if not on the premises. If the original title is kept by the floor-planner, the dealer is required to keep a copy of the front and back of the title on the dealership premises in its files.

The Occupations Code specifically allows the Department to inspect the books and records of a license holder in connection with the performance of its duties under the law. An investigator may show up at the dealer's lot and expect to see the records there or the TxDMV may request copies of records by certified mail. If the dealer does not respond to the certified mail request within 15 days or provide the records as requested at the dealer's lot, a civil penalty or suspension or revocation of the license may be imposed.

a. Wholesale transactions. When a dealer sells to another dealer**,** the seller needs to be sure he is dealing with a legitimate dealer. A dealer can check the TxDMV database instantaneously to see if a person is licensed by going to the TxDMV website. An additional way to verify a person is a currently licensed dealer is to ask for and make a copy of the buyer's current GDN license.
These additional records should be kept:

1) A Purchase Record, Bill of Sale, Sales Contract, or Auction Receipt showing the date of purchase, vehicle identification number (VIN); name and address of seller and mileage statement.

2) A photocopy of **both sides** of the negotiable title after reassigned to the licensed dealer following a wholesale transaction.

3) Odometer Disclosure Statement if the odometer disclosure is not integrated into the title.

4) The Texas Motor Vehicle Sales Tax Resale Certificate is to be filled out, signed by the buying dealer and kept in the dealer's sales file. Do not send the completed certificate to the Comptroller. When the State Comptroller audits your records, the auditor will want to see this form in your records. A copy of this form (14-313) can be found on page 7-8. (Form 14-313 is available from the State Comptroller's Office).

b. Retail transactions. The following records for retail transactions should be kept:

1. Retail Installment Agreement, Sales Contract, or Bill of Sale which should include the date of sale; vehicle description (i.e. year, make and model); vehicle identification number (VIN); name and address of person purchasing the vehicle; sale price; all other fees and charges that are the total cost of the vehicle including trade-in, pay-off of trade-in, extended warranty, insurance, etc.

2. A copy of the Application for Texas Title after filled out and signed by buyer and seller (Form 130-U). This form may be obtained from the Tax Collector's office, a TxDMV regional office or from the TxDMV website at www.TxDMV.gov. A copy of this form is shown on page 6-14, the Tax Collector's receipt for title application (White Slip). This is an important document which can prove you did apply for title on a sold vehicle.

3. A copy of the Buyer's Guide, also known as the "As-is" statement. See Section 4.7.

4. Odometer Disclosure Statement.

5. A copy of the **front and back** of the negotiable title signed by buyer and seller. Also, the Power of Attorney (if required to complete the titling process). See more about powers of attorney in Chapter 6, Titling Vehicles.

6. The TxDMV Form VTR-136, County of Title Issuance, on which the consumer elects which county they desire to have their vehicle registered in. See Page 6-17.

c. Other Forms. Copies of other forms may be necessary depending on the type of sale and will need to be kept as a part of the dealer's records. Most of the forms may be obtained from the

Tax Assessor-Collector's office or your local Vehicle Titles & Registration office or their respective websites. VTR forms can be found on the TxDMV website. Forms involving taxes may be obtained from the State Comptroller's office or its website, www.window.state.tx.us/taxinfo/taxforms/14-forms.html.

Commonly used forms are the following:

1. The Dealer's Reassignment of Title for a Motor Vehicle Form (TxDMV Form VTR-41A) should be used if all available assignments on the back of a Texas title are signed or the negotiable title is from another state or foreign country. See page 6-11.

2. Texas Motor Vehicle Sales Tax Exemption Certificate – For Vehicles Taken Out of State (Comptroller's Form 14-312 See page 7-7) is used if a vehicle is sold to someone who claims they are taking it out of the state or the country, whether the transaction is a wholesale or retail sale. The original must be kept with the sales file with a copy filed with the Comptroller and a copy to the buyer. Since dealers are required to apply for vehicle titles, this form is an important record that proves the consumer advised the selling dealer the vehicle was leaving the state.

   A motor vehicle "sales tax" is essentially an ad valorem or use tax. Any use of the vehicle in the state that is not incidental to leaving the state is going to require the tax being collected from the buyer. For example, a student who buys a vehicle and wants to take the vehicle back to his home state for registration at the next school break in two weeks, is using the vehicle in this state and is not taking the vehicle directly out of the state after purchase. The student should be charged the tax, and the titling and registration needs to be performed by the dealer.

   The buyer should be advised that it is a felony to claim this exemption if the buyer intends to register and title the vehicle in Texas. (Texas Tax Code § 152.101)

3. Texas Motor Vehicle *Seller-Financed* Sales Tax and/or surcharge report, Comptroller form 14-117 which must be filed monthly by Seller-Financers. Form is available on the Comptrollers website. See Chapter 7 for more information.

4.3 Consignment Sales. The following records for consignment sales transactions should be kept in:

1. A written consignment agreement for the vehicle or a power of attorney covering the vehicle. A written consignment agreement should be completed by the licensed dealer and made a part of the sales file. A suggested consignment form is found at page 4-30.

2. A copy of the title should be at the dealer's licensed location for inspection by buyer or a TxDMV representative. It is recommended that the copy of the title be attached to the consignment agreement.

3. Record-keeping requirements for the actual sale of a consignment vehicle are the same as those of a retail sale as listed in Section 4.2(b).

4.4 Blue Law. Dealers must follow the Blue Law, which prohibits dealers from selling or offering to sell motor vehicles on consecutive Saturdays and Sundays. Dealers may choose to be in operation on either Saturday or Sunday of a given weekend, but not both. Salespersons may not offer vehicles on a consecutive Saturday and Sunday with the intent to sell a consumer a vehicle on another date.

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4.5 Disclosures under Deceptive Trade Practices Act (DTPA). DTPA lawsuits are based on "misrepresentations" (false or misleading statements). If a misrepresentation made to influence opinion or action was made to a consumer before the sale of the vehicle, the dealer is subject to DTPA action. The representation can be written or oral. Contracts or other agreements cannot waive the consumer's rights under the DTPA. It does not matter that the misrepresentation was made unknowingly, only that it was made

Common areas where dealers have encountered DPTA problems include the following:

1. Odometer replaced or is non-operative.

2. True miles are unknown.

3. Mileage exceeds mechanical limits.

4. Mechanical deficiencies.

5. Electrical equipment deficiencies.

6. Vehicle is stolen recovered, flood damaged, hail damaged, a salvage vehicle, rebuilt or reconditioned, etc.

The enforcement division does not sue dealers under the DTPA, but some business practices that in DTPA lawsuits by consumers will also trigger disciplinary action by the department under its statutory authority. Such disciplinary actions can occur before, during, or after a DTPA lawsuit by the consumer.

A note about flood-damaged vehicles: Weather events can create a large volume of vehicles with flood damage that could be sold to unsuspecting consumers and dealers. If a vehicle has a Texas flood-damaged title brand, it will show up on the TxDMV website.

There is a common misconception among dealers that if vehicle damage falls below a certain dollar amount, then the damage does not have to be disclosed to consumers. No law or court decision in Texas supports this dollar limit exemption. On the contrary, if damages of ***any*** dollar amount are not disclosed, the dealer may be in violation of DTPA.

4.6 New Cars - Monroney (MSRP) Sticker. When a franchised dealer displays vehicles for sale, the Monroney Sticker must be displayed on the vehicle. Failure to do so will subject the dealer to possible state and federal civil penalties.

4.7 Used Cars - "As is" Buyers Guides. The Federal Trade Commission's Used Car Rule requires dealers to post a Buyers Guide – known as an "as is" sticker – on every used vehicle

displayed for sale, including consignment vehicles. The rule includes light-duty trucks, light duty vans, and vehicles that have (1) a gross vehicle weight rating (GVWR) of less than 8,500 pounds; (2) a curb weight of less than 6,000 pounds; or (3) a frontal area of less than 46 square feet. Exceptions to the Rule include (1) motorcycles; (2) any vehicle sold for scrap or parts if the dealer submits title documents to the appropriate state authority and obtains a salvage certification; or (3) agricultural equipment.

The sticker must be prominently and conspicuously on or in a vehicle when it is available for sale. This means it must be in plain view and both sides must be visible. The Buyer's Guide (Guide) may be hung from the rear-view mirror inside the vehicle or on a side view mirror outside the car. The dealer may attach it to a side window or place it under a windshield wiper. It may be removed for a test drive, but it must be replaced as soon as the test drive is over. A copy of this form is on page 4-34.

The Guide tells consumers: (1) Whether the vehicle is sold with a warranty or "as is"; (2) What percentage or repair costs a dealer will pay under the warranty; (3) To get all promises in writing; (4) To keep the Buyers Guide after the sale; (5) How long the warranty is enforceable; (6) The major mechanical and electrical systems on the vehicle as well as some of the major problem problems that consumers should look out for; (7) To have the car inspected before buying and (8) To keep the Buyer's Guide for reference after the sale.

IF A DEALER CONDUCTS USED CAR DEALS IN SPANISH, A SPANISH LANGUAGE BUYER'S GUIDE MUST BE DISPLAYED. These are available from the same sources as the English versions.

Warranties. The Guide must show any agreed changes in warranty coverage. The Guide also becomes part of the sales contract and overrides any contrary provisions. For example, if the Guide says the car comes with a warranty and the contract says the car is sold "as-is," the dealer must give the consumer the warranty described in the Guide.

a. As is – No Warranty. "As-is" means that the buyer is assuming any risk that the vehicle is defective. If one buys a car "as-is" and the car breaks downs minutes later, the repair is the buyer's responsibility and not the dealer's. When a dealer offers a vehicle "as-is," the box next to that disclosure on the Guide must be checked. If the box is checked but the dealer promises to repair the vehicle or cancel the sale if the consumer is not satisfied, that promise should be written on the Guide. "As-is" does not prevent a dealer from being liable under the DTPA, and also does not necessarily avoid disciplinary action by the TxDMV for misrepresentations made to the purchaser.

b. Warranty. If a vehicle is offered with an express warranty, the box next to the heading "Warranty" must be checked and that section of the Guide must be completed, including:

1. What percentage of parts and labor costs does the warranty cover?

2. What is the deductible, if any?

3. What systems are covered? For how long?

4. What manufacturer's warranty still applies, if any? If the dealer and the consumer negotiate changes in the warranty, the changes must be written on the Guide.

c. Service contract. If a vehicle is offered with a service contract, the box next to the words "Service Contract" should be checked.

d. Required Disclosure. The dealer must put the following disclosure in all used car sales contracts:

> **"The information you see on the window form (Buyer's Guide) for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale."**

Upon completion of a sale, the dealer **must give** the buyer the original or a copy of the Buyers Guide at the sale. **The Guide must reflect all final changes.** It is **not required**, but strongly suggested that the buyer sign the guide for protection of the dealer.

More details about the Buyer's Guide can be obtained from a dealer's guide at the FTC website at http://www.ftc.gov/bcp/edu/pubs/business/autos/bus13.shtm. The guide is available in English http://www.ftc.gov/bcp/edu/resources/forms/buyers.pdf or in Spanish at http://www.ftc.gov/bcp/edu/resources/forms/s-buyers.pdf or toll-free at 1-877-FTC-HELP. On page 4-36 there is a very informative brochure that is reprinted from the FTC's library that gives you even more information on the federal Used Car Rule.

4.8 Metal Dealer's Plates. Instead of obtaining regular metal plates through the county tax office for a vehicle that the dealer owns, operates, or permits to be operated on a public street or highway in the state, the dealer may apply for metal dealer's license plates (Dealer's Plate) for the vehicle if it is of the type the dealer is licensed to sell.

a. Expiration of Dealer Plates. These Dealer's Plates expire on the same day as the dealer's General Distinguishing Number and the full fee must be paid regardless of the date of the application for the plates. Most dealers purchase Dealer's Plates upon the renewal of their license.

b. One Plate Issued. Only one Dealer's Plate is issued and the plate should be displayed only in the rear license plate holder of the vehicle. Taping or propping up the plate in the rear window is not allowed. Though Texas law generally requires plates on the front and back of vehicles, law enforcement is aware that the TxDMV only issues one Dealer's Plate.

c. Uses of Metal Dealer License Plates. Dealer's Plates may be used for the same purposes that a Dealer's Temporary Tag can be used such as demonstration test drives. Additionally the Dealer Plate may also be displayed on vehicles that are used for personal use by the dealer, family or employees. See the chart on page 4-31 for a quick reference to dealer plate usage.

A dealer who is licensed to sell only cars may use his dealer plate only on a car and not on a motorcycle or trailer. Also, any vehicle with Dealer's Plates must: (1) have a current inspection; (2) the title must be assigned into the dealer's name; and (3) Dealer's Plates may be displayed on independent dealer service or work vehicles such as a vehicle carrying a load (such as a dealer's service vehicle used to haul parts or inventory back and forth); Vehicles used for towing and

transporting other vehicles; Rental or lease vehicles; Dealer-owned vehicles loaned to schools; or Any boat trailer owned by a dealer that transports more than one boat.

A light truck is not considered a laden commercial vehicle when mounted with a camper unit or when towing a trailer for recreational purposes.

d. Metal Dealer's License Plate Log. The law requires a dealer to maintain a record of all metal dealers' plates issued to that dealer and each vehicle assigned a license plate. The log must contain:

1. Assigned Metal Dealer's License Plate number;

2. Make of the vehicle displaying the Dealer's Plate;

3. Vehicle identification number (VIN); and

4. Name of the person in control of the vehicle.

The dealer's log, as well as the titles for all vehicles assigned a metal license dealer's plate, must be available at the dealer's licensed location for review by a TxDMV representative during normal working hours. Dealer's Plates, not accounted for, will be voided by the TxDMV. A sample of a plate log is found on page 4-32.

4.9 Metal Plate Limits. Dealers are limited in the number of plates they may order depending on the type of license issued and the number of vehicles sold. New applicants for franchised motor vehicles and motorcycles are limited to five for the first year of their license. Franchised or independent travel trailer dealers, utility trailer or semi-trailer dealers, independent motor vehicle dealers, independent motor cycle dealers, and independent mobility vehicle dealers are limited to two for the first year. Wholesale dealers may have one plate.

Upon renewal, a franchised motor vehicle dealer may obtain a total of 30 plates; a franchised motorcycle dealer may get a total of 10 plates; Independent motor vehicle dealers, independent motorcycle dealers, independent mobility vehicle dealers, franchised or independent travel trailer dealers, and utility trailer or semi-trailer dealers are eligible for a total of 3 plates. Wholesale dealers may have a total of one plate.

There are provisions under the plate limits rule found at 43 TAC §215.139 for dealers to obtain additional plates upon proof of sales. If a dealer is selling less than 50 vehicles a year, they are entitled to an additional 1 plate; those selling 50 – 99 vehicles may obtain 2 additional plates; those selling 100 – 200 vehicles may get 5 additional plates. Any dealer who sells more than 200 vehicles in a year may have unlimited plates. A wholesale dealer may get one additional plate upon proof they are regularly and actively engaged in the business.

If a dealer needs even more plates than allotted under the rule, in accordance to the number of vehicles they sell, a request for waiver of the plate limits may be submitted stating why the additional plates are necessary to the continuation of the applicant's business. Wholesale dealers may not apply for waiver of the dealer plate issuance restrictions.

4.10 Metal Converter's License Plates. Metal Converter's License Plates (Converter's Plates) may be used only by the converter or the converter's employees on unregistered vehicles to: (1) demonstrate the vehicle, or cause the vehicle to be demonstrated, to a prospective buyer who is a franchised motor vehicle dealer or an employee of a franchised motor vehicle dealer; or (2) convey the vehicle or cause the vehicle to be conveyed: (A) from one of the converter's places of business in this state to another of the converter's places of business in this state; (B) from the converter's place of business to a place where the vehicle is to be assembled, repaired, reconditioned, modified, or serviced; (C) from the state line or a location in this state where the vehicle is unloaded to the converter's place of business; (D) from the converter's place of business to a place of business of a franchised motor vehicle dealer; or (E) to road test the vehicle.

Converter's Plates may be displayed only on the type of vehicle that the converter is engaged in the business of assembling or modifying. Converter's Plates are attached to the rear license plate holder of vehicles. These plates expire annually on the same day as the converter's license.

When an unregistered new motor vehicle is sold to a converter, the selling dealer must remove the dealer's temporary tag. The selling dealer may attach a buyer's temporary tag to that vehicle or the purchasing converter may display a converter's temporary tag or Converter's Plate on that vehicle.

A converter must maintain a record of each Converter Plate issued to that converter that contains:

1. Assigned metal plate number;

2. Year and make of the vehicle to which the metal plate is affixed;

3. Vehicle identification number (VIN); and

4. Name of the person in control of the vehicle.

The converter's record must be available at the converter's location during normal working hours for review by a representative of the department. Converter metal plates that cannot be accounted for will be voided in the dealer's record and reported as missing to the department within three days of the date that the discovery is made. After a plate is reported as missing it is no longer valid.

4.11 Temporary e-Tags. Under the new Internet based system called Vision 21, dealers who hold a GDN license may issue dealer temporary tags, initial buyer's temporary tags, supplemental buyer's temporary tags, Internet-down temporary tags, and emergency temporary tags for each type of vehicle the dealer is licensed to sell. A converter may issue converter temporary tags only. Dealers and converters are required by law to have Internet access at their place of business to connect to the temporary tag database. Vision 21 will be accessed through the TxDMV website at https://vision21.txdmv.gov/login/login.aspx.

Entry of false information into the Internet based system may subject the user to revocation of access, the TxDMV civil penalties or license suspension, and/or criminal prosecution. No

temporary tag may be placed on a vehicle without this specific number generated by the Vision 21 database.

a. Format. Dealers and converters must issue a temporary tag with the information obtained from the state database (Vision 21). All tags must be printed or completed in black ink. Cardboard or cardboard backing material for temporary tags is no longer required except to prevent any paper tag from curling up in the wind. All temporary tags that are not of a water-resistant material must be sealed in a 2 mil clear poly bag that covers the entire tag and must be displayed in the rear license plate holder of unregistered vehicles.

Paper tags in bags should be secured with either double-sided tape on back of bag, or by tacking down within a plate holder to keep the tag from flapping up in the wind.

Display in the rear windows is not allowed. All printed information on a temporary tag must be visible and may not be covered or obstructed by any plate holder. Homemade tags are not permitted.

b. Dealer's Temporary Tag (formerly known as the black tag). Dealer Temporary Tags (dealer's tags) may be used by the dealer only to:

1. Demonstrate the vehicle or cause the vehicle to be demonstrated to a prospective buyer;

2. Convey or cause the vehicle to be conveyed:

A. From one of the dealer's places of business in this state to another of the dealer's places of business in this state;
B. From the dealer's place of business to a place where the vehicle is to be repaired, reconditioned, or serviced;
C. From the state line or a location in this state where the vehicle is unloaded to the dealer's place of business;
D. From the dealer's place of business to a place of business of another dealer;
E. From the point of purchase by the dealer to the dealer's place of business; or
F. To road test the vehicle;

3. Use the vehicle in parades;

4. Use by a charitable organization;

5. Use on vehicles loaned to customers whose vehicles are being repaired.

A vehicle on the streets or highway with a dealer tag is exempt from state inspection requirements**.** A dealer who holds a wholesale motor vehicle auction GDN may display its dealer's tags on any vehicles that are transported to or from the licensed auction location by a bona fide employee or agent of the auction.

Dealer tags may be displayed only on the type of vehicle for which the general distinguishing number is issued and for which a dealer is licensed to sell.

A dealer’s tag may not be used to:

- Operate a vehicle for the personal use of a dealer or a dealer's employee.
- May not be displayed on dealer service or work vehicles or a laden commercial vehicle;
- Vehicles used for towing and transporting other vehicles;
- Courtesy cars with signs on the vehicle;
- Rental or lease vehicles;
- Dealer-owned vehicles loaned to schools; or
- Any boat trailer owned by a dealer that transports more than one boat.

A vehicle bearing a dealer tag is not considered to be a laden commercial vehicle when it is towing another vehicle bearing the same dealer’s tags, and both vehicles are being conveyed from the dealer’s place of business to a licensed wholesale auto auction or from a licensed wholesale auto auction to the dealer’s place of business.

When an unregistered vehicle is sold to another dealer, the selling dealer must remove its dealer’s tag. The purchasing dealer may display its dealer’s tag or dealer’s plate on the vehicle. If a vehicle, not in dealer inventory, is consigned from one dealer to another, the vehicle must display the temporary tag of the dealer to which that vehicle was consigned.

A dealer’s tag may be issued by a dealer to a specific vehicle or to a dealer's agent who is authorized to operate a motor vehicle owned by the dealer. A dealer’s tag can be issued for any length of time up to 60 days. In the case of a vehicle specific tag, only one tag per vehicle at a time may be issued.

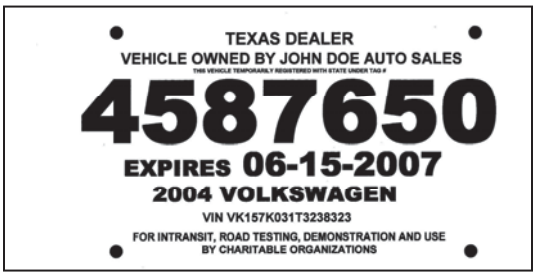
Sometimes a dealer will allow a customer to take a vehicle with just a signed bailment agreement. In this instance, no sale has taken place and the proper tag to use on the vehicle is the dealer vehicle-specific tag.

A dealer who issues a dealer’s tag to a specific vehicle must ensure that the following information is placed on the tag: (1) the vehicle-specific number from database; (2) the year and make of vehicle; (3) the vehicle identification number (VIN) of the vehicle; and (4) the month, day, and year of the tag's expiration.

A dealer who issues a dealer’s tag to an agent must ensure that the following information is placed on the tag: (1) the agent-specific number from the database; and (2) the month, day, and year of the tag's expiration.

Dealers should make an effort to guard the dealer’s tags. Such tags may be stolen and used by criminals to prevent identification of vehicles used in crimes.

Dealer Temporary Tag – Authorized Agent Tag



Dealer Temporary Tag – Vehicle Specific Tag

c. Buyer's Temporary Tag (formerly red tag). A temporary buyer's tag (Buyer's Tag) may be displayed only on a vehicle that may be operated upon the public streets and highways and for which a sale has been consummated. The dealer must place a Buyer's Tag on any new or used vehicle sold by the dealer, except for a vehicle sold in a wholesale transaction in which the purchasing dealer places its own dealer temporary tag on the vehicle. If the dealer is an out-of-state dealer and does not have dealer tags, then a Buyer's tag can be used. Buyer's Tags are valid for a period not to exceed 60 calendar days including the date the vehicle is sold and may only be displayed on a vehicle actually sold by the dealer. Only <u>one</u> Buyer's Tag may be issued.

The dealer must ensure that the following information is placed on a buyer's tag that the dealer issues: (1) the vehicle-specific number obtained from database; (2) the year and make of vehicle; (3) the vehicle identification number (VIN) of the vehicle; and (4) the month, day, and year of the tag's expiration.

A dealer must provide a buyer's temporary tag receipt to the buyer of each vehicle to which a Buyer's Tag is issued regardless of whether the tag is issued in the ordinary course of business or is an Internet-down or emergency tag. The dealer may print the image of the receipt issued from the database or construct the form using the same information. The dealer must instruct the buyer to keep a copy of the receipt in the vehicle until the vehicle is registered in the buyer's name and metal plates are affixed to the vehicle. The receipt must include the following information:(1) the issue date of the buyer's tag; (2) the year, make, model, body style, color, and vehicle identification number (VIN) of the vehicle sold; (3) the vehicle-specific tag number; (4) the expiration date of the tag; (5) the date of the sale; (6) the name of the issuing dealer and the dealer's license number; and (7) the buyer's name and mailing address.

Lienholders are required to release liens within 10 days of payoff. If the dealer has paid off a lien and cannot obtain the release of lien from the lienholder, the dealer should notify the TxDMV of the lienholder's tardiness and then the dealer should obtain for the buyer a 30-day permit from

VTR which cost $25 and require liability insurance to be shown. Supplemental temporary tags are no longer allowed.

If a dealer intends to transfer plates from the buyer's old vehicle, the dealer may put the plates on the vehicle and put the buyer's tag over the metal plates (See Section 4.39 for more information about plates to owner). Inform the buyer that until the vehicle is registered, the temporary e-Tag must stay on the vehicle as the sale information will not be available in the RTS database for 48 hours during which time the metal plates will not be recognized by law enforcement. The same holds true for those dealers who take the title application immediately and obtain plates to put on a vehicle before the buyer picks up the vehicle. A temporary tag is temporary registration and must be entered into the state database and the $5 fee collected whether a temporary tag is actually put on the vehicle or not.

d. $5 fee for Buyer's Tag. There is a $5 fee charged to the consumer for the temporary registration evidenced by the e-Tag. This fee is paid to the Tax Assessor-Collector at the time of titling and registration. Since all sales must be registered in the Vision 21 database, this fee must be collected and paid for each sale made regardless of whether a tag is put on the vehicle or not. The buyer's tag is the only tag that requires a fee. Exempt agencies are the only exception to collecting the $5 fee. The only vehicles that do not require issuance of an e-Tag are ATVs, off-road motorcycles and salvage vehicles. These vehicles are not allowed to be driven on the roads.

Buyer's Temporary Tag

e. Converter's Temporary Tags. Converter's Temporary Tags (Converter's Tags) may be used only by the converter or the converter's employees on unregistered vehicles to:(1) demonstrate the vehicle, or cause the vehicle to be demonstrated, to a prospective buyer who is a franchised motor vehicle dealer or an employee of a franchised motor vehicle dealer; or (2) convey the vehicle or cause the vehicle to be conveyed: (A) from one of the converter's places of business in this state to another of the converter's places of business in this state; (B) from the converter's place of business to a place where the vehicle is to be assembled, repaired, reconditioned, modified, or serviced; (C) from the state line or a location in this state where the vehicle is unloaded to the converter's place of business; (D) from the converter's place of business to a place of business of a franchised motor vehicle dealer; or (E) to road test the vehicle. Prospective buyers who are employees of a franchised dealer or a converter may operate a vehicle displaying converter's temporary tags during a demonstration.

Converter's Tags may be displayed only on the type of vehicle that the converter is engaged in the business of assembling or modifying. A vehicle being conveyed while displaying a

converter's temporary tag is exempt from vehicle inspection requirements. Converter's Tags may not be used to operate a vehicle for the converter's or a converter's employee's personal use.

When an unregistered new motor vehicle is sold to a converter, the selling dealer may attach a Buyer's Tag to the vehicle or the purchasing converter may display a Converter's Tag or Converter Plate on the vehicle.

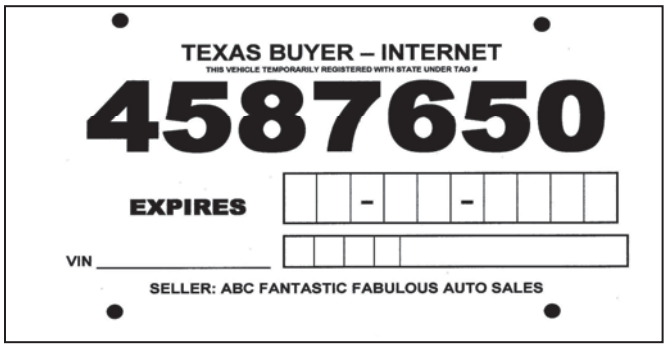
A Converter’s Tag may be issued by a converter to a specific vehicle or to a converter's agent who is authorized to operate a motor vehicle owned by the converter. Converter’s Tag must show its expiration date valid for a period not to exceed 60 calendar days, including the date the tag is issued.

A converter who issues a Converter’s Tag to a specific vehicle must ensure that the following information is placed on the tag: (1) the vehicle-specific number from database; (2) the year and make of vehicle; (3) the vehicle identification number (VIN) of the vehicle; and (4) the month, day, and year of the tag's expiration.

A converter who issues a Converter’s Tag to an agent must ensure that the following information is placed on the tag: (1) the agent-specific number from the database; and (2) the month, day, and year of the tag's expiration.

Converter's Temporary Tag

f. Advance Numbers, Internet-down Buyer's Temporary Tags. A dealer may obtain an advance supply of specific numbers in order to issue Buyer's Tags when the dealer is unable to access the Internet. When a dealer is unable to access the Internet at the time of sale, the dealer must complete and sign the dealer's copy of the buyer's receipt form and enter the required information on the sale into the database not later than the close of the next business day that the dealer has access to the Internet. The Internet-down Buyer's Temporary Tag must be in the format as described in Section 4.11(c) above.



Internet-down Buyer's Temporary Tag

g. Assigning Vehicles to Internet Tags. In the instance of a sale occurring and a dealer using one of the Internet Down tags, the dealer must complete the receipt forms by hand, give one to the buyer and keep the dealer's copy of the receipt in their records. These records become part of those records required to be kept by dealers/converters for theTxDMV inspection. **Any dealer who uses an Internet tag must report the vehicle information not later than 24 hours after the time that power or communication is restored.** Failure to do so will keep a dealer from getting additional tags and is a violation that could result in an enforcement action.

h. Different License Types. Licensees who have more than one license should be careful to use the proper license when issuing an e-Tag. For example, trailer dealers who have other retail GDNs to sell used vehicles, should only use the trailer GDN to log sales of trailers, not their vehicle GDN or their motorcycle GDN.

4.12 Logs for the Temporary Tags. Temporary tags are no longer required to be logged with the exception of the Internet Down tags.

4.13 The 30-Day Permit. Many times it is not the dealer's fault that a title has not appeared. Any time the dealer cannot get a title transferred to a buyer within the 20 working days from the date of sale, and there is no issue with a lienholder, the dealer usually can keep the buyer happy by obtaining a 30-day permit. The permit is available from the local TxDMV office upon payment of $25.00 and showing of the consumer's financial responsibility (liability insurance).

4.14 Other Restrictions On Tags And Plates. A franchised dealer may only use temporary tags and metal dealer license plates on used vehicles and new motor vehicles for which they are licensed to sell. A chart that summarizes for dealers the uses and prohibitions of plates and tags can be found at page 4-31.

4.15 Transported Vehicles. Each motor vehicle being transported using the full mount method, the saddle mount method, the tow bar method, or any combination of those methods in accordance with Transportation Code, §503.068(d), may have a dealer's or converter's temporary tag or a buyer's temporary tag, whichever is applicable, affixed to that vehicle. If the vehicle being transported is unable to qualify for registration because it is of a type that is prohibited from operating upon the public streets and highway (i.e., off-highway vehicle or self-propelled machine), a tag may be displayed that states in bold letters "For Off Highway Use Only."

4.16 Special Exception for Auctions. A wholesale motor vehicle auction may use dealer's tags and dealer plates. The auction may use buyer's tags on those vehicles which they have bought, taken assignment on and are selling for themselves at the auction. Sometimes auctions will provide a ferry service for dealers to ferry vehicles to and from the auction for dealers. In this instance, auctions are allowed to use their own dealer tags even though the vehicles are not in the auction's name.

4.17 Manufacturer's License Plates. Instead of registering a new vehicle that a manufacturer or distributor intends to test on a public street or highway or to loan to a consumer during warranty repair to a consumer's vehicle, the manufacturer may apply for manufacturer's license plates for the vehicle. A commercial motor vehicle with manufacturer's license plate attached may not carry a load.

4.18 Public Auctions. A dealer may sell his own inventory by way of an auction held on the dealer's licensed lot. An Auctioneer licensed by the Department of Licensing and Regulation must conduct the auction in accordance with the Texas Auctioneer Law. The auctioneer's name and license number must appear in any advertisement.

It is not legal for several dealers to get together and hold a public auction on one of their lots. This is selling off site which is prohibited by the Transportation Code.

Some dealers promote themselves as a public auction and hold regular auctions to sell to the public from their licensed lot. These dealers do not take assignment until vehicles are sold through their auction but must still transfer the titles to the purchaser before the 21st day after the sale.

4.19 Wholesale Auctions. Only a person who possesses a wholesale motor vehicle auction license may hold a wholesale or dealer-to-dealer auction, which must be held only at the licensed location to the highest bidder. Only licensed dealers, not the public may attend the auction. Out-of-state dealers may attend if they hold a valid license in their home state. Some franchised dealers have a wholesale auction license and hold regularly scheduled auctions and invite dealers to bring their vehicles to the lot for sale to other dealers. This is legal, but the auction must be advertised in the dealer's name, not the name of the company that is conducting the auction.

4.20 Wholesale Auction Procedures. Most wholesale auctions have their own procedures and guidelines. A dealer should contact the different auctions in the area and inquire about the auction's particular requirements. A dealer going to an auction for the first time will generally be required to fill out an application, giving information about the dealer's financial condition and that of the dealership. Be prepared to present the original of your dealer license for verification. Most auctions will provide the dealer with a picture ID and a list of the auction's procedures. The most common auction procedures observed by the TxDMV are: (1) All representations or guarantees are that of the seller. (2) All transactions are between buying and selling dealers. (3) Dealers must register with the auction and obtain an auction I.D. card before conducting business. (4) Some auctions may allow a dealer to establish a line of credit. (5) The auctions are for licensed motor vehicle dealers and their authorized agents only. A dealer may not take customers to an auction to buy a vehicle, nor can a dealer lend its GDN to an individual. The dealer/owner may be able to take one guest; however, this person may not buy a vehicle (check with the auction on bringing a guest). (6) Dealers may be able to preview vehicles before the auction begins. The hours may vary at each auction so check with the auction that you plan to attend.

The auction will announce the condition of the vehicle as told to them by the seller. This may be done verbally or through the use of a light system, i.e. red, green and yellow, to indicate the condition of the sale. Dealers should check with each auction regarding the different categories of the light system.

Some auctions may have a separate "damaged and disabled" sale. This could include units that have frame damage, frame damage repair, flood damage, missing emissions, broken odometers, etc. If a motor vehicle has a salvage title or is deemed a total loss, both the buyer and the seller must hold a salvage dealer license. If a dealer buys a vehicle and believes it was misrepresented, arbitration may be available at the auction. Check the auction arbitration policy.

4.21 Getting a Title From the Auction. Once a dealer is awarded the bid in an auction, the vehicle is released to that dealer. In most cases, there is a 21-30 working-day policy in getting the title. The TxDMV strongly advises dealers to wait until they have received the title before they sell that vehicle. After the vehicle is sold, sometimes the title is lost, or the title may be a salvage title, or marked as a reconditioned vehicle. A dealer who has sold such a vehicle before receiving the title is likely to be in trouble with not only the buyer, but also with the TxDMV because that dealer has sold a vehicle without a title and has failed to timely apply after a sale for a title. The dealer who sells a vehicle through the auction and has not provided the title in a timely manner would also be in violation of selling a vehicle without the title.

Several steps must occur before the dealer can take possession of the vehicle and sell it to a retail consumer: (1) The dealer's draft must clear. (2) Lien holder and/or selling dealer is paid. and (3) Title is released to the auction, and the auction releases the title to the dealer. [Note: Titles are not reassigned to the auction. The title must be reassigned directly to the purchasing dealer.]

The auction should have a buyback policy if the auction cannot get the title to the buyer within the 21-30 working-day period.

4.22 Dealer Agents. Dealers are responsible for the actions of their employees and agents. Under the Dealer Agent Rule, a dealer must give anyone dealing with his employees or agents in a wholesale situation, a letter of written authority of that agent. The dealer's authorization will be valid until either the termination of that dealer's license or until the dealer revokes the authority in writing. Once a dealer gives such written authority, the agent may buy and sell vehicles at auctions and to other dealers in the name and under the auspices of the dealer's license. The Dealer Agent Rule found at 43 TAC §215.148, sets out what is required in the letter of authority. Some wholesale auctions have their own forms for agent authorization. These forms will take the place of the required letter on dealership letterhead if the form contains all the requirements of the rule.

Under the Dealer Agent Rule, an agent may not pay for a vehicle in cash as all transactions must be in the name of the dealer using the dealership checks, drafts through the dealership financial entity, or cashier's checks drawn on the dealership accounts. Further, auctions and other dealers may not give the agent the title to vehicles, but must deliver the titles to the dealer at his dealership.

4.23 Motor Vehicle Shows and Exhibitions. The general rule is that only ***new*** motor vehicles may be shown or exhibited away from the licensed premises and then only with the written

permission of the TxDMV. As described below, there are many different rules for the different types of licenses held and the vehicles that can be entered in an exhibition or show. To be absolutely sure of all requirements, licensees are urged to call or write the TxDMV well in advance of any show or exhibition to ascertain if they may participate in that particular event. Some non-selling shows and exhibitions may be self-permitting, including some association-sponsored events. Forms are located online at the TxDMV website.

a. Used Motor Vehicles. There is no provision in the law for used motor vehicles to be displayed in a show or exhibited away from the licensed premises. Dealers of used motor vehicles may be approved for participation in a show, to provide contact information for their dealership and to advertise the various services they may provide, however, the presence of vehicles is prohibited, There are exceptions under the law for certain types of non-motorized vehicles like used trailers.

b. New Motor Vehicles. There are three types of motor vehicle events where motor vehicles may be approved for participation:

1. Exhibitions – A static display of motor vehicles in which one dealership participates, for example, a new Ford Mustang displayed at the local airport. Exhibitions may be approved for one day or more, but approval will not extend past the renewal date of a license. No selling is permitted and personnel are not present. For unusual exhibitions, permission from the TxDMV may be obtained to have personnel present.

2. Motor Vehicle Shows – Motor vehicle shows may include a variety of vehicle types. It is important to know whether or not the vehicle type being entered may be sold during the event. Dealers may not sell or offer to sell new motor vehicles such as cars, trucks, sport utility vehicles, motorcycles, motor scooters, all-terrain vehicles, neighborhood vehicles and recreational off-highway vehicles in motor vehicle shows.

Special provisions in the law for sales of ambulances, fire trucks and busses, as well as towable recreational vehicles, motor homes and trailers (boat, cargo, livestock, motorcycle/motor scooter, watercraft and semitrailers) may be approved in motor vehicle shows.

3. RV Shows – When three or more RV dealers are approved for participation in a show that qualifies under Chapter 215.112 of the Texas Administrative Code, the event is considered an RV show where dealers may sell new motor homes. These regulations are for the sale of motor homes only. All other types of motor vehicles, as well as trailers, must meet the specific regulations governing the specific type of vehicle. When there is a mixture of vehicle types in a motor home show, the vehicles which cannot be sold are required by the TxDMV to post signage on the vehicles indicating they are not for sale at the event.

c. Qualifications for Approval and Participation in a Motor Vehicle Show or Exhibition All dealers, and promoters of motor home shows, must complete the appropriate TxDMV authorization forms. Under state law, forms must be received by the TxDMV at least 30 days before the show to be approved. The location of the show will be considered the market area of the closest dealer for each licensed line-make being entered, unless it is a motor home show. If the dealer is not the closest dealer, then the dealer making application must obtain waivers from any dealer(s) located physically closer to the event location, submitting the waiver(s) with the

application for participation to the Department. Dealers must leave MSRP stickers on the vehicles as required by Federal law when participating in events.

d. Untimely off-site show or exhibition requests. No exceptions for submitting an application past the statutory deadline required by law will be made by the TxDMV. If a request is not timely and no other provision of the law would be violated, the TxDMV will simply refrain from approving or disapproving the application for show or display. If the TxDMV receives a complaint, then the TxDMV will investigate the matter. The dealer's attempt to file an untimely request will be considered in imposing sanctions arising from any complaint for not obtaining the TxDMV show or exhibition approval in advance.

e. Forms Required for Shows or Displays. Depending on the type of show or display, participants must determine the type of form to be utilized. Self-Authorization forms are designed for events where ALL PARTICIPANTS are prohibited from making sales. The Licensee Participant Application is designed for events with a mixture of vehicle types being entered – those vehicles approved for sales and those never approved for sales at events. The Licensee Participant Application should be utilized if an applicant is unsure of the types of vehicles being entered in an event or when they know towable recreational vehicles, trailers or emergency vehicles are being entered into the event. REMEMBER – the Licensee Participant Application form is for events where some vehicle types may be approved for sales, however, new automobiles, trucks, all-terrain vehicles, neighborhood vehicles, recreational off-highway vehicles, motorcycles and motor scooters are **never** approved for sales in events. Approved automobile dealer associations may submit a list of members in lieu of separate applications. Each dealer that participates must be the closest dealer to the show site or have a signed waiver from any dealer(s) located closer than the prospective participant. Waivers must accompany the application for participation. If admission tickets are required, four tickets for admission to the show must be provided to the TxDMV so investigators may enter and monitor compliance.

The TxDMV website has information and forms available for downloading for shows and exhibitions. Be sure and check this site and read the provisions carefully. Forms for participation may be submitted by fax, e-mail or by mail. Self-Authorization forms will not be responded to by the Department, however, applicants may call the Department to verify receipt.

f. Special Rules for Motorhome Shows. Under the law, motorhomes may be sold at approved shows, but there must be at least three motor home dealers, representing 3 different lines in the show. No dealer located outside of a 70 mile radius of the show site representing the same line can participate without written permission of all like-line dealers located within the 70 mile radius of the show site. The show may not last longer than 6 days, and all participating dealers must suspend motor home sales on the same day if the show extends over a consecutive Saturday and Sunday to remain in compliance with the blue law. Dealers of motor homes MAY open their units on Sunday; MAY attend their units on Sunday; MAY quote a price on their units on Sunday; and MAY discuss finance options; but MAY NOT close sales or finalize a sale; MAY NOT enter into contracts; AND may not enter into letters of intention to contract. All motor home shows in the same county must be scheduled at least 90 days apart unless specific permission has been given for good cause.

g. Trailers. Trailers, both new and used, may be exhibited or shown and sold at shows that are regularly scheduled events. There must be at least two different trailer dealers at the show to qualify for this type of event.

h. Fire-fighting Vehicles and Ambulances. Fire-fighting vehicles (those vehicles meeting the description in the Occupations Code Chapter 2301.002 and are licensed as a fire-truck) and ambulances may also be sold at shows when approved by the Department.

i. Advertising a Show. All advertising of any motor vehicle show or exhibition must comply with 43 TAC §§215.241 – 215.271, the TxDMV advertising rules, which can be found on line at the TxDMV website.

j. Location of the Show. Licensees are generally discouraged from exhibiting vehicles at another licensees licensed location to inhibit illegal sales and the perception by the public that visiting vehicles may be purchased or serviced at the location where they are not licensed for sales. When approved for participation, vehicles from the visiting licensee must have visible and clearly stated signage posted on the vehicles indicating they are not for sale at the location.

4.24 Lemon Law Disclosure on New Vehicles. When a franchised dealer sells a new vehicle, the dealer is required to provide the consumer the requisite Lemon Law Notice. Such a notice is found on page 11-3. The content of this form is prescribed by the TxDMV and should be given to the consumer at the same time the buyer signs the sales contract.

4.25 Selling to Foreign Buyers Rule. Any dealer who sells motor vehicles to foreign buyers are required to verify the identity of the buyer and stamp the title with the words "For Export Only" and the selling dealer's or auto auction's General Distinguishing Number showing the vehicle as an exported vehicle. This rule was passed at the request of dealers. It is designed to give the TxDMV one more tool to reduce curbstoning. The rule is known as the “Foreign Buyer Rule” and is directed at foreign dealers and buyers who buy vehicles in Texas on the pretext of exporting to Mexico and other countries, but instead illegally sell the vehicles on this side of the border in unfair competition with Texas dealers. Many of those Texas dealers along with a group of Tax Assessor-Collectors along the border proposed the procedure to the TxDMV staff that then wrote the rule and presented it to the Board. The rule was worded to apply to sales to any person claiming to buy vehicles for exporting.

a. Verifying Identity of Buyer. A dealer should obtain a copy of the driver’s license, passport, or other picture identity of the buyer confirming the foreign residence. These copies should become part of the dealer’s sales file.

b. Stamping the Title. A dealer should obtain a rubber stamp containing the dealer license number and the words “For Export Only.” The stamp should be placed on the front of the title where it is not covering up any information and should also be placed on each blank reassignment form on the back of the title. See Page 4-36 for a sample of the stamp and where to stamp a title.

c. Notifying the Department. The rules also require dealers to notify the department when a vehicle is sold for export. This notification consists of checking the “vehicle for export” box when requesting a buyer’s e-Tag through the Vision 21 system.

4.26 Displaying the License. All licensees must display their license in a manner that makes the license easily readable by the public in a conspicuous place in the office of each place of business. If a license covers more than one location then a copy of the original license may be displayed in the additional locations.

4.27 License Plate Holders. A person may not attach an illuminated device, sticker, decal, emblem or other insignia that is not authorized by law and that interferes with the readability of the letters, or number on the plate or the name of the state in which the vehicle is registered. Care should be taken when dealers affix plate holders to a sold vehicle that the edges of the plate holder do not obscure the name of the state, the license numbers, or other original design feature of the plate. Customers will not be happy with the free plate holder you furnished if they pay a $200 fine because the plate holder is illegal.

4.28 Moving the Dealership. All licensees are required to keep the department advised of their most current address. The TxDMV is to be advised within ten (10) days of any move. Failure to do so may result in the failure to receive important mail from the TxDMV such as license renewals or important notices about changes in the law. See §3.15 (Licensing) about amending the license because of moving, adding a new location or going out of business.

4.29 Trailer Dealers and VINs. With the advent of Vision 21, the department wants to start collecting VINs on trailers. While this is not mandatory at this time, it behooves trailer dealers to protect their customers' interest in the trailers they have bought by providing an identifying VIN on the trailers. This may become mandatory in the future so all trailer dealers need to become familiar with this procedure. TxDMV has outlined the procedure for obtaining a trailer VIN in a Registration and Title Bulletin to the County Tax Assessor-Collectors dated September 2, 2005. This bulletin can be seen on page 4-34 of this section.

4.30 Specific Violations Under Transportation Code §503.038. The following are specific violations found in the Transportation Code §503.038:

a. Falsifying or forging documents. A dealer may not falsify or forge a title document, including an affidavit making application for a certified copy of a title.

b. Filing a false or forged document. A dealer may not file a false or forged tax document, including a sales tax affidavit.

c. Keeping Open Titles. A dealer may not fail to take assignment of any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires, known as an "open title." Receiving, holding or delivering an open title is a violation and a very risky way to conduct business. An open title is like a blank check.

d. Not assigning titles. A dealer may not fail to assign any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer sells.

e. Misuse of plates or tags. A dealer may not use or permit the use of a metal dealer's license plate or a dealer's temporary tag on a vehicle that the dealer does not own or control or that is not in stock and offered for sale.

f. Making Material Misrepresentations on Applications. If a person misrepresents a fact on any application to the department, whether it is a false statement of ownership, a false response to the felony question or a designation of a false place of business, a serious violation has occurred. Such violations could result, at the minimum, in denial of the application and possibly could result in a civil penalty.

g. Failing to maintain qualifications for GDN. The initial requirements to get a license must be maintained throughout the license period. This includes all requirements as to signs, business hours, office requirements, phones, allotted spaces, leases, etc. The department may deny an application for a license, revoke or suspend an outstanding license, impose a civil penalty or place on probation a person whose license has been suspended or reprimand a licensee for any of the reasons set forth in the Occupations Code. Civil penalties can range from $50 to $10,000 per violation per day.

This also includes keeping the security bond in full amount at all times. If a claim is made on the bond and paid, the dealer must bring the bond back to the full amount immediately. See Section Licensing Section 3.10 for more information on the bond.

The department will cancel a dealer's GDN if the dealer obtains the number by submitting false or misleading information. A person whose GDN is canceled under this chapter must surrender to a representative of the department each license plate, temporary cardboard tag, sticker and receipt issued under this chapter not later than the 10th day after the date the GDN is canceled. The department will direct any peace officer to secure and return to the department any plate, tag, sticker or receipt of a person who does not comply with this subsection. A person whose GDN is canceled automatically loses any benefits and privileges afforded under Texas Transportation Code Chapter 503 to the person as a dealer.

h. Refusal to provide evidence of being in business. A dealer must provide satisfactory and reasonable evidence that the person is regularly and actively engaged in business as a wholesale or retail dealer within 30 days after a demand is made by TxDMV.

i. Not Remaining Regularly and Actively Engaged in the Business. , Those persons who make fewer than five (5) sales per year will have their license challenged. Texas law now *requires* tax appraisal districts to turn in to the TxDMV the names of any dealers who either fail to file the annual VIT declaration and monthly statements or do not sell five vehicles within the calendar year. Wholesale transactions will count towards the required five (5) sales.

j. Failing to Report or Pay Taxes. Although the TxDMV does not collect taxes, those dealers who fail to properly report and pay state sales taxes or vehicle inventory taxes, could incur additional penalties and revocation of licenses from this agency.

k. Misuse of license. Misuse of a license involves any use of the license for purposes other than that specifically contemplated under the dealer law. Lending license numbers to unlicensed entities to buy or sell vehicles, or using the dealer location for illegal purposes are examples of misuse of a license.

l. Off-site Sales, Curbstoning. Dealers are not allowed to sell vehicles from anywhere but their licensed premises. (43 TAC §215.136) Dealers are strictly prohibited from curbstoning, which is the practice of selling vehicles away from a dealer's licensed location. Dealers are also subject to

penalty if they aid and abet curbstoning by selling vehicles to persons who practice curbstoning. Exceptions to this are the permitted shows and displays discussed in Section 4.23 of this manual.

m. Failure to apply for title within 20 county working days of the date of sale. The most common complaint received from consumers is they have not received their plates or title to the vehicle within 20 county working days of the purchase. There are only two valid defenses to this violation. The first defense is if the consumer has misrepresented their credit history on a credit application. In that instance, the dealer has the right to rescind the contract. The second defense is if the dealer has promptly paid off the lienholder of the vehicle but the lienholder has failed to issue a release of lien within 10 days of the payoff. This is known as the "lienholder excuse." See Section 4.13 for more information on the 30 day permit. A Seller-Financed sale allows 45 calendar days to apply for title.

If the lienholder has failed to issue a release of the lien to the dealer after payoff, the dealer should notify the enforcement division of the TxDMV of such non-compliance so the dealer will not be held responsible. Dealers now have 25 days to pay off a lien on a trade-in once they have the vehicle and proper paperwork to pay the lien.

It is not a defense to this violation that the title is held by a prior owner or the title is lost. If a dealer has sold a vehicle without ascertaining where the title is, then he is responsible for purchasing the 30-day permit for the consumer until the dealer can locate and transfer the title. In addition, it is not a defense that the buyer has not come up with the tax, title and license fees. This should have been covered in the down payment before the vehicle was released to the consumer. Further, lack of insurance on the part of the buyer is no longer an excuse since dealers are no longer required to provide proof of financial responsibility of the buyer.

n. Giving the title work to the consumer. Dealers are required to apply for the title and registration and ***not*** give the paperwork to consumers. The Tax Assessor-Collector offices have been very cooperative in turning in paperwork to the TxDMV that has been filed by the consumer who bought a vehicle from a dealer. *Exception:* If a consumer is taking the vehicle out of state immediately, then a dealer should have the consumer fill out the Comptroller's Sales Tax Exemption Certificate for vehicles taken out of state. This form is kept in the dealer's sales file in case of an audit. Dealer has 20 working days to provide the buyer any necessary forms to register in their state.

o. Failing to Notify the TxDMV of Change of Address. As stated prior, any change in the licensed entity, ownership, physical or mailing address must be reported within 10 days of the change. *It is critical that any change of address be promptly reported to the TxDMV in order to ensure that dealers are provided with any and all necessary notices that could affect your operations.*

p. Incomplete or No Records. Rules require records to be kept for at least 48 months. The current and immediately preceding 13 months must be available for inspection at the dealer's location. Records from the prior 35 months may be kept either on the licensed site or off-site within the same county. Failing to keep records at all or incomplete records is a serious violation.

q. Not responding to request for records. Not keeping records is a serious violation, but not producing those records when a representative appears at a dealership is even more serious. Most information is requested by the TxDMV through certified mail, fax or email. If a dealer fails to

respond to this request, it is a violation and the agency representative may travel to the dealership to inspect not only the requested information, but the general state of records overall.

r. Forgery or Fraud. This encompasses rollbacks, title frauds and fraudulent sales of reconditioned vehicles. Also in this category are credit fraud or commercial fraud, floor-planner fraud and consignment fraud, which usually go hand in hand with these activities. In all of these instances, the perpetrator has made representations that have induced someone to buy a vehicle that he or she would not have purchased but for the fraudulent representations. Fraud is also cited when a dealer files a false tax or title document.

s. Spot Deliveries. This fraudulent practice consists of selling and delivering a consumer a car after signing a Retail Installment Contract and then calling the consumer back into the dealership to sign a new contract with higher interest, higher payments or to put more money down. This practice happens a lot when a dealer wants to tie the consumer to a sale but is unable to verify credit in a timely manner.

If a dealer wishes to employ this practice, there are special contracts such as a bailment contract, also known as a conditional sale and delivery agreement, which should be entered into instead of a Retail Installment Contract. These contracts make it clear to the consumer that the deal is not final.

The Office of the Consumer Credit Commissioner has approved a form that contains three elements:

1. The buyer has an option to cancel the sales contract before credit is approved;

2. The buyer can cancel with full refund and return of trade-in if financing is not approved in accordance with the terms described in the purchase order;

3. The buyer's liability in case of cancellation is limited to rental, excessive mileage and use, which are items set out in the bailment contract.

t. Dehorsing. Dehorsing is done in conjunction with a spot delivery and occurs when the consumer refuses to sign a new contract and demands back their trade-in, and are told their trade-in has already been sold, thus forcing him or her into the new contract or a vehicle of lesser value.

u. Parking on the Right-of-Way. Dealers are specifically prohibited from parking or displaying vehicles on the right-of-way adjacent to their dealership premises unless the governing body having jurisdiction of the easement, right-of-way, or driveway expressly consents to such use in writing. Use of right-of-way property that is part of the state highway system may only be authorized by a lease agreement entered into with the Texas Department of Transportation (TxDOT). This permission is given very seldom due to the nature of the safety hazard involved in allowing cars to obstruct the view of oncoming traffic. If a dealer wishes to inquire as to written permission, the dealer should call the local TxDOT office.

v. Failing to Pay Civil Penalties. One sure way to lose a license permanently is to refuse or neglect to pay any civil penalties assessed against a licensee by the department.

4.31 Odometer Rollbacks. Dealers are strictly prohibited from fraudulently tampering with an odometer to reduce the number of miles indicated on the instrument. This is a federal and state law with serious criminal penalties. Besides the criminal penalties, a person could be permanently denied a dealer license upon such a conviction. Dealers should exercise extreme caution when purchasing used cars with low mileage and inspect them for signs of odometer tampering. For the purposes of this law, odometer means an instrument for measuring and recording the distance a motor vehicle travels while in operation. This does not include an auxiliary odometer designed to be reset by the operator to record mileage on trips.

Pursuant to Transportation Code §727.002, a person who commits such an offense is subject to:

- Confinement in the county jail for not more than two years;
- A fine not to exceed $1,000; or
- Both the confinement and fine.

If a person is found *more than once* to be guilty of odometer tampering, he or she is subject to punishment by:

- Confinement in the county jail for not less than 30 days or more than two years;
- A fine not to exceed $2,000.

Under the federal statute, some individuals found guilty of numerous practices of odometer tampering or related fraud have been sentenced to up to nine years in prison and fined more than $400,000.

4.32 Unlicensed Sales. No person, unless exempted by the Transportation Code as noted in Section 3.3 of this manual, may sell or offer to sell motor vehicles without having a GDN and/or franchised dealer license for the purposes of engaging in the business of buying, selling or exchanging motor vehicles, including purchasing wholesale vehicles or participating in auto auctions.

Franchised dealers may be sanctioned for offering to sell or selling or transferring new motor vehicles for which they are not franchised.

4.33 Violating Any Law relating to a Motor Vehicle Sale. Under Texas Occupations Code, any person who violates any law relating to the sale, distribution, financing or insuring of motor vehicles is subject to civil penalties, or probation, denial, suspension or revocation of their license and GDN by the Department. This general prohibition is usually applied to those dealers who willfully defraud a consumer.

4.34 Brokering. Texas law prohibits the brokering of motor vehicles among persons who are not licensed motor vehicle dealers. The definition of a broker is a person who, for a fee, commission, or other valuable consideration, arranges or offers to arrange a transaction involving the sale of a new motor vehicle. Arranging or offering to arrange a transaction has been defined to include soliciting or referring buyers for new motor vehicles. Therefore, the "transaction" of referring a customer to a dealer for a fee, is considered brokering. See 43 TAC §§215.84-215.85 for the full text of the broker rules.

a. New motor vehicles. Note the definition of a new motor vehicle under the Definitions section. The only persons allowed to broker new motor vehicles are franchised dealers or bona fide employees of a franchised dealer when acting on behalf of the franchised dealer. Representatives and distributors and their bona fide employees are likewise exempted from the brokering prohibition. Consequently, a used vehicle dealer may not accept a fee from a franchised dealer for referral of a new motor vehicle customer.

b. Used motor vehicles. The brokering of used motor vehicles is allowed by those licensees possessing a valid GDN, which would include all licensed franchised and independent dealers.

c. Referral companies. The broker rules also set out how a referral company can operate without violating the broker rules. In summary, the company may operate legally if they:

- Do not offer exclusive market areas;
- Allow all dealers to participate on equal terms with no restrictions as to size, location or line-make;
- Charge all participants the same fee that is not based on a per referral basis or other transaction-related fee;
- Do not set or suggest to the dealer any price of vehicles or trade-ins;
- Do not advertise or promote their plan in the manner that implies that the buyer, as a customer of that program, receives a special discounted price that cannot be obtained unless the customer is referred through that program.
- Do not violate the advertising rules.

d. Bird-dog fees. Referral fees are also known as bird-dog fees and are considered to be broker fees.

4.35 Vehicle Transfer Notice. When a vehicle is taken in on trade or is sold in a casual sale, the vehicle owners now have the ability to notify the department that they no longer own the vehicle. Vision 21 made this very easy to do with a simple form that may be filled out and submitted to the department electronically. There is no charge for this service. While the law is not mandatory at this time, dealers can offer to fill out this form for the customer, print it out and hand it to them to mail or file it direct electronically. Delivery of this notice to the department puts a note in the RTS system advising queries that this vehicle is no longer owned by the person to whom the system reflects as the title owner.

4.36 Choice of County to register Vehicle. There are three locations where a vehicle may be titled:

1. The county where the vehicle was sold;
2. The county where the lienholder resides;
3. The county where the buyer resides;

In the past the dealer chose where he wanted to register the vehicle, but the law changed and it is now the buyer's choice. There is a simple form that the buyer fills out and signs at the time of sale indicating where they wish the vehicle to be registered. This form requires that the **BUYER** fill in the county of choice, in their own handwriting. Dealers should NOT have this form prefilled. This form is VTR-136, County of Title Issuance and is found on page 6-15 with a Spanish version on page 6-16.

4.37 Transfer of Vehicle Registration and Removal of License Plates. Metal Plates should be removed from a vehicle taken in on trade along with the registration sticker. The past owner of the vehicle may keep the plates or they may wish to have the plates put on the vehicle they buy to replace the trade-in. If the owner of the vehicle wishes to have the old plates put on their new vehicle, then the dealer will title the vehicle and transfer the registration to the new vehicle. If the owner does not buy a vehicle, then the dealer just gives the owner the old plates and the registration sticker. Either way, the dealer should deliver the plates to the owner. If the plate age is 6 years or less, the plates may be transferred to another vehicle. If the plate age is 7 years or more, the plates must be replaced due to loss of plate reflectivity. Currently the Plates to Owner Law is limited to cars and light trucks one ton or less. Plates can only be transferred to same classification vehicles (Car-to-car, truck-to-truck).

The customer is charged the same fees as current, unless customer is transferring a set of license plates to the newly-purchased vehicle and the additional $5 plate transfer fee would apply. If there are no plates to transfer, no charge replacement plates will be issued. When the dealer takes the license plates and sticker off the vehicle, it doesn't affect any registration on the vehicle as the registration stays with the vehicle. If a 2005 Honda is traded in and the registration expiration date is Aug. 2010, the person that purchases the 2005 Honda will receive new plates and sticker (no charge) at the time of title and will still have Aug. 2010 expiration.

If a dealer buys a vehicle from an auction and it does not have plates or registration sticker on it, the time left on the registration, if any, can be found by entering the VIN in the V21 database for a buyer's tag and the registration information will appear.

For vehicles taken on consignment, the plates should be removed and stored, but not the sticker. If the vehicle is sold, then the sticker should be removed at that time. This is because if the consigned vehicle does not sell, the dealer must return the vehicle with the plates and sticker to the owner.

As a courtesy to the buyers, the dealer may put the plates on the new vehicle and put the buyer's temporary tag over the metal plates. The customer needs to understand the tag should not be removed until the dealer sends them the registration sticker indicating that the plates are now registered with the new vehicle.

4.38 Special Handling of Out-of-State & Out-of-Country Sales. Out-of-state and out-of-country procedures differ slightly from the norm when a dealer sells a vehicle that will be leaving the state. Handling titles, e-tags, and taxes can be confusing, but dealers can benefit from learning to recognize the differences and train employees to handle these matters accordingly.

a. Export Sales. First, differentiate a "foreign" sale, as applied in the For Export Only rule, as pertaining to out-of-country sales, *not* out-of-state. The Export Sales rule can be found in the Admin Code at 43 TAC §215.147. This rule sets out the requirements for dealers handling a sale to a foreign buyer. (See previous Section 4.25) The rule originally was passed to apply only to foreign dealers, but was amended in February of 2010 to include all foreign buyers, retail and wholesale.

The first requirement is to obtain identification of the individual who is buying the vehicle. The identification document must be issued by the jurisdiction where the buyer resides and may consist of a passport; a driver's license; a consular identity document; a national identification

certificate or identity document; or other identification issued by the jurisdiction where the buyer resides that is able to be verified by law enforcement including the name of the jurisdiction; the buyer's full name, foreign address, date of birth, photograph, and signature. It is important to make a copy of the document to be kept in the records of the dealer.

The second requirement is to complete the Texas Motor Vehicle Sales Tax Exemption Certificate for Vehicles Taken Out of State Form 14-312. It is completed whether the vehicle is going to another state or another country (see form on page 7-7). Note the new form and the requirements printed thereon to send the completed form to the Comptroller and advise the buyer you are doing so.

Finally, the dealer must stamp the title once on the front of the title in an area that does not cover any information and on the back of the title in each and every unused reassignment blank. The stamp must be at least 2 inches wide and have the words "For Export Only" with the dealer's license number (See example on page 4-36).

A copy of the front and back of the stamped title, the Comptroller's form, and the buyer's identification document are all required to be kept in the dealer's sales file as a record of the out-of-country sale.

b. Temporary Tags – Retail Sales. E-Tags are another aspect of vehicles leaving the state. All retail sales must be registered in the e-Tag database system, regardless of whether the vehicles are driven out of Texas or hauled by any means. A buyer's tag must be affixed to a vehicle being driven out of the state. Even if the vehicle is being towed or transported by carrier and not requiring a tag to be affixed to the vehicle, a tag must be logged in the system and given to the transporter or placed in the vehicle. The $5 tag fee must be collected from all retail buyers unless the buyer is an exempt agency. When preparing the buyer's tag in Vision 21, pay special attention to the questions:

Is this vehicle to be exported?* ☐ **Yes** ☐ **No**

Will this vehicle be titled/registered out of Texas?* ☐ **Yes** ☐ **No**

c. Wholesale Sales. When selling out of state or out of country, if the transaction is a wholesale transaction, no e-Tag is required. While vehicles being towed by other registered vehicles, and transported vehicles are not required to have a tag, some wholesale buyers may receive some grief from law enforcement if they are driving a vehicle with no plate or temporary tag on it. So it is important to let your out of state dealer know he needs to bring a dealer plate or temp tag from his state to put on the vehicle if he intends to drive it back to his home state because the selling Texas dealer may not put his dealer temporary tag on the sold wholesale vehicle. The key is the transport method. If the vehicle is "cargo," being pulled by a registered vehicle or carried by a transport, then no tag is required. The question always arises: What if the Mexico dealer has no dealer tag or plate? Though the rules do not provide for this situation and law enforcement may stop the driver, we suggest a vehicle-specific dealer temporary tag valid for only a few days.

d. Handling Titles. If vehicles are going out of the country, Customs requires that the titles accompany the vehicles whether with a Bill of Lading or other documents. Once Customs stamps the titles, they are returned to the owner of the vehicle.

If the vehicle is going out of state, you must give the title papers to the buyer within 20 county days of the sale for registering in the other state.

Taxes. As stated above, if the vehicle is going out of state or out of country, the Comptroller's exemption form must be completed, signed, and sent to the Comptroller. Detailed instructions are found on the form. However, there are always the "what if" questions.

What if the buyer is not taking the vehicle immediately, but 3 months or 3 weeks later after their Texas summer vacation is over? The motor vehicle tax is a "use tax" not a sales tax and if the vehicle is being used in Texas for any length of time, i.e. other than being immediately removed, then the tax is due. The Comptroller defines this as 'no use of the vehicle in Texas other than the immediate transportation of the vehicle out of the state." If the buyer registers the vehicle in their state later, they may apply for a refund from the Texas Comptroller.

What if the buyer is a Texas dad who is buying the vehicle for his OU son who is driving the vehicle immediately to Oklahoma? The Texas exemption is predicated on *exclusive* use out of state. As long as the vehicle is titled and registered out of state, and remains out of state, the exemption would apply. Nevertheless, if the vehicle is brought back into Texas at some point, then Texas tax is due. If Oklahoma tax had been paid at the time of Oklahoma registration, then the Comptroller would allow a credit for the Oklahoma tax toward the Texas tax. This would hold true even if the son, who presumably is also a Texas resident, titles and registers the vehicle in his own name outside Texas and then brings it back into the state at some point. Again, if the son will be attending school in Oklahoma but driving home to Texas on occasion, then he should pay the Texas tax at the time of purchase. The use will not be exclusively outside Texas.

There is a second consideration in this scenario. When the father purchases the vehicle, the selling dealer has a responsibility to look to the issue of good faith before accepting an exemption certificate. A Texas home address or a Texas driver's license is a typical "red flag" that would alert a dealer to the possibility that a motor vehicle is being purchased for Texas use, and the dealer would then have reason to question that the transaction involves a person taking the vehicle out of state for exclusive use. In such a case, with good faith in question, the dealer would typically collect the tax and then the purchaser would need to seek a refund from the Comptroller, having taken the vehicle directly out of state for titling, registration and exclusive use. Even in that case, the exemption should be sought as soon as possible, inasmuch as the person will need to prove that no use, other than transportation directly out of the state (i.e., no other use, such as vacation travel, etc.) had occurred in Texas prior to the out-of-state titling and registration. This can become a harder thing to demonstrate with the passage of time, particularly when trying to prove that Texas use *did not* occur, because exemptions must be narrowly construed and must be proved by clear and convincing evidence.

If you have a buyer that shows up with Texas identification and has no reason for an exemption other than he plans on registering elsewhere, and refuses to sign the Comptroller's form which has a felony for perjury admonition, you probably should err on the side of caution and collect the tax from him. It is always a good idea to get identification from your buyer. In fact there

are other laws out there that require identification of the buyer to be obtained and kept in records, see Occupations Code §2305.004.

In summary, for out-of-state sales:

1. Either collect the MV tax or get the Comptroller's exemption form signed;
2. Obtain the same identification you require for in-state sales;
3. Give the title paperwork to the buyer within 20 working days;
4. For a retail sale, issue a buyer's tag and collect the $5 e-tag fee;
5. For a wholesale transaction, inform your buyer he needs a tag from his state if he plans on driving vehicle back.

For out-of-country sales:

1. Either collect the MV tax or get the Comptroller's exemption form signed;
2. Obtain the buyer's photo identification issued by the jurisdiction where the buyer resides;
3. Stamp title "For Export Only" and give to the buyer. Title must accompany vehicles for Customs;
4. For a retail sale, issue a buyer's tag and collect the $5 e-tag fee;
5. For a wholesale transaction, inform your buyer he needs a tag from his country if he plans on driving vehicle back.

E-Tag Dealer Plate & Tag Usage

DEALER'S METAL PLATE

Uses:
1) Vehicle demonstration
2) Personal use
3) Only on vehicles dealer is licensed to sell

Only one plate is issued for display on vehicle and must be displayed and properly secured in rear plate holder.

MUST have current inspection sticker

CANNOT display signs on vehicle

CAN be displayed on independent dealer vehicle carrying load

TITLE must be in name of or assigned to dealership

DEALER OR CONVERTER'S TEMP TAG -

Uses:
Vehicle demonstration Transit from dealer to dealer, auction, reconditioning, etc. May be used on a loaner to a customer while vehicle is being repaired

CANNOT be used for carrying a load UNLESS vehicle is carrying another vehicle with a temp tag from same dealer on the way to or from the auction

Cannot be used by dealership personnel for personal use

MUST be displayed and properly secured in rear plate holder

Does NOT need current inspection sticker

CANNOT display signs on vehicle

Valid from 1 to 60 days
More than one tag may be issued to any agent but only one tag may be assigned to any specific vehicle at a time

TITLE must be in name of or assigned to dealership

BUYER'S TEMP TAG & RECEIPT

Issued to a retail purchaser

MUST have current inspection sticker

MUST be displayed and properly secured in rear plate holder

MUST keep Buyer's Tag Receipt in vehicle until registered

If tag is stolen or lost, replacement is reprinted with original expiration date

CAN display signs and carry load on vehicle

TAG is good for 60 calendar days (Effective 9-1-2009)

Dealer is required to apply for title and registration within 20 working days of the date of sale or 45 calendar days if Seller financed.

INTERNET DOWN TEMP TAG & RECEIPT

USED when Internet is down as an alternate Buyer's tag. Tags and receipts are pre-printed by dealer with the assigned number. Buyer and vehicle info is hand-printed by the dealer.

Dealer required to enter all info into E-Tag database within 24 hours of resuming Internet service.

Same requirements and uses as Buyer's Temp Tag

Texas Department of Motor Vehicles

A SAMPLE METAL DEALER PLATE LOG:

PLATE #	VEHICLE MODEL	VEHICLE VIN #	DATE ISSUED	DATE RETURNED	NAME OF DRIVER

Dealers with a large amount of plates may also want to add columns for dates the stickers expire and a signature line for the driver of the vehicle.

CONSIGNMENT TO DEALERSHIP

The undersigned owner of the motor vehicle described herein, hereby certifies that he has delivered on consignment to the dealership named below a vehicle that he legally owns and that said dealership has the owner's authority to offer such vehicle for sale at the dealer's licensed location. Owner certifies and guarantees that the vehicle is free and clear from any liens other than that may appear on the face of the title, or that he has disclosed herein. Owner has shown the dealer the title to the vehicle. Owner further states that he is not a wholesale dealer.

Dealer agrees that it will offer the herein described vehicle for sale on its legally licensed premises under the terms and conditions agreed to between the Owner and Dealership as set out herein. Dealership further agrees that it will pay the owner any amounts owed from the sale no later than _____ days from the date of sale. Dealership understands that it is responsible for registering and titling the vehicle and paying any Vehicle Inventory Tax due on the vehicle.

VEHICLE Make: _____ Year Model: _____ Body Style: _____

License Number: _____ Vehicle Identification Number: _____

DEALER Name: _____

Licensed Address: _____

Phone Number: _____ Fax: _____ GDN: _____

OWNER Name: _____

Address: _____

Daytime Phone Number: _____ Evening Phone Number:_____

TERMS OF CONSIGNMENT:

This consignment begins on _____ and terminates on _____

Sales price (set amount or minimum) _____

Consignee to pay owner ___ days after the sale

Agreed commission (set amount, percentage or over net) _____

Fees owner agrees to pay (if any): _____

Liens (if any): _____

_____ _____

Signature of Owner Signature of Dealer

BUYERS GUIDE

IMPORTANT: Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing. Keep this form.

VEHICLE MAKE	MODEL	YEAR	VIN NUMBER

DEALER STOCK NUMBER (optional)

WARRANTIES FOR THIS VEHICLE:

☐ AS IS-NO WARRANTY

YOU WILL PAY ALL COSTS FOR ANY REPAIRS. The dealer assumes no responsibility for any repairs regardless of any oral statements about this vehicle.

☐ WARRANTY

☐ FULL ☐ LIMITED WARRANTY. The dealer will pay _____% of the labor and _____% of the parts for the covered systems that fail during the warranty period. Ask the dealer for a copy of the warranty document for a full explanation of warranty coverage, exclusions, and the dealer's repair obligations. Under state law, "implied warranties" may give you even more rights.

SYSTEMS COVERED:	DURATION:

☐ SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price and exclusions. If you buy a service contract within 90 days of the time of sale, state law "implied warranties" may give you additional rights.

PRE PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in motor vehicles.

Below is a list of some major defects that may occur in used motor vehicles.

Frame & Body
- Frame-cracks, corrective welds, or rusted through
- Dog tracks-bent or twisted frame

Engine
- Oil leakage, excluding normal seepage
- Cracked block or head
- Belts missing or inoperable
- Knocks or misses related to camshaft lifters and push rods
- Abnormal exhaust discharge

Transmission & Drive Shaft
- Improper fluid level or leakage, excluding normal seepage
- Cracked or damaged case which is visible
- Abnormal noise or vibration caused by faulty transmission or drive shaft
- Improper shifting or functioning in any gear
- Manual Clutch slips or clatters

Differential
- Improper fluid level or leakage, excluding normal seepage
- Cracked or damaged housing which is visible
- Abnormal noise or vibration caused by faulty differential

Cooling System
- Leakage including radiator
- Improperly functioning water pump

Electrical System
- Battery leakage
- Improperly functioning alternator, generator, battery, or starter

Fuel System
- Visible leakage

Inoperable Accessories
- Gauges or warning devices
- Air conditioner
- Heater & Defroster

Brake System
- Failure warning light broken
- Pedal not firm under pressure (DOT spec.)
- Not enough pedal reserve (DOT spec.)
- Does not stop vehicle in straight (DOT spec.)
- Hoses damaged
- Drum or rotor too thin (Mfgr. specs.)
- Lining or pad thickness less than 1/32 inch
- Power unit not operating or leaking
- Structural or mechanical parts damaged

Steering System
- Too much free play at steering wheel (DOT specs.)
- Free play in linkage more than ¼ inch
- Steering gear binds or jams
- Front wheels aligned improperly (DOT specs.)
- Power unit belts cracked or slipping
- Power unit fluid level improper

Suspension System
- Ball joint seals damaged
- Structural parts bent or damaged
- Stabilizer bar disconnected
- Spring broken
- Shock absorber mounting loose
- Rubber bushings damaged or missing
- Radius rod damaged or missing
- shock absorber leaking or functioning improperly

Tires
- Tread depth less than 2/32 inch
- Sizes mismatched
- Visible damage

Wheels
- Visible cracks, damage or repairs
- Mounting bolts loose or missing

Exhaust System
- Leakage

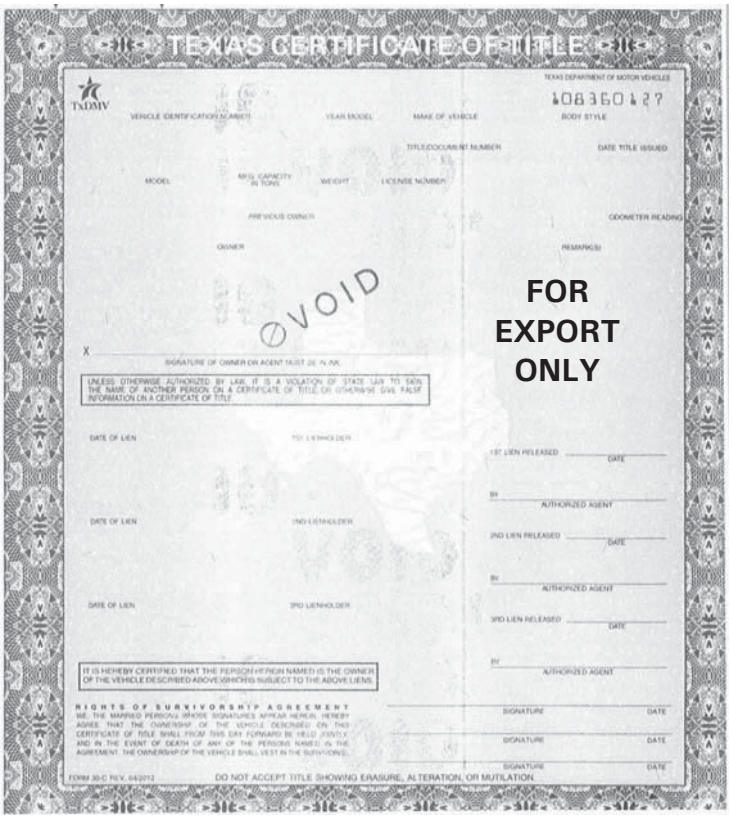
DEALER

ADDRESS

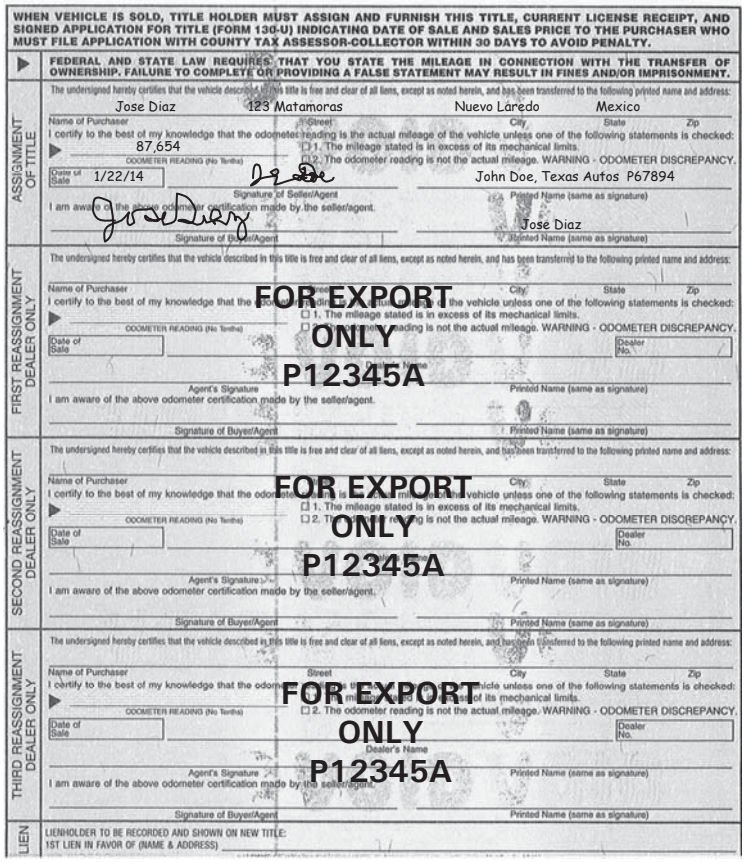
SEE FOR COMPLAINTS

IMPORTANT: The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for purpose of test-driving) is a violation of federal law (16 C.F.R. 455).

ILLUSTRATION OF WHERE TO PLACE "FOR EXPORT ONLY" STAMP



On the front of the title where no information is covered



On the back of the title in any blank

September 2, 2005

Registration and Title Bulletin #094-05
Policy and Procedure

TO: All County Tax Assessor-Collectors
SUBJECT: Assigned Serial Numbers for Homemade/Shopmade Trailers and Semitrailers

1.1. PURPOSE

To clarify the requirements for owners of homemade or shopmade trailers and semitrailers to obtain an assigned serial number.

DETAILS

All vehicles that are titled are required to have a serial number or vehicle identification number (VIN). An assigned serial number is not required for non-titled, homemade or shopmade:

- trailers that have an empty weight of 4,000 pounds or less
- semitrailers that have a gross weight of 4,000 pounds or less
- farm trailers or farm semitrailers that have a gross weight of 34,000 pounds or less, unless the owner chooses to apply for a title for a farm semitrailer that has a gross weight of over 4,000 pounds and not more than 34,000 pounds

An owner may choose to have a serial number assigned to a non-titled trailer, semitrailer, farm trailer, or farm semi-trailer for identification purposes and to aid in the recovery of their property in the event that it is stolen. If an assigned serial number is required (titled), or the customer chooses to obtain an assigned serial number(non-titled), the attached procedures should be followed in order to obtain an assigned serial number. If the owner of a non-titled trailer or semitrailer chooses to not have a serial number assigned, a Form VTR-68-A executed by law enforcement is not required to be submitted with the application for registration.

The Motor Vehicle Title Manual has been revised to reflect this information and will be distributed at a later date.

COUNTY ACTION

Please disseminate this information on the requirements for assigned serial numbers for non-titled trailers, semitrailers, farm trailers and farm semitrailers to your offices and customers.

CONTACT

If you have any questions or need any additional information, please contact your local Vehicle Titles and Registration Division Regional Office. You may also call me at (512) 465-7570. Thank you very much.

Sincerely,
Mike Craig, Interim Director
Vehicle Titles and Registration Division

PROCEDURES FOR OBTAINING AN ASSIGNED SERIAL NUMBER FOR A HOMEMADE/SHOPMADE TRAILER OR SEMITRAILER

- A Form VTR-68-A, *Application for Assigned or Reassigned Number*, must be completed. The top portion must be completed by the owner and the owner's signature must be notarized. The bottom portion must be completed by law enforcement (a member of the Department of Public Safety, Motor Vehicle Theft Service, National Crime Insurance Bureau, or an established vehicle theft unit of a Texas law enforcement agency).

- The owner must mail or take the completed Form VTR-68-A, acceptable evidence of ownership, a $2 fee, and a photograph of the trailer or semitrailer to their local Vehicle Titles and Registration Division (VTR) Regional Office.

- Once approved and an assigned serial number is issued, the VTR Regional Office will forward a copy of the completed Form VTR-68-A and Form VTR-68-N, *Notice of Assigned Number or Installation of Reassigned Vehicle Identification Number*, to the owner.

- The owner must then die stamp the assigned serial number on the trailer or semitrailer on the right side of a permanent part of the frame forward of the axle or tandem assembly.

- After the assigned number has been die stamped on the vehicle, the Form VTR-68-N, must be signed by the owner.

- If the trailer or semitrailer is being titled, the copy of the Form VTR-68-A and the completed Form VTR-68-N must be submitted to the County Tax Assessor-Collector's office with the application for title and all supporting documents.

A Dealer's Guide to the Used Car Rule

Most car dealers who sell used vehicles must comply with the Federal Trade Commission's (FTC's) Used Car Rule. In fact, car dealers who sell more than five used vehicles in a 12-month period must comply with the Rule. Banks and financial institutions are exempt from the Rule, as are businesses that sell vehicles to their employees, and Lessors who sell a leased vehicle to a lessee, an employee of the lessee, or a buyer found by the lessee.

The Used Car Rule applies in all states except Maine and Wisconsin. These two states are exempt because they have similar regulations that require dealers to post disclosures on used vehicles. The Rule applies in the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, and American Samoa.

This booklet defines the Rule's requirements, explains how to prepare and display the Buyers Guide, and offers a compliance checklist.

You must post a Buyers Guide before you "offer" a used vehicle for sale. A vehicle is offered for sale when you display it for sale or let a customer inspect it for the purpose of buying it, even if the car is not fully prepared for delivery. This requirement also applies to used vehicles for sale on your lot through consignment, power of attorney, or other agreement. At public auctions, dealers and the auction company must comply. The Rule does not apply at auctions that are closed to consumers.

Previously titled or not, any vehicle driven for purposes other than moving or test driving, is considered a used vehicle, including light-duty vans, light-duty trucks, demonstrators, and program cars that meet the following specifications:

- a gross vehicle weight rating (GVWR) of less than 8,500 pounds;
- a curb weight of less than 6,000 pounds; and
- a frontal area of less than 46 square feet.

Exceptions to the Rule are:

- motorcycles;
- any vehicle sold for scrap or parts if the dealer submits title documents to the appropriate state authority and obtains a salvage certification; and
- Agricultural equipment.

The Buyers Guide

A disclosure document that gives consumers important purchasing and warranty information, the Buyers Guide tells consumers:

- whether the vehicle is being sold "as is" or with a warranty;
- what percentage of the repair costs a dealer will pay under warranty;
- that oral promises are difficult to enforce;
- to get all promises in writing;
- to keep the Buyers Guide for reference after the sale;
- the major mechanical and electrical systems on the car, as well as some of the major problems that consumers should look out for; and
- To ask to have the car inspected by an independent mechanic before they buy.

If you conduct a used car transaction in Spanish, you must post a Spanish language Buyers Guide on the vehicle before you display or offer it for sale.

The Buyers Guide must be posted prominently and conspicuously on or in a vehicle when a car is available for sale. This means it must be in plain view and both sides must be visible. You can hang the Guide from the rear-view mirror inside the car or on a side-view mirror outside the car. You also can place it under a windshield wiper. The Guide also can be attached to a side window. A Guide in a glove compartment, trunk or under the seat is not conspicuous because it is not in plain sight.

You may remove the Guide for a test drive, but you must replace it as soon as the test drive is over.

Vehicle Information

At the top of the Guide, fill in the vehicle make, model, model year, and vehicle identification number (VIN). Write in a dealer stock number if you wish.

Dealer Information

On the back of the Guide, fill in the name and address of your dealership. Also fill in the name (or position) and the telephone number of the person the consumer should contact with complaints. You may use a rubber stamp or preprint your Guide with this information.

Optional Signature Line

You may include a signature line on the Guide and you may ask the buyer to sign to acknowledge that he or she has received the Guide. If you opt for a signature line, you must include a disclosure near it that says: "I hereby acknowledge receipt of the Buyers Guide at the closing of this sale." This language can be preprinted on the form. The signature line and the required disclosure must appear in the space provided for the name of the individual to be contacted in the event of complaints after the sale.

Warranty Information

The Buyers Guide has two versions: One says "As Is-No Warranty;" the other says "Implied Warranties only."

As Is-No Warranty. If state law allows it, and you choose not to offer a warranty — written or implied — you must use the "As Is" version and check the box next to the heading "As Is-No Warranty" on the Guide.

Implied Warranties Only. In states that limit or prohibit the elimination of implied warranties, you must use the "Implied Warranties Only" version and check the box next to the "Implied Warranties Only" heading if you don't offer a written warranty.

Warranty. If you offer the vehicle with an express warranty, you must check the box next to the heading "Warranty" and complete that section of the Guide. Warranties required by state law must be disclosed in this section. Your state Attorney General can tell you about state warranty requirements.

State Law: In some states, use of the "As Is-No Warranty" Buyers Guide may be legally sufficient to eliminate implied warranties. In other states "as is" sales are allowed only if specific action is taken or certain language is used. For example, some states may require you to eliminate implied warranties by using special language and/or a document other than the Guide.

If you're not sure which version of the Buyers Guide you should use or if you have questions about state requirements, contact the FTC or your state Attorney General.

Is the Warranty "Full" or "Limited"?

For a warranty to be considered "full:"

Warranty service must be provided to anyone who owns the vehicle during the warranty period.

Warranty service must be provided free of charge when necessary, even for services like removing and reinstalling a system covered by the warranty.

The consumer must be able to choose either a replacement or a refund if the vehicle can't be repaired after a reasonable number of tries.

The consumer is not required to take any action to receive service, except to give notice that service is needed. Service must be rendered after notice unless the warrantor can demonstrate that it is reasonable to require consumers to do more than give notice.

The length of implied warranties must not be limited.

The warranty is considered "limited" if any of these conditions don't apply.

What Percentage of Costs Does the Warranty Cover?

Fill in the percentage of parts and labor costs covered by the warranty in the spaces provided. If a deductible applies to repairs made under the warranty, put an asterisk next to the number and explain the deductible in the "systems covered/duration" section. For example, "*A $50 deductible applies to each repair visit."

What Systems Are Covered? For How Long?

There's one column to list the systems covered, and another to list the length of the warranty for each system. In the left hand column, you must specify each system that's covered by the warranty. The Rule prohibits the use of shorthand phrases such as "drive train" or "power train" because it's not always clear what specific components are included in the "power train" or "drive train."

In the right hand column, you must state the length of the warranty for each system. If all systems are covered for the same length of time, you may state the duration once.

What if the Manufacturers Warranty Still Applies?

If the manufacturer's warranty hasn't expired, you may disclose this fact by checking the "Warranty" box and including this disclosure in the "systems covered/duration" section: "MANUFACTURER'S WARRANTY STILL APPLIES. The manufacturer's original warranty has not expired on the vehicle. Consult the manufacturer's warranty booklet for details as to warranty coverage, service location, etc." The disclosure must be stated in the exact language quoted above. Using phrases such as "balance of factory warranty" are not sufficient.

If the consumer must pay to get coverage under the manufacturer's warranty, you may not check the "Warranty" box. Such coverage is considered a service contract. However, you may check the "warranty" box if you pay for coverage from the manufacturer and the consumer doesn't have to pay anything more than the price of the vehicle to get the coverage. If you provide a warranty in addition to the unexpired manufacturer's warranty, explain the terms of your warranty on the Buyers Guide.

Where Should Negotiated Warranty Changes Be Included?

If you and the consumer negotiate changes in the warranty, the Buyers Guide must reflect the changes. For example, if you offer to cover 50 percent of the cost of parts and labor for certain repairs, but agree to cover 100 percent of the cost of parts and labor after negotiating with the customer, you must cross out the "50 percent" disclosure and write in "100 percent." Similarly, if you first offer

the vehicle "as is" but then agree to provide a warranty, you must cross out the "As Is-No Warranty" disclosure and complete the "Warranty" section of the Buyers Guide properly.

What About Service Contracts?

If you offer a service contract for repairs, check the box next to the words "Service Contract." However, if your state regulates service contracts as the "business of insurance," you don't have to check this box. Check with your Attorney General or state insurance commissioner to find out if your state regulates service contracts as insurance.

What Do I Have to Give the Buyer At the Sale?

You must give the buyer the original or a copy of the vehicle's Buyers Guide at the sale. The Guide must reflect all final changes. If you include a signature line on your Buyers Guides, make sure the buyer signs the Guide that reflects all final changes.

If you offer a written warranty, or if the manufacturer's warranty still applies, you also must comply with the Magnuson-Moss Warranty Act and other FTC Rules, including the "Warranty Disclosure Rule." The Warranty Act contains provisions that establish consumers' rights with respect to written warranties. For example, the Act prohibits you from eliminating implied warranties when you provide a written warranty.

The Warranty Disclosure Rule requires that you disclose certain information about the coverage of your warranty and consumers' rights under state law. This information must be included in a single document that is clear and easy to read.

Can the Buyers Guide Serve As My Written Warranty?

The warranty information you provide on the Buyers Guide is not sufficient to meet the requirements of the Warranty Disclosure Rule. Therefore, your written warranty and the Buyers Guide must be two separate documents.

Another federal rule — the FTC's Rule on Pre-Sale Availability of Written Warranty Terms — requires that you display written warranties in close proximity to the vehicle or make them available to consumers, upon request, before they buy.

Two publications are available to help you comply with these and other federal regulations on warranties: A Businessperson's Guide to Federal Warranty Law and A legal Supplement to Federal Warranty Law. Both are available from the FTC. Call toll-free 1-877-FTC-HELP (382-4357), or write: Consumer Response Center, Federal Trade Commission, Washington, DC 20580. You also will find the full text of these publications at www.ftc.gov.

What Disclosures Should I Make if I Offer a 50/50 Warranty or Another Type of Split Cost Warranty?

Split cost warranties are those under which the dealer pays less than 100% of the cost for a warranty repair. This type of warranty includes 50/50 warranties where the dealer pays 50% of the cost for a covered repair and the buyer pays the remaining 50%. Another type of split cost warranty is one under which the buyer pays a deductible amount and the dealer pays the remaining cost for the repair.

If you offer a split cost warranty that requires you to pay a percentage of the repair cost for covered repairs, you should include the following disclosures in your warranty document:

The percentage of the total repair cost you will pay.

The percentage of the total repair cost the buyer must pay.

How the total cost of the repair will be determined. For example, your warranty might state: "The total cost of a warranty repair will be the retail price ABC motors charges for the same job." As another example, your warranty might state: "The total cost of a warranty repair will be determined by adding the dealer's cost for parts to the labor cost. Labor will be billed at a rate of _____ per hour for the actual time required to complete the repair." As a final example, your warranty might state: "If the work is done by an outside repair shop, total cost of a repair will be the same price ABC Motors is charged by the outside shop. If the work is done by ABC Motors, the total cost of the repair will be the same price ABC Motors charges non-warranty customers for the same job."

If your warranty requires buyers to pay a deductible, your warranty document should disclose the deductible amount and the details as to when and under what circumstances the deductible must be paid.

Dealers offering split cost warranties can require that buyers return to the dealer for warranty repairs. If your warranty includes this restriction, however, you should provide an estimate of the total repair cost before work is started. This will allow the buyer to decide whether to approve the repair or have the work done elsewhere.

Where Can I Get Copies of the Guides?

You can get Buyers Guides from business-form companies or trade associations, or you can download the Buyers Guide from the FTC's Web site. You also can generate them yourself on a computer. However, you must use the wording, type style, type sizes, and format specified in the Rule. You are not allowed to place any other wording or symbols (including logos) on the Buyers Guide. The Guides must be printed in 100% black ink on white paper cut to at least 11" x 7 1/4." These requirements cannot be modified in any way. You may use colored ink to fill in the blanks.

How Am I Doing?

Do you complete a Buyers Guide properly for each used vehicle offered for sale?

Do you post the Buyers Guide prominently and conspicuously on each used vehicle you offer for sale?

If you choose to include a signature line for the buyer's signature, do you include the following required disclosure language:

I hereby acknowledge receipt of the Buyers Guide
at the closing of this sale.

Do you put the following required disclosure in your sales contract:

The information you see on the window form for this vehicle
is part of this contract. Information on the window form overrides
any contrary provisions in the contract of sale.

Do you give the vehicle's Buyers Guide or a copy to the purchaser at the time of sale and make sure it states the final negotiated warranty coverage accurately?

If a sale is conducted in Spanish, do you use the Spanish language Buyers Guide?

If you offer a written warranty, do you prepare a warranty document that complies with federal law? Is the warranty document available for examination by potential buyers?

What If I Don't Comply?

Dealers who violate the Used Car Rule may be subject to penalties of up to $11,000 per violation in FTC enforcement actions. Many states have laws or regulations that are similar to the Used Car Rule. Some states incorporate the Used Car Rule by reference in their state laws. As a result, state and local law enforcement officials may have the authority to ensure that dealers post Buyers Guides and to fine them or sue them if they do not comply.

Where Can I Get More Information?

If you have questions about the Used Car Rule, contact the FTC and request a free copy of the Rule or staff compliance guidelines for the Used Car Rule; both documents explain some aspects of the Rule in more detail. You also can download these documents from the FTC's website.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair practices in the marketplace and to provide information to businesses to help them comply with the law. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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Chapter 5

CASH SALES, SELLER FINANCING, RETAIL INSTALLMENT CONTRACTS AND REPOSSESSIONS

Chapter 348, Texas Finance Code

Preface: Companies that finance motor vehicle sales in Texas are licensed and regulated by the Office of Consumer Credit Commissioner. Dealers who provide customer financing or who arrange for customer financing are required to be licensed by the OCCC. Finance companies that acquire or purchase motor vehicle retail installment contracts from dealerships are also required to obtain licenses from the OCCC.

This section will provide an overview of key concepts related to motor vehicle sales financing, but does not address specific statutes and rules administered by the OCCC. To enhance your general understanding of the topics, the material is presented in as familiar language as possible; terms defined in this section may not use specific wording contained within Chapter 348 of the Texas Finance Code but will convey the meaning and intent of applicable statutes and rules. Dealers who have specific questions regarding motor vehicle sales financing are urged to contact the Office of Consumer Credit Commissioner at 512-936-7600 or www.occc.state.tx.us.

CASH TRANSACTIONS

5.1 Cash Sale. Chapter 348 of the Texas Finance Code does not provide a formal and specific definition of a "cash sale". In general terms, a cash sale is any sale in which the retail seller collects the total cash price of the vehicle before delivery of the vehicle to the retail buyer.

5.2 Cash Sales Required Documents. The Texas Transportation Code and rules promulgated by the TxDMV establish the recordkeeping requirements for cash sales. Examples of required records include, but are not limited to, the sales contract or purchase order, Buyer's Guide signed by the consumer, front and back copies of the vehicle title, and the title application receipt. The OCCC does not regulate cash sales, and specific questions about document retention for cash sales should be directed to the TxDMV. If the dealer or dealership engages in cash-only sales, and does not provide or arrange for financing, licenses are not required by the OCCC.

FINANCED TRANSACTIONS

5.3 Deferred Collection of Tax, Title and License Fees. The Texas Finance Code allows retails sellers to defer the collection of tax, title, and license (TT&L) fees, and the manner in which the TT&L is collected determines whether the retail seller must be licensed by the OCCC.

a. Cash Sale – No License Required: If the retail seller does not include the TT&L in the cash price of the transaction, and subsequently collects the TT&L, the transaction is considered a cash sale and is not subject to regulation by the OCCC.

b. Retail Installment Transaction – License Required: A retail seller may add tax, title and registration fees in the cash price of the vehicle. However, if a retail seller defers the collection of these fees over a period of time, the transaction is no longer considered a cash sale and the retail seller must be licensed by the OCCC.

5.4 Seller-Finance License Required.

a. A "holder" is defined as "a retail seller; or if a retail installment contract or the outstanding balance under the contract is sold or otherwise transferred, the person to whom it is sold or otherwise transferred" (Tex. Fin. Code §348.001 (3)). *(A holder may also be referred to as a creditor in later portions of this document.)*

b. A "retail seller" is defined as "a person in the business of selling motor vehicles to retail buyers in retail installment transactions" (Tex. Fin. Code §348.001 (8)).

Any motor vehicle dealer who provides customer financing, with or without assessing finance charges, is considered a "holder" and must be licensed by the OCCC. Additionally, any company that provides customer financing for dealers within the state of Texas is considered a "holder" and must be licensed by the OCCC. The licensing requirement applies to dealers who provide direct customer financing, dealers that originate retail installment contracts, dealers who arrange customer financing, holders who acquire a retail installment contract or the outstanding balance of such a contract, securitization entities, and any registered offices. A dealer considering financing options for the sales of motor vehicles should contact the OCCC for specific guidance before initiating or engaging in any regulated activities.

5.5 Commercial Transactions. The 82nd Texas Legislature enacted House Bill 2559, effective September 01, 2011, which created Chapter 353 of the Texas Finance Code. This new chapter covers general provisions and licensing requirements for commercial vehicle dealers. Commercial vehicles are broadly defined as vehicles which are not used primarily for personal, family, or household use. Chapter 353 removes provisions relating to commercial motor vehicle installment sales from Chapter 348 of the Texas Finance Code. Essentially, the legislative change splits Chapter 348 into a commercially related component and a consumer-related one, moving the commercially related law into a new chapter, and leaving all law applying to consumer transactions in Chapter 348. If a dealer originates consumer and commercial transactions, their current Chapter 348 motor vehicle sales finance license will suffice. If a dealer executes only commercial transactions, they must obtain a Chapter 353 license for commercial motor vehicles sales.

5.6 Retail Installment Transaction. A "retail installment transaction" is "a transaction in which a retail buyer purchases a motor vehicle from a retail seller other than principally for the purpose of resale and agrees with the retail seller to pay part or all

of the cash price in one or more deferred installments" (Texas Finance Code §348.001 (7)).

5.7 Parties to a Retail Installment Transaction. A Retail installment transaction involves two parties: a "retail seller" and a "retail buyer".

a. A "retail seller", as defined in paragraph 5.4, and is either a "franchised dealer" or a "non-franchised dealer."

b. A "retail buyer" is defined as "a person who purchases or agrees to purchase a motor vehicle from a retail seller in a retail installment transaction" (Texas Finance Code §348.001 (5)). (A retail buyer may also be referred to as a debtor in later portions of this document.)

5.8 Requirement to Utilize a Retail Installment Contract. Each motor vehicle sale meeting the definition of a "retail installment transaction" must be documented on a retail installment contract.

A retail installment contract is defined as "one or more instruments entered into in this state that evidences a retail installment transaction" (Texas Finance Code §348.001 (6)). A buyer's order is specifically excluded from the definition and is not considered a part of the retail installment contract. Failing to properly utilize a retail installment contract for each retail installment transaction is a violation of the Texas Finance Code and the Texas Business and Commerce Code and the dealer is subject to administrative action.

5.9 Elements of a Retail Installment Contract. As previously stated, a retail installment transaction must be documented on a retail installment contract. The material in this section does not provide a complete discussion of retail installment contracts and should not be considered the final determinant on required elements of a contract. This section does provide a general overview and guidance on the required elements of a contract. A dealer should contact the OCCC with specific questions related to retail installment contracts.

a. Required Provisions. A retail installment contract must be in writing, be dated, be signed by both the retail buyer and retail seller, and include all required provisions (with limited exceptions).

Retail Sellers or dealers may wish to utilize contracts obtained either through computer software vendors or commercial printers.

In an attempt to meet federal and state statutory or regulatory requirements, these products will include a broad range of state and federal disclosures and provisions, which may or may not be applicable to the retail seller's specific transaction. The disclosures and provisions may be provided in text form for inclusion in a contract, or may simply provide space in which the retail seller is to document the required disclosures and provisions. Whether provided the "text" or

the “space” to document these requirements, the retail seller is responsible for ensuring all required and mandated disclosures and provisions are appropriately incorporated into the contract.

Specific contract provisions are numerous and are not fully addressed here. A dealer should contact the OCCC for specific guidance on the preparation of retail installment contracts and provisions.

b. **Specific Terms**. Terms related to retail installment contracts have specific meanings as they apply to retail installment transactions. The terms discussed below represent major elements of the retail installment contract, and dealers should become familiar with them.

1. **Cash Price**: The cash price of a vehicle is the price offered, whether the vehicle is financed or a cash sale, in the "ordinary course of business" to all customers. The cash price does not include finance charges, but may include the price of accessories, services related to the sale, service contracts, taxes, and TT&L fees. It is important to note that an advertised price, in and of itself, does not necessarily establish or equate to the cash price the transaction. (Texas Finance Code §348.004)

2. **Itemized Charges**: A charge not included in the cash price of a retail installment transaction is an itemized charge. The only authorized itemized charges are those for TT&L, service contracts, insurance, warranties, a full service deputy fee, and charges related to debt cancellation agreements.

3. **Notice to Buyer:** A Notice to Buyer is formal notification required by the federal government and provided to the customer containing specific language related to consumer credit transactions.

4. **Documentary Fee:** A documentary fee is one charged to a retail buyer for costs directly related to the retail seller’s handling and processing of documents for the sale of the motor vehicle. The fee may only include costs that are imposed uniformly to cash and credit transactions, and may not exceed a reasonable amount as agreed upon by the seller and buyer. If the documentary fee is over $50, the dealer must provide the OCCC an electronic notice of the maximum documentary fee that may be assessed to any customer. This notice can be found on the OCCC website (www.occc.state.tx.us). After completing the notice as instructed, the dealer must email the “Documentary Fee Request Form” to www.docfee@occc.state.tx.us. Documentary fee filings that do not adhere to the prescribed instructions will not be considered as having been filed or retained by the OCCC. Any fee between $50 and $125 will not require additional information or documentation unless specifically requested by the OCCC. Dealers filing notices of documentary fees above $125 will be required to provide additional supporting information and documentation and

should contact the OCCC for specification of those requirements. Any dealer or retail seller with questions on documentary fees should contact the OCCC or seek appropriate legal advice.

5. **Annual Percentage Rate (APR), Regulation Z Disclosure:** Credit agreements can vary in terms of interest-rate structure. A standardized computation such as the APR provides debtors with a bottom-line number they can easily compare to rates charged by other potential creditors. The APR is the total cost of credit for this transaction on a yearly basis and is applied to the amount financed in the transaction, which may include fees or additional costs associated with the transaction. Disclosure of the APR is a federal requirement as stipulated in the Truth-in-Lending Act. Most dealer management software applications will calculate and incorporate the APR disclosure into the retail installment transaction and contract.

   The APR does not represent the contract rate applied to retail installment contracts. These terms are not interchangeable and do not represent the same finance charges or rates.

   Contract Rates are assessed against the principal balance subject to finance charge for the term of the contract. These rates cannot exceed the daily rate converted to an annualized rate.

5.10 Contract Completion. A retail installment contract must contain all essential elements defined by statute as well as any state or federally mandated disclosure statements and notices. A retail buyer should not sign a retail installment contract until the contract has been fully and properly prepared. Examples of acceptable and reviewed contracts can be found on the OCCC website (www.occc.state.tx.us). Additionally, dealer management software applications generate retail installment contracts that include essential elements and required disclosure notices, based upon data provided and input by the dealer. However, retail sellers are responsible for the accuracy of the dealer management software. Reliance upon the software for accuracy does not mitigate administrative action from OCCC if information or calculations are incorrect.

Delivery of contract to purchaser. Dealers must give a retail buyer a copy of the final retail installment contract in a sale. Dealers may give a copy to the buyer in person or by mail to the retail buyer at the address shown on the retail installment contract.

Buyer's right to rescind contract. Until a dealer has delivered a copy of the contract to the retail buyer, the retail buyer who has not received delivery of the motor vehicle is entitled to:(1) rescind the contract; (2) receive a refund of all payments made; and(3) receive the return of any trade-in (or the value of the trade-in, if it cannot be returned).

Amendment of contract. Dealers and retail buyers may agree to amend the retail installment contract to extend the due date of a scheduled payment or reschedule the unpaid balance on the contract. Sections 348.114 and 348.115 of the Texas Finance Code explain the amounts that may be charged for such amendments. The amendment must be confirmed in writing and signed by the retail buyer. The signed amendment becomes part of the retail installment contract.

5.11 Conditional Delivery Agreement (also known as "Spot Delivery"): Dealers may attempt to deliver a vehicle to a consumer before the successful placement of financing with an outside source. The Texas Finance Code defines a "conditional delivery agreement" as "a contract between a retail seller and prospective retail buyer under the terms of which the retail seller allows the prospective retail buyer the use and benefit of a motor vehicle for a specified term." This agreement defines the terms, conditions and obligations of the retail seller and the prospective buyer until resolution of the transaction is attained. It is important to note that the conditional delivery agreement cannot require the prospective buyer to purchase the vehicle; it only defines the terms of use agreement. Once the retail installment contract is consummated, a conditional delivery agreement becomes void. Either a conditional delivery agreement or a retail installment contract is in force at any given time; the agreement and the contract cannot exist simultaneously.

5.12 Debt Cancellation Provisions. Debt cancellation agreements (DCA) are covered either under §348.124 or Chapter 348, Subchapter G of the Texas Finance Code. A DCA for total loss or theft of a motor vehicle is a retail installment sales contract term or a contractual arrangement modifying a retail installment sales contract term under which a retail seller or holder agrees to cancel all or part of an obligation of the retail buyer to repay an extension of credit from the retail seller or holder on the occurrence of the total loss or theft of the motor vehicle that is the subject of the retail installment sales contract but does not include an offer to pay a specified amount on the total loss or theft of the motor vehicle. The 82nd Texas Legislature passed a bill, HB 2931, which creates a new statutory framework for certain debt cancellation agreements covered under Chapter 348, Subchapter G of the Texas Finance Code.

The three basic models for DCAs are:

a. **Total loss or theft of ordinary vehicle that includes insurance coverage** as part of retail buyer's responsibility to holder. The amount charged for the DCA must be created in good faith, be commercially reasonable, and comply with the requirements of Chapter 348, Subchapter G of the Texas Finance Code. A DCA provided to the OCCC must be approved or denied within 45 days from submission. The submission forms can be found on the OCCC"s website.

b. **Total loss or theft of ordinary vehicle in which holder bears complete responsibility for cancelling the debt after total loss or theft.** The amount charged for the DCA must be reasonable, and not exceed the rates set by the Finance Commission of Texas. Additionally, the DCA must comply with the requirements of §84.308 of the Texas Administrative Code.

c. **Total loss or theft of used ordinary vehicle with a cash price of $15,000 or less in which the retail seller does not assign the retail installment sales contract** to any party other than a related finance company as defined by Texas Tax Code, §152.0475(a), and in which the retail seller bears complete responsibility for cancelling the debt after total loss or theft whether the retail buyer elects to obtain property insurance. The amount charged for the DCA must be reasonable, and not exceed the rates set by the Finance Commission of Texas. Additionally, the DCA must comply with the requirements of §84.308 of the Texas Administrative Code.

5.13 Maximum Finance Charges. Finance charges are the cost associated with deferring payment of the vehicle price over a period of time. Maximum finance charges are derived by utilizing the add-on rates stipulated in the Texas Finance Code §348.104. Texas Finance Code §348.104 specifies add-on rates for four classes of vehicles and the maximum add-on rate to be used for each class. The class of vehicle is dependent upon the model year designated by the manufacturer of the vehicle.

The add-on method represents a specified amount of finance charge per one hundred dollars per year on the initial principal balance and is used in calculating finance charges for retail installment contracts of *substantially equal monthly payments*. These rates may be converted to equivalent annualized contract rates for the financing of vehicles in installments that are *not monthly or substantially equal*.

5.14 Methods of Calculating a Finance Charge. Three allowable methods for calculating a finance charge exist: the add-on method, the scheduled installment earnings method, and the true daily earnings method.

a. **Add-on Method:** The add-on method is a pre-computed method to calculate the finance charge for a regular retail installment contract in which the retail buyer agrees to pay the total of payments, which include both the principal balance of the contract and the finance charges of the contract. The add-on charge is calculated at the inception of the contract and is based upon the principal balance of the contract in which the principal balance of the contract is assumed not to decline over the term of the contract.

   A regular contract is one that in which the payments are consecutive, monthly, substantially equal in amount, and the first payment is not more than a month and

15 days from the date the contract is completed. This method of calculating the finance charge can only be used with regular contracts.

b. **Scheduled Installment Earnings Method:** "The scheduled installment earnings method is a method to compute the finance charge by applying a daily rate to the unpaid principal balance subject to a finance charge as if each payment will be made on its scheduled installment date. A payment received before or after the due date does not affect the amount of the scheduled reduction in the unpaid principal balance subject to a finance charge or the amount of the earned finance charge." (Chapter 342, §342.002, Texas Finance Code)

c. **True Daily Earnings Method:** The true daily earnings method is a method to compute the finance charge by applying a daily rate to the unpaid principal balance (Chapter 342, §342.002, Texas Finance Code). The daily rate is 1/365th of the equivalent contract rate. The earned finance charge is computed by multiplying the daily rate by the number of days the actual unpaid principal balance is outstanding (Chapter 342, §342.002, Texas Finance Code).

   Payments are credited as of the date received. Therefore, payments received prior to the scheduled installment date result in a greater reduction of the unpaid principal balance than the scheduled reduction, and payments received after the scheduled installment date result in a lower reduction of the unpaid principal balance.

Most dealer management software calculates the finance charge using either the scheduled installment earnings method or the true daily earnings method. The add-on method is utilized by dealers less frequently and does not normally require the use of computer software.

5.15 Collection of State Sales Tax. When transferring a motor vehicle title, a retail seller may either disburse the entire amount of the state sales tax in one lump sum or defer the state sales tax under the provisions of Chapter 152 of the Texas Tax Code.

a. **Sales Tax Advanced:** When completing the title work associated with a retail installment transaction, a dealer may remit the entire state sales tax due from the transaction to appropriate county tax assessor-collector on behalf of the retail buyer. This remittance is referred to as a “sales tax advanced” transaction. Since the retail seller advances the sales tax due, this tax amount may be included in the contract amount that is subject to a finance charge, thereby incurring additional finance charges.

b. **Sales Tax Deferred:** When a retail seller defers the sales tax the amount of the state sales tax is distributed over the term of the contract rather than being advanced to the state in a lump sum payment. When the retail buyer remits a scheduled payment, the retail seller will deduct the distributed tax amount from the installment payment and forward it to the state tax office. Under this

collection method, the retail seller merely acts as an intermediary to transfer taxes from the retail buyer to the state. As the tax is owed to the state and not the retail seller, the sales tax may not be included in the contract amount that is subject to a finance charge.

5.16 Timely Transfer of Title. The Texas Tax Code requires retail sellers utilizing the sales tax advanced collection method to transfer a motor vehicle title into the name of the retail buyer within twenty (20) working days from the date of sale. Retail sellers holding a seller-financed sales tax permit (sales tax deferred) are allowed forty-five (45) calendar days from the date the motor vehicle is delivered to the retail buyer to transfer a motor vehicle title into the name of the retail buyer.

5.17 Recordkeeping Requirements. Dealers must demonstrate compliance with the Texas Finance Code and regulatory requirements. In order to demonstrate compliance dealers are required to maintain records for all retail installment transactions. These records must be maintained for a period of four years from the date of the contract, or two years from the date of the final entry made, whichever is later. The list of items that must be kept by a dealer is comprehensive and may be viewed within the motor vehicle rules administered by the OCCC.

REPOSSESSIONS

5.18 Right of Repossession. For the purposes of this section, repossession is considered as the physical retaking or regaining of a vehicle. The holder's ability to repossess a vehicle is based upon a contractual and legal right of the holder if the debtor does not meet certain conditions disclosed in a retail installment contract. To repossess a vehicle, the holder must have a valid security interest in that vehicle.

a. **Creating a Security Interest.** A security interest is a legal share in the vehicle which secures payment of the debt, and is created when the buyer signs a security agreement with the creditor. In order for the security interest to be valid all of the following contractual elements must be present: value has been given to the vehicle, the debtor has rights in the collateral, and the buyer has signed a security agreement that provides a description of the vehicle used as collateral that states the buyer has given the creditor a security interest in the vehicle. Repossessing a vehicle without a having a valid security interest might be interpreted as an act of conversion (any unauthorized act that deprives an owner of personal property without his or her consent).

b. **Perfection.** After a valid security interest is created through the use of a retail installment contract, the holder should then "perfect" the security interest. For motor vehicle dealers, perfecting the security agreement is accomplished by transferring the title, showing the buyer as owner of the vehicle and the holder a lien-holder on the vehicle. This transfer of title creates a public record of the holder's security interest and affords legal rights to the holder related to

repossession. When the lien is perfected, the holder maintains a superior position if other parties attempt to repossess the vehicle for other outstanding debts. Without public notice or record of the holder's security interest, a third party may be able to claim a superior position to the holder in actions related to any repossession, debt collection, or legal action.

The holder may repossess the vehicle before the lien is perfected if the debtor does not fulfill certain terms of the retail installment contract. A retailer seller or holder who has questions regarding repossession prior to perfection should contact the OCCC, or seek appropriate legal advice.

c. **Grounds for Repossession.** The holder's right to repossess is determined by its security interest in the vehicle and the terms that constitute default as delineated in the retail installment contract. Generally, contract terms require the buyer to make payments in a timely manner and to keep the vehicle fully insured.

   Contracts typically include a general insecurity clause that allows the holder to repossess a vehicle if that holder believes in good faith that the prospect for payment is impaired. Repossession under the general insecurity clause is based upon the facts of the given situation and the reasonable belief by the holder that payment on the transaction is unlikely. Since this measure is based upon articulated facts and circumstances, should the holder believe this remedy to be warranted, the holder should seek legal advice before taking action.

d. **Retrieving the Vehicle.** Repossession simply means the act of regaining possession of the vehicle, whether through physical retaking or the buyer's voluntary surrender of the vehicle. A voluntary surrender occurs when a debtor voluntarily returns the vehicle and willingly turns it over to the holder. An involuntary surrender occurs when the holder takes specific action to physically retrieve the vehicle from the debtor. The law states that a holder with a legal right to repossess the vehicle may only do so without breaching the peace. All rights and restrictions on a holder's ability to physically repossess a vehicle also apply to the holder's employees and any independent contractor engaged by the holder.

e. **Voluntary Surrender.** A debtor may agree to voluntarily surrender the vehicle. The holder may document this repossession on forms that indicates the debtor has:

   1. Waived the right to notices, or
   2. Accepted the creditor's decision to waive any deficiency balance.

f. **Disposition of Collateral (Vehicle).** After default, a secured party or holder may dispose of secured collateral through several methods. The common methods of disposition are public or private sales of the vehicle or strict foreclosure (proposal for acceptance of collateral in full satisfaction of the obligation).

1. **Public Sales.** A public sale is defined as a sale that is advertised for a specific date and location, is subject to competitive bids, and is open to the general public. The creditor must send a notice of disposition to the debtor and all secured parties. The notice of disposition must specify the date, time, and place of the sale and allow the debtor and any secured parties a reasonable opportunity to attend the sale. A public sale must meet the "commercially reasonable;" standard. For a *public sale*, the standard focuses on how the sale is conducted. For example, if adequate advertisement of the sale existed and if the collateral was sold at a reasonable time and at an accessible location, the "commercial reasonableness" standard has been met.

   Private Sales. A private sale is defined as a sale that is advertised for a specific date and location, is subject to competitive bids, and is not open to the general public. A private sale requires that a notice of disposition be sent to the debtor and all secured parties informing them of the date after which the vehicle will be sold. A sale conducted at a wholesale auction is considered by the courts to be a private sale since the general public cannot participate. A private sale must meet the "commercially reasonable" standard. In a *private sale*, the standard focuses primarily on the amount of proceeds received for the vehicle. For example, if the vehicle is sold for at or near its current market value, the "commercially reasonableness" standard has been met.

2. **Notification of Disposition.** A notification of disposition of collateral for a public or a private sale sent at least ten (10) days before the earliest time of disposition is considered reasonable. If a creditor has failed to send a debtor a notification of disposition and the debtor has not provided a written relinquishment of his or her rights to notification after default, the court system has historically barred creditors from seeking a deficiency balance after the disposition of the collateral.

3. **Strict Foreclosure**. As an alternative to a public/private sale, the current holder or creditor may use a proposal to accept the collateral in full satisfaction of the obligation. This method of disposition may only be used if less than 60 percent of the cash price has been paid *unless* the debtor has signed a specific waiver regarding the equity on the vehicle. The holder must provide both the debtor and secured parties written notice of the intent to retain the collateral in full satisfaction of the debt. There is no specified time period in which this notice is to be sent, however statue provides a period of time in which the debtor or secured parties may submit objections to the holder's intent.

   From the date the notice is sent by the creditor, the debtor will have twenty (20) days in which to submit a written objection to the holder's

intent to retain the collateral. If the holder receives a written objection within the twenty-day (20 day) period, a public or private sale must be completed.

If the holder does not receive a written objection by the end of the twentieth (20th) day, the holder may retain the collateral in satisfaction of the debtor's obligation on the twenty-first (21st) day. By retaining the vehicle through this method, the holder forfeits its rights to seek a deficiency balance from the debtor. Additionally, while the holder may report the repossession to credit reporting agencies, it must report the outstanding balance as a zero balance.

Disposition of nonattached personal property. In a contract allowing the dealer to retain or dispose of personal property left in a vehicle that is subject to repossession, the dealer is required to send notice to the retail buyer that the holder has acquired the personal property. The notice must be delivered to the buyer's address in the holder's record by the 15th day and provide information allowing the buyer to identify and claim the property until the 31st day after the notice was delivered. If the buyer does not claim the property within the time frame, the seller may retain the property subject to any legal rights of the retail buyer or dispose of the property in a reasonable manner and distribute any proceeds of the disposition according to applicable law.

g. **Calculation of Surplus or Deficiency.** Following a public or private sale of the collateral, a creditor may be required to provide the debtor with a calculation of a surplus or deficiency balance. The calculation is needed when a debtor requests an accounting or reconciliation of the balance, a creditor seeks a deficiency balance payment, or the creditor forwards surplus sales proceeds from the sale of collateral to the debtor.

CHAPTER 6.
TITLING VEHICLES

*CAVEAT: This section is presented as a courtesy and a very basic primer and may not reflect the most recent law changes. Questions for more detailed information on titling and registering vehicles should be directed to the Texas Department of Motor Vehicles' Vehicle Titles & Registration Division (VTR) at (888) 368-4689, Option 2 or the local County Tax Assessor-Collector. Information regarding Salvage Dealer Licensing may be obtained by contacting the Texas Department of Motor Vehicles Salvage Licensing Unit at (512) 465-3000, Option 4. Information regarding the issuance of salvage documents may be obtained by contacting the Vehicle Titles & Registration Division customer Help Desk at (888) 368-4689, Option 2. Copies of the forms mentioned here may be obtained from the Country Tax Assessor-Collector's offices, Vehicle Titles & Registration Division Regional Service Centers or from TxDMV's website (*www.TxDMV.gov*). To see a list of motor vehicle Title and Registration forms, go to:*
http://www.dmv.state.tx.us/whatyouneed/forms/titles_registration.htm

For a list of VTR Regional Service Centers, go to:
http://www.dmv.state.tx.us/wheretogo/regional_offices.htm.

6.1 Wholesale Sales. When a dealer sells a vehicle wholesale, care should be taken to make sure that the title is provided to the new dealer and that the selling dealer has legibly printed the selling dealership's name in the proper place for reassignments. This will insure that the selling dealer is in the chain of title. By law, no one is allowed to sell a vehicle if they do not have possession of the title. A copy of the front and back of the title should be kept by the seller to meet the record requirements. Any other documents such as registration receipts should also be forwarded to the new owner.

6.2 Dealer must transfer, not customer. As a dealer, if you sell a motor vehicle to a consumer, you must complete all the documents that are necessary to title and register the vehicle in the consumer's name. The consumer is not allowed to handle the title transfer. The dealer must file the paperwork with the county tax assessor-collector's office within 20 working days of the date of sale. The seller of a motor vehicle sold in a seller-financed sale shall apply for the registration of, and a Texas certificate of title for, the motor vehicle in the name of the purchaser to the appropriate county tax assessor-collector not later than the 45th day after the date the motor vehicle is delivered to the purchaser. If a consumer goes to the tax assessor-collector's office to transfer the title of a motor vehicle purchased from a dealer, the office will notify TxDMV and a complaint will be filed against the dealer.

There are three places a vehicle may be titled and registered:

- In the county where the sale took place;
- In the county of the buyer's residence;
- In the county of the lienholder.

The buyer must designate which one of the three locations their vehicle is to be titled and registered. The dealer is required to have the buyer complete a County of Title Issuance form VTR-136, and keep this form in the sales file. The form must be completed by the buyer on all retail sales where the vehicle is being titled in the State of Texas. The title transfer documents and fees must be sent to the county entered by the consumer on the Form VTR-136.

6.3 Exception to Dealer Transfers. By law dealers are required to do the titling and registering of vehicles they sell. However, there are exceptions where the dealer may give the paperwork to the buyer to handle. Those exceptions include the sale of:

- vehicles that have been declared a total loss;
- salvage and non-repairable vehicles that have been rebuilt;
- vehicles purchased by out-of-state residents who are leaving the state immediately;
- vehicles sold to out-of-state or foreign residents or dealers;
- vehicles sold to exempt (governmental) agencies;
- trucks over 11,000 pounds gross weight;
- trailers weighing less than 4,000 lbs. gross weight.

6.4 Taking Assignment on Titles. When a dealer receives a vehicle in trade, or purchases a vehicle from the auction, another dealer, or a consumer, the dealer should make sure the dealership's name and address is entered as the buyer on the back of the title above the line marked "Name of Purchaser." When the seller signs the back of the title and the buying dealer's name is not entered, this is known as an "open title." *Dealers are expressly forbidden to hold open titles* under Rule 8.141(a)(13).

6.5 Odometer Statements. Out-of-state titles and any other types of documentation not having the proper odometer statement also require a separate odometer disclosure statement provided the motor vehicle is not exempt from disclosure requirements.

6.6 Applying for Title. Three items are needed to apply for a Texas title:

- **Ownership document** – this can be the title if transferring a title for a used motor vehicle. Franchised dealers selling new vehicles will have an MCO.
- **Registration receipt** – only if the registration is current.
- **Title application**, Form VTR-130-U.

6.7 Ownership Documents. Make sure that the vehicle described on the title or MCO matches the vehicle you are actually selling. Check the VIN on the title against the VIN on the vehicle. Make sure the vehicle is the proper model, body type, etc. as stated on the title. Make sure all names are spelled correctly and the person who sold the vehicle to you is the same one on the title.

a. Determine the type of vehicle. If the Texas title conforms to the federal odometer requirements, then all information on the assignment must be completed if the vehicle is subject to the Federal Truth in Mileage Act. Vehicles that are exempt include:

1) Vehicles with a gross weight over 16,000 pounds or in excess of 2 tons carrying capacity;
2) Vehicles that are not self-propelled (such as trailers);
3) Vehicles ten model years old or older (calculated by subtracting ten from the current calendar year);
4) Vehicles owned by a United States governmental agency;
5) New motor vehicles prior to the first retail sale (in this situation, the MCO would be the ownership document).

b. Other forms. Make sure that any reassignment document Dealer Reassignment Form VTR-41-A or a Power of Attorney to Transfer a Motor Vehicle Form VTR-271 indicates the same information that is on the title. <u>If there is an actual buyer and seller or the vehicle is exempt, complete the odometer statement on the vehicle assignment. If there is not an actual buyer and seller, record odometer information directly on the *Application for Texas Certificate of Title*, Form 130-U.</u> If the title is from out of state an Out-of-State Vehicle Inspection Certificate, Department of Public Safety (DPS) Form VI-30-A, is also required.

Make sure that all available reassignment spaces on the back of a Texas title are used before using the Dealer Reassignment Form VTR-41-A.

c. The secure power of attorney form. There are only two conditions when the use of the secure power of attorney form is appropriate.

- when the title is held by the lienholder, and/or;
- when the title is lost.

d. Liens. If a lien is recorded on the surrendered evidence of ownership then a lien release would be required unless that lien is being carried forward on the new title application. If a lien is being carried forward and a transfer of ownership is involved, written authorization from the lienholder is required. The date on the lien release must be the same date or after the power of attorney date. If a secure power of attorney (POA) accompanies a title recording a lien, the release of lien date must be the same as the date the POA was executed or after. On out-of-state titles, make sure the date of the release of lien is included in the release.

If there is an electronic title with a lien, notify the lienholder that you request a paper title and one will be mailed to you when you pay off the lien.

<u>6.8 Documentation Required for Foreign/Imported Vehicles.</u> The state requires certain documentation for the registration and titling of foreign vehicles. However, a dealer should always check with their local county tax office as many may require additional documents. The requirements of the TxDMV are:

a. An Out-of-State Vehicle Inspection Certificate, DPS Form VI-30, properly executed by a Texas official state approved safety inspection station will be required on all vehicles imported into the United States.

b. The Inspection Report on the bottom of the Application for Assigned or Reassigned Number, Form VTR-68-A, must be executed by a law enforcement officer who is a member of one of the following agencies: Municipal Police Auto Theft Unit; County Sheriff's Department Auto Theft Unit; Federal Bureau of Investigation; Texas Department of Public Safety, Motor Vehicle Theft Services; the National Insurance Crime Bureau (NICB) or Auto Theft Prevention Authority Auto Theft Task Force. If the auto theft unit of a county or municipal law enforcement agency conducts the inspection a fee of $40 may be imposed to defray the agency's cost.

c. A weight certificate will be required on all imported commercial motor vehicles with a carrying capacity in excess of one (1) ton.

d. Proof of compliance with applicable US Department of Transportation (USDOT) safety requirements and US Customs entry/clearance documentation, if applicable. If the vehicle is imported under bond, an original bond release letter from the USDOT (with all attachments referred to in the letter, if any) will be required; otherwise, a validated application for Importation of Motor Vehicles and Motor Vehicle Equipment subject to Federal Motor Vehicle Safety, Bumper and Theft Prevention Standards (US DOT Form HS-7) must accompany such document. NOTE: In lieu of the bond release letter, a bond release verification letter issued by USDOT is acceptable.

e. All foreign vehicles imported into Texas that are less than ten years old are subject to odometer requirements.

f. A receipt or certificate issued by the U. S. Department of Treasury showing that any and all gas guzzler taxes due on the vehicle have been fully paid, if applicable. A copy of the IRS Form 720 that was filed by the applicant accompanied by a copy of the canceled check will also be acceptable proof of payment of the tax, if applicable.

6.9 Title Application. The Application for Texas Certificate of Title Form 130-U should be filled out carefully and completely before filing at the tax office. Be sure to make a copy of the completed application for your records. Make sure the:

- Vehicle description is correct and complete, including the odometer reading;
- Applicant information is complete.
- Lienholder information if applicable, is current, and the lien date is included. If the lienholder requests an electronic title be sure to include the Certified Lienholder's eleven digit ID Number and answer "Yes" to Electronic Title Request? ;
- Odometer disclosure is accurate;
- Sales tax statement has been calculated properly;
- Both the buyer and seller have signed the application.

6.10 The Title Application Receipt. After you have filed the application for title and registration, you will receive a receipt from the tax office known as the "white slip" FormVTR-500-RTS. This form is an important document, because it proves you applied for the title and paid the proper fees and taxes. Many financial institutions require a white slip before they will release funds. Make sure you protect this document and keep the original or a copy in your sales records.

IT IS VERY IMPORTANT TO CHECK THE TITLE APPLICATION RECEIPT PREPARED BY THE TAX OFFICE BECAUSE WHATEVER APPEARS ON THE RECEIPT IS WHAT WILL BE PRINTED ON THE TITLE. ANY ERRORS, ESPECIALLY OMISSION OF LIEN INFORMATION, MUST BE CAUGHT WITHIN 48 HOURS; OTHERWISE, A COURT ORDER WILL BE NEEDED TO STOP TITLE ISSUANCE.

Titles are issued by TxDMV usually within 5 days of receipt of the paperwork from the County. If an electronic lien title is requested a paper title is not issued.

6.11 Vehicle Registration. When a vehicle is traded in or purchased, the registration will not be transferable when the vehicle is sold by a Texas dealer, full registration fees will be due at the time the transaction is filed, unless the registration has a fixed expiration, which will be prorated. For the exact amount of the registration fee, call your local county tax office.

6.12 Title and Registration in Another State. Once in a while you will get a customer who wants you to title and register the vehicle in another state for them so they will not have to bother with it. If you sell vehicles out of state on a regular basis it may be economical for you to buy the two volume set entitled "Motor Vehicle Registration Manual" published by The Polk Company, 26955 Northwestern Hwy, Southfield, Michigan 48033, (248) 728-7000. This set describes in detail titling and registration procedures in all the states. Please complete the Texas Motor Vehicle Sales Tax Exemption Certificate Form 14-312 for vehicles taken out of state.

6.13 Handling the Out of the Ordinary Title Situation. If you find you do not have negotiable evidence of ownership or the documentation is not sufficient to apply for title (such as an assignment missing or incomplete), three options exist to transfer title.

a. Tax Collector Hearing. This can be initiated at the county; however the tax collector has discretion to send a customer to the TxDMV Regional Service Center to review the documentation first. Upon receiving a request for a hearing, the tax collector sets the date for the hearing, which shall not be less than 10 days or more than 15 days from the date of request. When the tax collector sets the date for a hearing, he/she shall notify all parties that might appear to have an interest in the vehicle in question, including the owner and lienholder of record. After hearing the evidence presented by all parties, the tax collector will decide whether title should be issued to the applicant. TxDMV abides by this decision. All evidence presented at the hearing is attached to the order and submitted with the title application to TxDMV, if the tax collector has granted title.

b. Bonded Title Process. This must be initiated at the TxDMV Regional Service Centers. This process provides an alternative to a tax collector's hearing. The Statement of Fact Form VTR-130-SOF should be completed by the applicant in order to provide the circumstances of how and from whom the vehicle was obtained. A letter is prepared by the Regional Service Center outlining the proper procedure with blind copies sent to the owner and lienholder of record and any other interested parties. A Certificate of Title Surety Bond is purchased by the applicant and submitted to the county tax office along with any other documentation. The bonded title procedure cannot be used for abandoned vehicles, vehicles subject to storage or mechanic's lien, stolen vehicles, or vehicles involved in litigation.

c. Court Order. A suit may be filed in the County or District Court in an effort to obtain a court order directing TxDMV to issue title.

6.14 When Title is Lost, Getting a Certified Copy of the Title. If a dealer takes a trade and the consumer does not have the title, the dealer should get the owner to either go through one of the three methods mentioned above, or they may apply for a certified copy of title. TxDMV may issue a certified copy of title *only* to the recorded owner(s), lienholder(s), or a verified agent. An application presented by anyone other than those listed will be rejected.

The recorded owner(s) or lienholder(s) may obtain a certified copy of title only upon presentation of properly executed documents and valid personal identification which includes a photograph, issued by an agency of this state or the United States.

In the case of joint ownership, both owners must provide photo ID.

A verified agent of the owner(s) or lienholder(s) may obtain a certified copy of title only upon presentation of properly executed documents, valid personal identification which includes a photograph, and verifiable proof that they are an agent for the owner(s) or lienholder(s). Verifiable proof may consist of a business card, copy of employee identification, or a letter of signature authority on original letterhead. If a POA is used, the photo ID of the person appointing the POA is also required.

Any questions regarding certified copy of title issuance should be directed to your local Regional Service Center.

6.15 Forging Title Documents is a Felony. Under §501.155 of the Texas Transportation Code, it is a third-degree felony for a person to knowingly provide false or incorrect information, or sign the name of another person without legal authority on a title application, an application for a certified copy of title, an assignment of title, a discharge of lien, or any other document required by the department or necessary to the transfer of ownership of a motor vehicle. Do not sign your customers' names to power of attorneys or title applications. Get the paperwork signed while the customer is in the office or call them back to do so. All dealers want to make it easy for their customers,

but many complaints received by TxDMV come from consumers saying they never gave permission to the dealer to sign certain documents.

6.16 The Most Common Reasons Title Transactions are Rejected.

1. **Vehicle Information** (year, make, and/or VIN incorrect)
2. **Owner Information** (owner's name and address incorrect, signatures omitted)
3. **Liens** (omitted, not carried forward, not released)
4. **Odometer** (brand and readings incorrect)
5. **Tonnage** (carrying capacity and/or empty weight incorrect)
6. **Title Record** (later title record has been issued)
7. **Vehicle Transfer** (incorrect vehicle transferred)
8. **Surrendered Evidence** (mismatched or missing evidence)
9. **Bonded Title** (incomplete information, such as signature, date, etc.)
10. **Title Remarks** (remark omitted, not carried forward, i.e., Reconstructed, Flood)

6.17 Standard Presumptive Value. Dealers, upon request, must charge a buyer a fee for performing the service of providing a certified appraisal on a vehicle which they bought from an individual. The Comptrollers office by rule have set the fees for such appraisals and for most vehicles, a dealer can charge from $100 to no more than $300 for a certified appraisal. A dealer's certified appraisal of a motorcycle can cost from $40 to $300, and a dealer appraisal of a house trailer, travel trailer or a motor home can cost from $100 to $500. A Comptroller Used Motor Vehicle Certified Appraisal Form 14-128, is available on Window on State Government at http://www.window.state.tx.us/taxinfo/taxforms/14-forms.html

6.18 How to Get More Information on Titling and Registration. The Vehicle Titles and Registration Division publishes two manuals, one on titling and one on registration of vehicles. Both of these manuals include instructions on how to title or register a vehicle and are updated regularly. These manuals can be found on the department's web site.

Forms can be downloaded from the Internet. Go to the TxDMV web page at http://www.txdmv.gov/ , and click on Forms.

6.19 Salvage Titled Vehicles, Texas or Out of State. Salvage ownership documents, including Texas Salvage Certificates issued prior to September 1, 2003, may be assigned or reassigned as follows:

a. If the vehicle has not been rebuilt, a salvage ownership document may be assigned or reassigned by anyone, including an individual, except for insurance companies.

b. If the vehicle has been rebuilt, the owner of the rebuilt salvage vehicle (licensed salvage vehicle dealers excluded) must apply for a Certificate of Title branded "Rebuilt Salvage," prior to resale.

c. A licensed motor vehicle dealer may not reassign a salvage ownership document if the vehicle has been rebuilt. A motor vehicle dealer license does not authorize a motor vehicle dealer to deal in salvage vehicles; therefore, a motor vehicle dealer that repairs or rebuilds a salvage or nonrepairable vehicle will be required to obtain a Certificate of Title branded "Rebuilt Salvage" in the dealer's name prior to retailing the motor vehicle.

d. All Assignments Complete: If the vehicle has not been rebuilt and all assignments on the back of a salvage ownership document have been completed and further assignments are needed, the last person to whom the document is assigned must apply for a Nonrepairable or Salvage Vehicle Title in their name, unless they are a licensed motor vehicle dealer, salvage vehicle dealer or an insurance company. A licensed salvage vehicle dealer or an insurance company may transfer the vehicle by using a Dealer's Reassignment of Title for a Motor Vehicle, Form VTR-41-A.

6.20 Required Evidence When Surrendering a Salvage Title.

a. An Application for Texas Certificate of Title, Form 130-U.

b. Evidence of ownership of a rebuilt salvage motor vehicle, properly assigned to the applicant.

c. The documents may include:

- Texas Salvage Certificate;
- Texas Salvage Certificate of Title issued prior to September 1, 2003;
- Texas Salvage Vehicle Title;
- Texas Nonrepairable Certificate of Title issued prior to September 1, 2003; or
- Comparable salvage certificate or salvage certificate of title issued by another jurisdiction.

d. The documents may not include:

- • Texas Nonrepairable Vehicle Title issued on or after September 1, 2003;
- • Out-of-state ownership document that indicates that the motor vehicle is
- nonrepairable, junked, for parts or dismantling only, or the motor vehicle
- may not be rebuilt in the jurisdiction that issued the ownership document;
- Certificate of authority (COA) to dispose of a motor vehicle, issued prior to

- October 1, 2007, in accordance with Transportation Code, Chapter 683.
- **a *Rebuilt Affidavit,* Form VTR-61 that includes:**
- a description of the motor vehicle, which includes the motor vehicle's model
- year, make, model, VIN, and body style;
  - **A.** an explanation of the repairs or alterations made to the motor vehicle;
  - **B.** In instances where the damage to the vehicle was cosmetic only or does not
  - **C.** require repairs to be operational, the applicant (owner) may state "No repairs were necessary" or "Cosmetic damage only" under *Explanation of Repairs.*

STATE OF TEXAS

POWER OF ATTORNEY FOR TRANSFER OF OWNERSHIP TO A MOTOR VEHICLE

(SEE REVERSE SIDE FOR INSTRUCTIONS)

THIS FORM MAY BE USED ONLY WHEN TITLE IS HELD BY LIENHOLDER OR IS LOST.

This Form Must Be Submitted To The State By The Person Exercising Powers of Attorney. Failure To Do So May Result In Fines And/Or Imprisonment.

VEHICLE DESCRIPTION

Vehicle Identification Number	Year Model	Make of Vehicle	Body Style	Model

PART A. A POWER OF ATTORNEY TO TRANSFER OWNERSHIP AND TO DISCLOSE MILEAGE

Federal and State law require that you state the mileage upon transfer of ownership. Providing a false statement may result in fines and/or imprisonment.

I, _____ (Seller's Name, Print), appoint _____ (Buyer's Firm Name, Print)

as my attorney-in-fact, to complete all documents necessary to transfer my interest in the above described vehicle and to disclose the mileage on the title for the vehicle described above exactly as stated in my following disclosure.

I state that the odometer now reads _____ (no tenths) miles and to the best of my knowledge that it reflects the actual mileage unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge the odometer reading reflects the mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY.

_____

(Signature of Seller/Agent) (Printed Name) (Date of Statement)

_____

(Seller's Street Address, City, State, Zip Code)

_____

(Signature of Buyer/Agent) (Printed Name of Individual Signing as Buyer/Agent)

_____

(Firm's Name, Street Address, City, State, Zip Code - Print or Type) Dealer Number

PART B. POWER OF ATTORNEY TO REVIEW TITLE DOCUMENTS AND ACKNOWLEDGE DISCLOSURE. (PART B IS INVALID UNLESS PART A HAS BEEN COMPLETED.)

I, _____ (Buyer's Name, Print) _____ (Dealership's Name, Print)

as my attorney-in-fact, to sign the mileage disclosure on the title for the vehicle described above, only if the disclosure is exactly as the disclosure completed below.

_____

(Signature of Buyer/Agent) (Printed Name)

_____

(Print or Type Firm Name, If Applicable)

_____

(Buyer's Street Address, City, State, Zip Code)

Federal and State law requires that you state the mileage upon transfer of ownership. Providing a false statement may result in fines and/or imprisonment.

I, _____ (Seller's Name, Print), state that the odometer now reads _____ (NO TENTHS) miles and to the best of my knowledge that it reflects the actual mileage unless one of the following statements is checked.

☐ (1) I hereby certify that to the best of my knowledge the odometer reading reflects the mileage in excess of its mechanical limits.

☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. WARNING - ODOMETER DISCREPANCY.

_____

(Signature of Seller/Agent) (Printed Name) (Date of Statement)

_____

(Dealership's Name, Street Address, City, State, Zip Code) Dealer Number

PART C. CERTIFICATION (TO BE COMPLETED WHEN PARTS A AND B HAVE BEEN USED)

I, _____ (Person Exercising Above Powers of Attorney, Print), hereby certify that the mileage I have disclosed on the title document is consistent with that provided to me in the above power of attorney. Further, upon examination of the title and any reassignment documents for the vehicle described above, the mileage disclosure I have made on the title pursuant to the power of attorney is greater than that previously stated on the title and reassignment documents. This certification is not intended to create, nor does it create any new or additional liability under Federal or State law.

_____

(Signature) (Printed Name) (Date of Certification)

_____

(Street Address, City, State, Zip Code)

THIS DOCUMENT IS VOID IF ALTERED.

VTR-271-A (Rev. 2/2010) DHT # 142511

SAMPLE

FORM VTR 271-A SECURE POWER OF ATTORNEY

TxDMV

DEALER'S REASSIGNMENT OF TITLE FOR A MOTOR VEHICLE

VEHICLE IDENTIFICATION NUMBER	YEAR MODEL	MAKE OF VEHICLE	BODY STYLE	LICENSE NUMBER

NAME OF STATE OR COUNTRY IN WHICH LAST REGISTERED	TITLE / DOC #

FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

REASSIGNMENT BY DEALER ONLY

I certify that the vehicle described above is free and clear of all liens, except as noted below, and has been transferred to the following:

Name of Purchaser | Street | City | State | Zip

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

ODOMETER READING (NO TENTHS) ☐ 1. The mileage stated is in excess of its mechanical limits. ☐ 2. The odometer reading is not the actual mileage. WARNING-ODOMETER DISCREPANCY.

Date of Sale | Dealer's Name | Dealer No.

Agent's Signature | Printed Name (Same as Signature)

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent | Printed Name (Same as Signature)

REASSIGNMENT BY DEALER ONLY

I certify that the vehicle described above is free and clear of all liens, except as noted below, and has been transferred to the following:

Name of Purchaser | Street | City | State | Zip

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

ODOMETER READING (NO TENTHS) ☐ 1. The mileage stated is in excess of its mechanical limits. ☐ 2. The odometer reading is not the actual mileage. WARNING-ODOMETER DISCREPANCY.

Date of Sale | Dealer's Name | Dealer No.

Agent's Signature | Printed Name (Same as Signature)

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent | Printed Name (Same as Signature)

REASSIGNMENT BY DEALER ONLY

I certify that the vehicle described above is free and clear of all liens, except as noted below, and has been transferred to the following:

Name of Purchaser | Street | City | State | Zip

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

ODOMETER READING (NO TENTHS) ☐ 1. The mileage stated is in excess of its mechanical limits. ☐ 2. The odometer reading is not the actual mileage. WARNING-ODOMETER DISCREPANCY.

Date of Sale | Dealer's Name | Dealer No.

Agent's Signature | Printed Name (Same as Signature)

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent | Printed Name (Same as Signature)

REASSIGNMENT BY DEALER ONLY

I certify that the vehicle described above is free and clear of all liens, except as noted below, and has been transferred to the following:

Name of Purchaser | Street | City | State | Zip

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

ODOMETER READING (NO TENTHS) ☐ 1. The mileage stated is in excess of its mechanical limits. ☐ 2. The odometer reading is not the actual mileage. WARNING-ODOMETER DISCREPANCY.

Date of Sale | Dealer's Name | Dealer No.

Agent's Signature | Printed Name (Same as Signature)

I am aware of the above odometer certification made by the seller/agent.

Signature of Buyer/Agent | Printed Name (Same as Signature)

LIEN

LIENHOLDER TO BE RECORDED AND SHOWN ON NEW TITLE:
1ST LIEN IN FAVOR OF (NAME & ADDRESS) DATE

NOTE: THIS FORM IS NOT VALID UNLESS ALL ASSIGNMENTS/REASSIGNMENTS ON AN ORIGINAL OR CERTIFIED COPY CERTIFICATE OF TITLE OR MANUFACTURER'S CERTIFICATE OF ORIGIN HAVE BEEN COMPLETED. UNAUTHORIZED PRINTING OR REPRODUCTION OF THIS DOCUMENT IS PROHIBITED. THIS FORM MAY ONLY BE USED BY A TEXAS DEALER. THIS DOCUMENT IS VOID IF ALTERED IN ANY WAY.

Form VTR-41-A (8/2010)

SAMPLE

SAMPLE

00000000

FORM VTR-41-A DEALER'S REASSIGNMENT OF TITLE FOR A MOTOR VEHICLE

3607503

IDENTIFICATION CERTIFICATE

FOR A MOTOR VEHICLE LAST REGISTERED OR TITLED IN SOME OTHER STATE OR COUNTRY

VEHICLE YEAR	MAKE	BODY STYLE

MANUFACTURER'S VEHICLE IDENTIFICATION NUMBER

NAME OF STATE OR COUNTRY IN WHICH LAST REGISTERED	YEAR OF LICENSE	LICENSE NUMBER

INSPECTION CERTIFICATE NO.

ODOMETER READING

NOT ACCEPTABLE WITH ERASURES OR ALTERATIONS

STATEMENT OF INSPECTOR

I, the undersigned duly appointed Inspector, hereby certify that I have physically examined the manufacturer's vehicle identification number of the motor vehicle described above.

Date _____ Signature of Inspector _____

Station Number _____ Name of Station _____

— NOTE TO OWNER —

This form must be attached to your application for Texas Certificate of Title at the time you purchase Texas License plates from county Tax Assessor-Collector. This inspection required by law.

VI-30-A Rev. 7-95

DPS FORM VI-30-A
IDENTIFICATION CERTIFICATE

Texas Department of Motor Vehicles
Form VTR-68-A
(Rev. 05/11)
Page 1 of 2

Application for Assigned or Reassigned Number

$2 processing fee and Ownership Document(s) must accompany this application
(A $40 vehicle inspection fee also may apply - see inspection fee info on page 2)

FOR DEPARTMENT USE ONLY

Type of Number Issued
- Reassigned Manufacturer's VIN
- Assigned VIN
- Trailer
- Component Part
- Motor Number as VIN
- Motorcycle VIN
- Travel Trailer
- Equipment

Number Assigned:

Decal Number:

Approved by:

Owner Information - Type or print legibly					
Last Name or Business (as shown on Title)			First Name		MI
Address			City		
State	ZIP	Phone	Driver License No.	DL State of Issue	DL Expiration

The owner applies for an assigned number to be affixed to the following motor vehicle, component part, or equipment:

Motor _____ Year and Make of Motor

Frame _____ Year and Make of Frame

Transmission _____ Year and Make of Transmission

Body _____ Year _____ Make _____ Body Style

Vehicle Identification Number	Title Document Number

INSPECTION REPORT TO BE COMPLETED BY LAW ENFORCEMENT AGENCY/AUTO THEFT UNIT

This inspection covers: **(Check ALL appropriate boxes)** Motor Vehicle Component Part Only Motor Vehicle Motorcycle Frame
Motorcycle Motor Travel Trailer Trailer Semitrailer Part is installed in applicant's vehicle Equipment
Part is not installed in applicant's vehicle MANUFACTURER DID NOT ASSIGN IDENTIFICATION NUMBER TO THE: _____ Show part(s) as applicable

Vehicle assembled from parts for which no identification number was ever affixed to body, if motor vehicle, or to frame, if motorcycle, travel trailer, trailer, or semitrailer.

Number assigned by manufacturer for identification purposes has been removed, changed, or obliterated.

Unable to determine the true manufacturer's number – explain in REMARKS section below.

REMARKS - Describe alterations. _____

I personally inspected the vehicle, part, or equipment described above and found the true and original manufacturer's identification number to be:

_____ **or** I was unable to determine the true manufacturer's identification number.

My official ID number is _____ with →

- Municipal Police Auto Theft Unit
- County Sheriff's Department Auto Theft Unit
- Federal Bureau of Investigation
- National Insurance Crime Bureau
- Texas Department of Public Safety – MVTS
- Auto Burglary and Theft Prevention Authority

NOTE: Application is VOID if not submitted to a VTR Regional Office within 30 calendar days of law enforcement inspection.

Printed Name of Officer

Phone Number

Signature of Officer

Date

City/County

FORM VTR-68-A
APPLICATION FOR ASSIGNED OR REASSIGNED NUMBER

APPLICATION FOR TEXAS TITLE

TYPE OR PRINT NEATLY IN INK

TAX OFFICE USE ONLY

Tax Collector: _____ County: _____

Date: _____ Transaction Number: _____

Standard Presumptive Value

☐ SPV $ _____

☐ Appraisal Value $ _____

1. Vehicle Identification Number	2. Year	3. Make	4. Body Style	5. Model	6.

7. Empty Weight (lbs.)	8. Carrying Capacity (lbs.)	9. Plate No.	10. Vehicle Unit No.	11. Major Vehicle Color	12. Minor Vehicle Color (two colored)

13. Applicant Type ☐ Individual ☐ Business ☐ Government ☐ Trust ☐ Non-Profit Business, Government, Trusts and Non-Profits, use the Business Name line below.

14. Applicant's/Owner's Legal Name 1/Business Name — Owner's County Name

First — Middle — Last — Suffix

Mailing Address — City — State — Zip

14a. Applicant/Owner 1 Photo ID Number _____

ID Type ☐ U.S. Driver's License ☐ U.S. State Identification ☐ Texas ☐ Other _____ (Name of State or Territory)

☐ U.S. Passport ☐ Foreign Passport _____ (Name of Foreign Country) ☐ U.S. Military ID ☐ NATO ID

☐ Other Military Status of Forces Photo ID ☐ U.S. Department of Homeland Security ID ☐ U.S. Citizenship & Immigration Services ID ☐ U.S. Department of State ID

14b. Applicant's/Owner's Legal Name 2

First — Middle — Last — Suffix

Mailing Address — City — State — Zip

14c. Registrant's Name (Renewal Notice Recipient)/Business Name

First — Middle — Last — Suffix

Mailing Address — City — State — Zip

14d. Vehicle Physical Location Address — City — State — Zip

15. Previous Owner's Legal Name/Business Name — 15a. GDN -Dealer Use Only

First — Middle — Last — Suffix

Mailing Address — City — State — Zip

THIS VEHICLE IS SUBJECT TO THE FOLLOWING FIRST LIEN

16. 1st Lien Date — 1st Lienholder Name — Mailing Address — City — State — Zip

16a. Electronic Title Request? ☐ YES (16c cannot be checked)

16b. Certified Lienholder ID No.

16c. Additional Lien(s)? ☐ YES (Attach Form VTR-267)

17. FOR CORRECTED TITLE, CHECK REASON(S) ☐ Change in Vehicle Description ☐ VIN ☐ No Change in Ownership ☐ Add Lien ☐ Remove Lien ☐ Odometer Brand ☐ Odometer Reading ☐ Year ☐ Make ☐ Body Style ☐ Other

18. **ODOMETER DISCLOSURE** - FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE UPON TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.

I, _____ (Name of Seller/Agent), state that the odometer now reads _____ (no tenths).

THE MILEAGE SHOWN IS ☐ A - Actual Mileage ☐ N - Not Actual Mileage (WARNING-ODOMETER DISCREPANCY) ☐ X - Mileage Exceeds Mechanical Limits ☐ Exempt

19. CHECK ONLY IF APPLICABLE — **MOTOR VEHICLE TAX STATEMENT**

☐ I hold Motor Vehicle Retailer's (Rental) Permit No. _____ and will satisfy the minimum tax liability (V.A.T.S., Tax Code § 152.046 [c])

☐ I am a Dealer or Lessor and qualify to take the Fair Market Value Deduction (V.A.T.S., Tax Code § 152.002 [c]). GDN or Lessor Number _____

20. DESCRIPTION OF VEHICLE TRADED IN (if any)	Year	Make	Vehicle Identification Number	20a. ADDITIONAL TRADE-INS? (Y/N)

21. SALES AND USE TAX COMPUTATION

☐ (a) Sales Price ($_____ rebate has been deducted) $ _____

(b) Less Trade-In Amount, Describe in Item 20 Above $(_____)

(c) For Dealers/Lessors/Rental ONLY - Fair Market Value Deduction, describe in item 20 above. $(_____)

(d) Taxable Amount (Item a. minus Item b./Item c.) $ _____

(e) 6.25% Tax on Taxable Amount (Multiply Item d. by .0625) $ _____

(f) Late Tax Payment Penalty ☐ 5% or ☐ 10% $ _____

(g) Tax Paid to _____ (STATE) $ _____

(h) AMOUNT OF TAX AND PENALTY DUE (Item e. plus Item f. minus Item g.) $ _____

☐ $90 New Resident Tax - (Previous State) _____

☐ $5 Even Trade Tax

☐ $10 Gift Tax - Use Comptroller Form 14-317

☐ $65 Rebuilt Salvage Fee

☐ 2.5% Emissions Fee (Diesel Vehicles 1996 and Older > 14,000 lbs.) _____

☐ 1% Emissions Fee (Diesel Vehicles 1997 and Newer > 14,000 lbs.) _____

☐ Exemption claimed under the Motor Vehicle Sales and Use Tax Law because _____

☐ $28 or $33 APPLICATION FEE FOR TEXAS TITLE (Contact your County Tax Assessor-Collector for the correct fee.)

I HEREBY CERTIFY THAT ALL STATEMENTS IN THIS DOCUMENT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

22. Signature of SELLER, DONOR, OR TRADER 1 — PRINTED NAME (Same as signature) 1 — Date

23. Signature of SELLER, DONOR, OR TRADER 2 — PRINTED NAME (Same as signature) 2 — Date

24. Signature of PURCHASER, DONEE, OR TRADER 1 — PRINTED NAME (Same as signature) 1 — Date

25. Signature of PURCHASER, DONEE, OR TRADER 2 — PRINTED NAME (Same as signature) 2 — Date

WARNING: Transportation Code, § 501.155, provides that falsifying information on title transfer documents is a third-degree felony offense punishable by not more than ten (10) years in prison or not more than one (1) year in a community correctional facility. In addition to imprisonment, a fine of up to $10,000 may also be imposed.

Form 130-U (Rev. 8/2013) — Online Form at www.TxDMV.gov — Page 1 of 2

VTR-130U
Application for a Texas Certificate of Title

Texas Department of Motor Vehicles

Tax Collector Hearing / Bonded Title Application

Both pages of this form must be submitted to the TxDMV Regional Service Center

Form VTR-130-SOF
(Rev. 09/12)
Page 1 of 2

APPLICANT INFORMATION - Type or print only			
Last Name	First Name		MI
Mailing Address	City	State	ZIP
Driver License Number	Date of Birth	State of Issuance	Phone

VEHICLE INFORMATION				
Year	Make	Model	Body Style	Plate No.
Vehicle Identification Number		Odometer (no tenths)		Vehicle Color

1. Are you a Texas resident or military personnel stationed in Texas? ☐ Yes ☐ No
   If "No," was the vehicle last titled in Texas? ☐ Yes ☐ No

2. A. Is the vehicle you are attempting to title an abandoned vehicle? ☐ Yes ☐ No
   B. Is the vehicle subject to storage or mechanic's charges? ☐ Yes ☐ No
   C. Is the vehicle subject to any type of foreclosure lien? ☐ Yes ☐ No

3. Do you know if this vehicle: is a Salvage Vehicle? ☐ Yes ☐ No
   is a Nonrepairable Vehicle? ☐ Yes ☐ No
   Note: If a salvage vehicle has been repaired, you will be required to submit Form VTR-61, *Rebuilt Vehicle Statement,* with this application.

4. Are you in possession of the vehicle? ☐ Yes ☐ No
   If "No," provide the physical location of the vehicle: _____

5. Was the vehicle manufactured for sale or distribution in the United States? ☐ Yes ☐ No
   If "No," proof of compliance with U.S. Department of Transportation safety requirements is required.

6. Is the vehicle involved in any pending lawsuits or disputes of ownership? ☐ Yes ☐ No

7. Is the vehicle operable? ☐ Yes ☐ No
   If "No," complete Form VTR-131, *Application for Title Only.*

8. Is the vehicle complete with a motor, body and frame or if a motorcycle, a motor and frame? ☐ Yes ☐ No
   (An incomplete vehicle may not be titled).

9. I (we) purchased the vehicle from: _____
   Date of Purchase: _____ Purchase Price: $ _____
   Describe in detail why the title is not available: _____

10. A. Is the vehicle 25 years or older? ☐ Yes ☐ No
    B. If Yes, do you certify the current value is $4,000.00 or less? ☐ Yes ☐ No
    C. If the current value is greater than $4,000.00, enter the amount. $ _____

A photocopy of your current government issued ID that includes a photograph, a unique identification number, a birth date and an expiration date is required with this application.

_____ Applicant's Signature _____ Date

PLEASE INCLUDE THE REQUIRED BONDED TITLE $15.00 ADMINISTRATIVE FEE.
YOU MAY BE REQUESTED TO LEAVE APPLICATION OVERNIGHT FOR PROCESSING.

WARNING! State Law provides that falsifying information on any required application is a third-degree felony.

VTR-130-SOF
Application for a Bonded Title

Hearing / Bond Checklist

The following must accompany your completed Statement of Fact in order for a county tax assessor-collector's hearing or bonded title to be processed.

☐ 1. Pencil tracing of vehicle identification number or, if unable to secure pencil tracing, complete a *Statement of Physical Inspection*, Form VTR-270. (Form VTR-270 is not required if a VI-30 or VTR-68-A is attached or a Texas record exists.)

☐ 2. Evidence of ownership, if any (bill of sale, canceled check or any pertinent document).

☐ 3. Vehicle value from a nationally recognized motor vehicle valuation guide (determined by department) or one value appraisal by a licensed dealer or licensed insurance adjuster may be used. An appraisal may be required depending on the vehicle's year model. The appraisal must be legible, signed by the appraiser and contain the appraiser's complete business name, address and dealer or license number. A sample appraisal form is available from your TxDMV Regional Service Center. (Required for bonded title transaction ONLY.)

☐ 4. Photocopy of your current government issued ID that includes a photograph, a unique identification number, a birth date and an expiration date.

☐ 5. Required Bonded Title $15.00 Administrative Fee.

☐ 6. Original Bond.

NUMBER 7 AND 8 ARE APPLICABLE ONLY IF LAST REGISTERED AND/OR TITLED IN ANOTHER STATE.

☐ 7. Weight certificate required if the vehicle is a commercial vehicle from out of state or no record of Texas title exists.

☐ 8. Out of State Vehicle Identification Certificate (Form VI-30).

NOTE: The licensed insurance/bonding companies may submit a Request for Texas Motor Vehicle Information, Form VTR-275 with the appropriate fee to obtain a title and registration verification if required by their office.

CONTACT YOUR LOCAL TxDMV
REGIONAL SERVICE CENTER FOR ADDITIONAL INFORMATION

For the Regional Service Center nearest you, please visit our website at www.TxDMV.gov and select "Regional Service Centers"

FOR DEPARTMENT USE ONLY

☐ 1. NCIC CHECKED BY _____

☐ 2. VIN ASSIST PRINTOUT (If no previous Texas vehicle record exists)

☐ 3. VEHICLE INQUIRY – SHOWS:
☐ NO REMARKS ☐ SALVAGE VEHICLE TITLE ISSUED ☐ NONREPAIRABLE VEHICLE TITLE ISSUED/COA
☐ OTHER _____

☐ 4. REJECTION LETTER

☐ 5. CERTIFICATE OF TITLE SURETY BOND (FORM VTR-130-SB)

☐ 6. VEHICLE VALUATION GUIDE — (VALUE CIRCLED) OR ORIGINAL APPRAISAL

☐ 7. PHOTOCOPY OF APPLICANT'S CURRENT GOVERNMENT ISSUED ID THAT INCLUDES A PHOTOGRAPH, A UNIQUE IDENTIFICATION NUMBER, A BIRTH DATE AND AN EXPIRATION DATE.

☐ 8. VEHICLE VALUE _____
X 1.5
BOND AMOUNT _____

Texas Department of Motor Vehicles

Form VTR-136
(Rev. 02/11)
Page 1 of 1

County of Title Issuance

Buyer(s) read and return **signed form** to dealer

Vehicle buyers may select the Texas county where a licensed motor vehicle dealer files a title transaction to transfer title and/or register the purchased vehicle.

Buyer(s) choose where their transaction is filed by selecting only one option below:

- **Your County of residence**
- **County where the motor vehicle is purchased**
- **County where the motor vehicle is encumbered (by the lienholder)**

File my transaction in _____ County.
County Name (to be entered by the buyer)

The county entered will receive sales tax, title fees, and other applicable state and local fees collected at the time of title application. The tax assessor-collector is authorized to retain a portion of the revenue for the county.

_____ SIGNATURE OF BUYER DATE

_____ SIGNATURE OF BUYER DATE

Note to Motor Vehicle Dealers:

Do not submit this form with the title transaction. **This form should be retained with your vehicle records.**

State law requires every licensed motor vehicle dealer to apply for a certificate of title and registration for a motor vehicle in the county as directed by the buyer. (Transportation Code §501.0234)

Buyers should also protect themselves by submitting a Vehicle Transfer Notification online at www.TxDMV.gov if they sell or trade in a vehicle.

Contact/Help

Texas Department of Motor Vehicles

Form VTR-136
(Rev. 02/11)
Page 1 of 1

CONDADO DE EXPEDICION DE TITULO

Comprador(es) lea(n) y devuelva(n) esta **forma firmada** a la Agencia

El (los) Comprador(es) de vehículos puede(n) escoger el condado del estado de Texas en donde quiera(n) que la agencia registre la operación para transferir el título y/o registrar la compra de un vehículo.

Comprador(es) escoja(n) únicamente una de las siguientes opciones:

- **SU CONDADO DE RESIDENCIA**
- **CONDADO EN DONDE EL VEHICULO SE COMPRO**
- **CONDADO EN DONDE SE GRAVO EL VEHICULO (POR EL TENEDOR/ POSEEDOR DEL GRAVAMEN)**

Registra mi operación en el Condado de _____

Nombre del Condado (deberá ser llenado por el (los) comprador (es) del vehículo)

Dicho condado recibirá los impuestos sobre la venta, las tarifas de transferencia de título, y todas las demás tarifas estatales y locales cobradas al momento de la solicitud del título. La oficina de impuestos del condado está autorizada a retener una porción de los ingresos para el condado.

_____ FIRMA DEL COMPRADOR _____ FECHA

_____ FIRMA DEL COMPRADOR _____ FECHA

Nota a las Agencias:

No envíe este documento con la operación del título. **Este documento deberá archivarse junto con sus documentos del vehículo**.

La ley estatal requiere que toda agencia con licencia para venta de vehículos solicite un certificado de título y registro para un vehículo en el condado especificado por el comprador. (Código de Transporte §501.0234)

El (los) comprador(es) del vehículo también deberá(n) protegerse sometiendo una Notificación de Transferencia de Vehículo, por medio del Internet en la página www.TxDMV.gov si venden un vehículo o lo entregan como pago parcial en la compra de un vehículo.

Contacto/ayuda

Texas Department of Motor Vehicles

Power of Attorney to Transfer Motor Vehicle

VTR-271
(Rev. 11/09)
Page 1 of 1

- No Alterations Allowed
- Complete All Sections
- Type or Print in Black or Blue Ink

This is to certify that I, _____
Name of Owner

of the County of _____

and the State of Texas, owner of the following described motor vehicle, do make, constitute and appoint:

_____
Type or Print Name

of the County of _____ and the State of _____, my true and lawful attorney,

for me and in my name, place and stead to sell, transfer, and assign or purchase and apply for the title on the motor vehicle described as follows:

Year	Make	Body Style	Model	License Plate Number

Vehicle Identification Number	Title / Document Number

This completed and signed form grants my attorney full power and authority to do and perform all and every act necessary to transfer and assign the legal title to the motor vehicle described, or to purchase and apply for a title to anyone who may be designated by my attorney.

NOTE: This form must be properly completed before it is an acceptable document. The power of attorney cannot be granted to the selling or buying dealer, an employee of the dealer, or relative of the dealer, unless the vehicle is exempt from the odometer disclosure law (i.e., the year model is ten or more years old, the carrying capacity exceeds two tons, or the vehicle is not self-propelled). This form may be used in a dealer sale if a disinterested third party is appointed. A disinterested third party is defined as an individual with no relationship to the dealer or dealership.

If a Power of Attorney is used to apply for a certified copy of title, the person(s) signing must include a photocopy of their U.S. government issued photo identification (a state issued Driver License, a U.S. Government issued Identification Card, or a U.S. passport).

I further certify that the current odometer reading is _____ miles and to the best of
(No Tenths)

my knowledge the odometer reading is the ***ACTUAL*** mileage of the vehicle unless one of the following statements is checked:

☐ 1. The mileage stated is in ***EXCESS*** of its mechanical limits.

☐ 2. The odometer reading is ***NOT*** the actual mileage. ***WARNING - ODOMETER DISCREPANCY***

_____
Name of Owner

_____
Signature of Owner

Address	City	State	Zip Code

_____
Date

WARNING: State Law provides that falsifying information on any required statement or application is a third–degree felony.

Contact/Help

Form VTR-271 **www.txdmv.gov**

VTR-346
(Rev. 11/09)
Page 1 of 1

Texas Department of Motor Vehicles

Texas Motor Vehicle Transfer Notification

- You must submit this form **within 30 days of the vehicle's date of sale** to help protect yourself from liability for criminal or civil acts involving the vehicle and the buyer(s).
- When you submit this form, the motor vehicle record will be marked to show the vehicle has been sold.
- The more information you provide about the buyer(s), the more protection you may have from liability for the vehicle.
- Mail completed form to: **TxDMV Vehicle Titles and Registration Division, PO Box 26417, Austin, TX 78755-0417**

Seller Information - Type or print legibly

Last Name or Business (as shown on Title)	First Name	MI

Address	City

State / Province	ZIP / Postal Code	Phone

Country (if out of U.S.)	E-mail

Vehicle Information

Plate Number	Year	Make	Model

Vehicle Identification Number

Title Document Number

Buyer Information 1 - Provide as much buyer information as possible (up to two buyers may be listed).

Last Name or Business	First Name	MI	Phone

Address	City	State / Province

ZIP / Postal Code	Country (if out of U.S.)

Buyer Information 2 - If more than one buyer, provide information on the additional buyer.

Last Name or Business	First Name	MI	Phone

Address	City	State / Province

ZIP / Postal Code	Country (if out of U.S.)

Transfer Details	Plates - Car or Light Truck (1 ton or less only)
Date of Sale:	**Did you keep your plates?** ☐ Yes ☐ No

By my signature, I am notifying the Texas Department of Motor Vehicles that I sold or gifted the above vehicle, which was legally owned by me. I understand that the department will notate the transfer on the vehicle record, and that under Texas law the vehicle will remain in my name until the new owner transfers the title. State law makes falsifying information on this application a third-degree felony.

Signature of Seller

Date Signed

Contact/Help

Keep a copy of this form for your records.

Texas Department of Motor Vehicles

Affidavit for Repossessed Motor Vehicle

Form VTR-264
(Rev. 03/10)
Page 1 of 1

Submit this form, along with any transfer documents, to your county tax assessor-collector's office for processing.

YEAR MODEL	MAKE	BODY STYLE

VEHICLE IDENTIFICATION NUMBER	TEXAS CERTIFICATE OF TITLE DOCUMENT NUMBER

This vehicle was repossessed because of the failure of the owner(s) to meet the legal obligation regarding the vehicle. This repossession is not made with intent to defeat the purpose of the Texas Motor Vehicle Safety Responsibility Act, which provides that a person cannot legally operate a motor vehicle in Texas without liability insurance coverage.

METHOD OF REPOSSESSION: PLEASE MARK THE APPROPRIATE BOX.
SUPPORTING DOCUMENTS MUST BE ATTACHED TO THE TITLE APPLICATION WITH THIS AFFIDAVIT.

☐ **TERMS OF SECURITY (LIEN) AGREEMENT**
If a lien is **not recorded** on the Texas Title. The lienholder (dealer included) must apply for a Texas Certificate of Title in their name with a copy of the security agreement before reselling the vehicle.

☐ **SEQUESTRATION**
The original or a certified copy of the Sheriff's Bill of Sale must be attached to the title transaction.
(A Writ of Sequestration ordering a sheriff or constable to seize property may be issued by Judges and Clerks of the District and County Courts and Justices of the Peace.)

☐ **FLOOR PLAN LIEN**

DEALER'S GENERAL DISTINGUISHING NUMBER

PRINT DEALER NAME

A "Floor Plan" lien covers vehicles in a dealer's inventory. If the dealer is in default under the terms of the security agreement, the lienholder may repossess and transfer ownership without securing title in the dealer's name. In such instances, an application for title in the name of the purchaser must be supported by the following documentation:

1. Manufacturer's certificate or certificate of title properly assigned to the dealership and reassigned to the purchaser by the lienholder.
2. Form VTR-264, *Affidavit for Repossessed Motor Vehicle*.
3. Photocopy of the Security Agreement or Secretary of State's Form UCC-1.

This is to certify that the undersigned has repossessed the above motor vehicle.

NAME OF LIENHOLDER

(AREA CODE) PHONE OF AUTHORIZED AGENT

PRINTED NAME OF AUTHORIZED AGENT

SIGNATURE OF AUTHORIZED AGENT

Before me, this day personally appeared the above affiant who by me being duly sworn upon oath says that the statements set forth above are true and correct.

Subscribed and sworn to before me this _____ day of _____, year _____.

Notary Public

_____ Notary Public _____ County, Texas

WARNING: State law provides that falsifying information on any required statement or application is a third degree felony.

Contact/Help

CHAPTER 7.

SALES TAXES, VEHICLE INVENTORY TAXES, AND STANDARD PRESUMPTIVE VALUE

NOTE: This section is meant solely as an introduction and may not reflect the most recent law changes as Motor Vehicle Sales and Use Tax is regulated by the Texas Comptroller of Public Accounts. More detailed information may be obtained by calling 1-800-252-1382 or 512-463-4600. For Information regarding Vehicle Inventory Tax call 1-800-252-9121. For a complete list of motor vehicle sales and use tax forms, see www.window.state.tx.us/taxinfo/taxforms/14-forms.html.

7.1 Sales Tax. A sales tax, currently 6.25 percent, is levied on motor vehicle sales in the state of Texas. For sales tax purposes, the taxable total consideration of a motor vehicle is the sale price of the vehicle, less any trade-in allowance for a motor vehicle. It does not include documentary fees, inspection fees, finance charges or the title and registration fees. If the tax is submitted to the county tax assessor-collector more than 20 county working days after the sale, a penalty of 5 percent of the sales tax due is levied. If the tax is paid more than 30 calendar days after the date on which the tax was due, an additional 5 percent penalty is due.

7.2 Seller-financed Sales. If you are a dealer who offers consumers contracts to finance sales, you must be licensed by the Office of the Consumer Credit Commissioner. You must apply for and hold a permit from the Comptroller's Office. When the application for transfer of title is submitted, the dealer's seller-financed sales tax permit number from the Comptroller is placed on the application to defer the tax.

Sales tax is paid on the receipts collected during each reporting period at the time of filing the seller-financed report. The tax is paid only on the amounts collected. Sales tax on a down payment would be due when the dealer files his seller-financed sales report to the Comptroller. The remaining taxes would then be collected on a straight-line basis for the remainder of the note amount. If payments stop and the vehicle is repossessed, sales tax must be paid only on the actual payments received by the dealer. This method is preferred by most dealers.

In the event that sales tax is paid in full when the application for transfer of title is submitted or the sales tax is paid in full on the next seller-financed reporting period, then no refund is available if repossession occurs.

This right to defer sales taxes is canceled in two situations. If the dealer does not transfer title within 60 days of the sale, all the sales tax is due in the period in which the failure to transfer the title occurs. Further, if the sales contract is sold to an unrelated third party or a nonqualifying related third party, the full sales tax amount is due in the period in which the note transfer occurs. The ability to defer sales tax on the transaction no longer exists.

A seller-finance dealer may transfer a vehicle to a qualifying related finance company without accelerating and paying the tax. However, it only applies to qualifying transfers after a related finance company has registered with the Comptroller's office and paid a $600 registration fee. A qualifying related finance company is an entity that has at least 80 percent ownership identical to the ownership of the dealer.

The application for a seller finance permit is Form AP-169 and the seller finance report is Form 14-117. The application for a related finance company is Form AP-222.

7.3 Cash Sales and Third Party Finance Sales. The law requires the selling dealer in all cash sales (including bank-financed sales) to collect the sales tax from the customer and to pay it to the county tax office within 20 county working days. The failure to collect sales tax is not an excuse for failure to apply for transfer of title in a timely manner. The dealer may not give the title and transfer paperwork to the consumer and send the consumer to the tax office to apply for transfer of title. The dealer must handle the transaction. Even if no cash is received from a buyer, such as when a trade-in is used as the down payment on a replacement vehicle, the dealer must apply to transfer title in a timely manner and pay the applicable sales tax. To this day, tax offices statewide report dozens of dealers who do not collect the sales tax and rely on the buyer to handle the transfer themselves. These complaints result in warning letters and civil penalties assessed against the dealer by TxDMV. Failure to collect and pay tax may also result in actions by the Comptroller.

7.4 Exemption/Resale Certificates.

a. Texas Motor Vehicle Sales Tax Exemption Certificate – For Vehicles Taken Out of State. If the vehicle is to be transported immediately out of Texas for titling and registration, a motor vehicle sales tax exemption certificate Form 14-312 may be completed and signed by the buyer. To be a valid exemption, there must be no use of the vehicle in Texas other than the immediate transportation of the vehicle out of the state. This certificate should be furnished to the buyer and retained by the seller. The seller must also send a copy to the Comptroller's office and then forward a copy of that correspondence to the purchaser. A copy of the form is available on page 7-7. The address to send the form to is:

Texas Comptroller of Public Accounts
Business Activity Research Team
P. O. Box 13003
Austin, Texas 78711-3003

b. Texas Motor Vehicle Sales Tax Resale Certificate -For Wholesale Sales. If the vehicle is sold wholesale to another Texas dealer who is purchasing it for resale only, no sales tax is due. Note that a new motor vehicle may be purchased for resale only by a dealer franchised to sell that type of new vehicle, while a used vehicle may be purchased for resale by any dealer holding a GDN. This form is not filed with any government agency. It is retained by the dealer as proof that the transaction qualifies for sales tax exemption. A blanket form of the certificate may be used if multiple sales are anticipated. See form on Page 7-8.

c. Orthopedic handicap exemption - A dealer selling a motor vehicle may not collect motor vehicle sales tax from a person claiming the orthopedic handicap exemption. Claim for the exemption must be on Form 14-318 prescribed by the Comptroller, signed by the purchaser at the time of purchase and provided to the seller. See page 7-9 & 7-10 for a copy of this form. The Comptroller may require additional documentation by rule. The seller who obtains the required certificate is held harmless and has no responsibility to investigate.

Other exemptions such as gift and religious organizations are claimed on the title application.

7.5 Motor Vehicle Inventory Taxes. Since 1994, all motor vehicle dealers – except those selling trailers and those with wholesale licenses – have had to report and pay motor vehicle inventory taxes (VIT). This is a property tax on dealers who were in business on January 1 of a particular year. A Dealer's Motor Vehicle Inventory Declaration (VIT Declaration) form must be filed upon the opening of a dealership and annually thereafter, as detailed below. Dealer's Motor Vehicle Inventory Tax Statements (VIT Statements) detailing the prior month's sales must be filed monthly.

a. What to File.

1. Upon Becoming Licensed. In the dealer's first partial calendar year of business, he or she establishes a tax rate. This is done by filing a VIT Declaration with the county chief appraiser and sending a copy to the tax assessor-collector within 30 days of being licensed. The Declaration informs these offices that a new dealership has been established and a file must be started on the dealership. Thereafter, in the first partial calendar year of business, the dealer must complete and file monthly VIT Statements, filing the original with the county tax assessor-collector and a copy with the county appraisal district's chief appraiser. No VIT payments are due on these reports during the first calendar year. The monthly VIT Statements will be used to establish the tax rate for the following year.

2. VIT Declarations. The dealer's obligation to pay VIT payments begins on January 1 of the calendar year after the dealership is established. In January of each year, between January 1 and 31, the dealer must file an annual VIT Declaration, summarizing sales for the preceding calendar year.

3. VIT Statements. Each month in that first full calendar year of business the dealer must file a monthly VIT Statement and pay any VIT payments due.

Monthly VIT Statements and annual Declarations are due whether or not any motor vehicles have been sold. A copy of the forms may be found in this Manual on pages 7-19 through 7-22.

b. When to Report. Every licensed motor vehicle dealer in the state of Texas, with the exception of those holding trailer dealer and wholesale licenses, is required to file the Dealer Motor Vehicle Inventory Declaration form, which lists the total value of the dealer's motor

vehicle inventory sold during the previous year. This form must be filed with the county appraisal district each year between January 1 and January 31. **A copy must also be sent to the county tax assessor-collector's office**. New dealers must file a Declaration form within 30 days of opening their business to report their name, address and TxDMV license information.

Motor vehicle dealers must also file with the county tax assessor-collector's office the Dealer's Motor Vehicle Inventory Tax Statement, which lists the motor vehicles sold. **A copy must also be sent to the county chief appraiser's office.** The monthly VIT Statements and any VIT payments due are required to be filed by the 10th day of each month, reporting the previous month's sales.

c. Pay VIT Amounts Due. Multiply the total sales prices of taxable vehicles sold by the tax rate, called the "Unit Property Tax Factor" on the form, to calculate VIT due**.** Send the original monthly VIT Statement to your county tax assessor-collector, along with the tax payment. Send a copy of your monthly VIT Statement to your county appraisal district.

7.6 Penalties.

a. TxDMV Administrative actions. Dealers who do not file timely annual VIT Declarations or dealers who report the sale of fewer than five vehicles in a calendar year are reported to the TxDMV by the chief appraiser and the tax assessor-collector offices. The law requires TxDMV to initiate termination proceedings against any dealer who fails to file a timely annual VIT Declaration, or who reports selling fewer than five vehicles in a calendar year. Further the tax assessor-collector offices and county appraisal districts may file administrative complaints with DMV for failure to timely file monthly VIT Statements. For failure to file VIT Statements and Declarations and pay VIT, administrative actions can range from warning letters to civil penalties of $500 or more, or license cancellation. Furthermore, dealers who falsify VIT Statements and Declarations are subject to serious penalties for falsification of government records.

b. Failure to File a Monthly VIT Statement. In addition to the TxDMV penalties noted above, a dealer who does not file the monthly VIT Statement in a timely manner commits a misdemeanor punishable by a fine up to $100 per day until the VIT Statement is filed. A tax lien attaches to the dealer's business personal property to secure payment of the $100 penalty. A dealer forfeits an additional penalty of $500 for each month or portion of the months that the statement is not filed. Furthermore, a dealer who fails to remit the taxes due pays a 5 percent late fee, with another five percent if not paid within 10 days.

c. Failure to File Annual VIT Declaration. In addition to the TxDMV penalties noted above, a dealer who does not file an annual VIT Declaration in a timely manner commits a misdemeanor punishable by a fine up to $500 per day until the VIT Declaration is filed. A tax lien attaches to the dealer's business personal property to secure payment of the penalty. A dealer forfeits an additional penalty of $1000 for each month or portion of month that is not filed.

A very good form that explains the VIT procedure is attached to this section as an exhibit

starting on page 7-13. Anyone wishing to download a personal copy can find the form on the Comptroller's website at: http://www.window.state.tx.us/taxinfo/taxforms/14-forms.html

7.7 Standard Presumptive Value. The Standard Presumptive Value law (SPV) only applies to "private-party" sales. A private-party sale does not involve a licensed motor vehicle dealer. If a licensed motor vehicle dealer sells the used vehicle, tax is due based on the sales price. The county does not have to check the used vehicle's SPV if the seller is a licensed dealer. The selling dealer's signature on the title application is an acceptable record of the sales price. The county tax assessor-collector, at his or her option, may request the dealer's invoice or sales receipt from any purchaser.

a. The law includes all motor vehicles with a few exceptions. The SPV law applies to all types of used motor vehicles. Basically, a motor vehicle is a self-propelled vehicle designed to transport persons or property, or a vehicle designed to carry property while being towed by another vehicle, on the public highways. Off-road vehicles, such as dirt bikes and all-terrain vehicles (ATVs), are not considered motor vehicles for motor vehicle sales tax purposes. They are not subject to the SPV calculation.

b. The law excludes some sales transactions. SPV procedures are not used on these types of transactions:

- Salvage vehicles;
- Abandoned vehicles;
- Vehicles sold through storage or mechanic's liens;
- Vehicles eligible for classic car and classic truck license plates (whether or not the vehicles use those plates);
- Even trade of vehicles, which has a $5 motor vehicle tax, or
- The gift of a vehicle, which has a $10 motor vehicle tax;
- Governmental sales.

c. Certified Appraisals by Dealers. A purchaser who pays less than 80 percent of the vehicle's SPV can realize a tax savings if a certified appraisal for the used vehicle reflects a lesser value. For example, a used vehicle may be worth less if it has substantial body damage or needs major mechanical work. The purchaser must present the appraisal to the county on a Comptroller form within 20 county working days from the purchase date or within 20 county working days after bringing the vehicle into Texas.

There are two ways to get a certified appraisal: from a motor vehicle dealer licensed for that category of vehicle or from a licensed insurance adjuster. For example, a purchaser can request a car dealer to appraise a car, a motorcycle dealer to appraise a motorcycle or a trailer dealer to appraise a trailer.

Dealer fees for appraisals are set by law and Comptroller rules. For most vehicles, a dealer can charge from $100 to no more than $300 for a certified appraisal. A dealer's certified appraisal of a motorcycle can cost from $40 to $300, and a dealer appraisal of a house trailer, travel trailer or a motor home can cost from $100 to $500.

The law allows licensed insurance adjusters to determine the fees they charge. Purchasers should realize that an appraisal fee may offset any tax savings. For example, tax on $1,600 of value is $100. In other words, a $100 appraisal must reduce the vehicle's SPV by more than $1,600 to save money. A $300 appraisal fee would require almost a $5,000 reduction in value to offset the appraisal cost. Comptroller Form 14-128, Used Motor Vehicle Certified Appraisal Form, is available on Window on State Government at www.window.state.tx.us. Select "Texas Taxes." The Comptroller's office provides this form to licensed motor vehicle dealers and insurance adjusters. A copy of this form in on page 7-11 and further instructions are on the back of the form which appear on page 7-12

7.8 Gift tax. Effective September 1, 2009, transactions that qualify to be taxed as a gift ($10) are limited to those transactions where the vehicle is given to, or accepted from, a:

- parent or stepparent;
- grandparent or grandchild;
- child or stepchild;
- sibling;
- guardian; or
- Decedent's estate.
- A vehicle also qualifies to be taxed as a gift when it is donated to, or given by, a 501 (c)(3) nonprofit service organization.

Otherwise, transactions without consideration are a sale and will be subject to tax calculated on the vehicle's standard presumptive value (industry book value).

To document a gift, the donor and person receiving the vehicle must complete a joint notarized affidavit of fact describing the transaction and the relationship between the parties.

14-312
(Rev.12-12/4)

Texas Motor Vehicle Sales Tax Exemption Certificate
— *for Vehicles Taken Out of State*

Name of purchaser	
Address *(Street & number, P.O. Box or route number)*	Phone *(Area code and number)*
City, state and ZIP code	

I, the purchaser named above, claim an exemption from payment of motor vehicle sales tax for the purchase of the motor vehicle described below:

Vehicle identification number	Make of vehicle	Model year	State or country where vehicle will be used/registered

Seller

Street address

City, state and ZIP code

I claim this exemption because the vehicle is to be transported outside this state, prior to any use in this state other than the transportation of the vehicle out of state, for use exclusively outside this state. I understand that, if I register the vehicle in Texas, the exemption I am claiming will be presumed invalid.

By signing below, I hereby authorize the Comptroller to provide a copy of this certificate to the state or country in which the vehicle will be titled, registered and used. I understand that I will be liable for payment of motor vehicle sales or use taxes that may become due if I fail to comply with the provisions of the Texas Tax Code, Chapter 152, *Taxes on Sale, Rental, and Use of Motor Vehicles*.

I understand that it is a criminal offense to give a Texas Motor Vehicle Sales Tax Exemption Certificate to the seller for a motor vehicle that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and that the offense is a felony punishable by imprisonment for not more than 10 nor fewer than 2 years, or a fine of not more than $10,000, or both.

sign here ▶ Purchaser	Title	Date

Blanket exemption certificate. A purchaser may provide a blanket Motor Vehicle Sales Tax Exemption Certificate to a seller when purchasing motor vehicles to be used exclusively outside of Texas. The seller may rely on the blanket certificate until it is revoked in writing. The Vehicle Identification Number (VIN), make and model year are not required on this form when being used as a blanket exemption certificate; instead, enter "Blanket Certificate."

When this form is used as a blanket certificate, the seller must retain the following information for each transaction purchased under the certificate, as required by Texas Tax Code Section 152.063, including:

- Vehicle Identification Number
- make of vehicle
- model year
- state or country where vehicle will be used/registered

NOTE: This certificate does NOT require a taxpayer number to be valid.

This certificate should be furnished to, and retained by, the seller.
Do **not** send the completed certificate to the Texas Comptroller of Public Accounts.

Comptroller of Public Accounts FORM 14-313 (Rev. 12-95/2)

PRINT FORM CLEAR FIELDS

TEXAS MOTOR VEHICLE SALES TAX RESALE CERTIFICATE

Name of purchaser, firm or agency	Dealer number
Address *(Street & number, P.O. Box or Route number)*	Daytime phone *(Area code and number)*
City, State and ZIP code	

I, the purchaser named above, claim the right to make a non-taxable purchase for resale of the motor vehicle described below:

Vehicle identification number	Make of vehicle	Year model

Seller

Street Address

City, state and ZIP code

Purchaser claims this vehicle is being purchased for resale purposes *ONLY*.

I understand that I will be liable for payment of motor vehicle sales or use taxes which may become due if I fail to comply with the provisions of the Tax Code: Chapter 152. Taxes on Sale, Rental, and Use of Motor Vehicles.

I understand that it is a criminal offense to give a Texas Motor Vehicle Sales Tax Resale Certificate to the seller for a motor vehicle that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and that the offense is a felony punishable by imprisonment for not less than two nor more than five years or a fine of not more than $1,000, or both.

sign here ▶ Purchaser	Title	Date

This certificate should be furnished to the seller. Do **not** send the completed certificate to the Comptroller of Public Accounts.

14-318
(Rev.6-11/2)

PRINT FORM | CLEAR FORM

Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate

Complete this certificate to claim an exemption of motor vehicle sales tax for a vehicle that will be modified for an orthopedically handicapped person or persons.

Section 1

Purchaser: Complete this certificate and provide to selling dealer or County Tax Assessor-Collector.

Purchaser

Name of purchaser		Name of eligible orthopedically handicapped person
Purchaser mailing address		Purchaser phone *(Area code and number)*
City	State	ZIP code

Selling dealer: Retain a copy of this certificate and provide the original certificate and related required documents to the County Tax Assessor-Collector at time of title transfer.

Seller

Name of seller		Texas dealer number
Mailing address		
City	State	ZIP code

Vehicle

Make of vehicle		Vehicle Identification Number (VIN)
Year model	Body style	License number

I, the purchaser, claim exemption from payment of motor vehicle sales and use tax on the purchase of the vehicle described above. The vehicle is/will be modified and will be operated primarily (80% of operating time) by or to transport an eligible orthopedically handicapped person. I am providing ☐ a copy of the restricted Texas Driver License indicating required modification; or ☐ a practitioner's statement below.

Definitions of eligible person and vehicle modifications are on back of certificate.

sign here ▶ Purchaser's signature	Date

Section 2 - Practitioner of Healings Arts Statement

Name of practitioner		Professional license number
Mailing address		
City	State	ZIP code

I certify that the person named in Section 1 is orthopedically handicapped, and in order to operate or be transported in a motor vehicle in a reasonable manner, the vehicle must be modified with qualifying adaptive devices/modifications.

sign here ▶ Practitioner's signature	Date

Tax Code §152.101 provides a penalty to a person who signs a false statement. An offense under this section is a felony of the third degree.

Under Ch. 559, Government Code, you are entitled to review, request and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact the public information coordinator at the office where you submit this form.

An orthopedically handicapped person is an individual who has limited movement of body extremities and/or loss of physical function. The physical impairment must be such that the person is either unable to operate or be transported in a reasonable manner in a motor vehicle that has not been specially modified.

A motor vehicle is exempt from sales and use tax if:

- it has been or will be specifically modified for operation by or for the transportation of a person who is orthopedically handicapped at the time of purchase; and
- is primarily driven by, or primarily used for the transportation of, an orthopedically handicapped person.

Eligible purchasers are individuals, partnerships, corporations or associations who may purchase vehicles under this exemption if the requirements are satisfied. An institution, facility or retirement community is not required to identify a particular eligible orthopedically handicapped person or to provide a practitioner's statement.

A motor vehicle modified for operation by an orthopedically handicapped person is a vehicle that has been permanently modified by altering such items as the conventional brake, acceleration system or steering system to facilitate the operation of the vehicle by an orthopedically handicapped driver.

A motor vehicle modified for transportation of an orthopedically handicapped person is a vehicle that has been permanently modified by the installation of such items as a wheelchair lift, hoist, attached ramp, wheelchair hold-down clamps, raised roof or special seat restraints other than conventional seat belts to allow for the transportation of an orthopedically handicapped person in a reasonable manner.

Primarily driven by or primarily used for the transportation of an orthopedically handicapped person means that the motor vehicle must be driven by or used for the transportation of an orthopedically handicapped person at least 80 percent of the motor vehicle's operating time.

Modifications that *DO NOT* qualify a motor vehicle for exemption include, but are not limited to:

- installation of standard factory options, such as an automatic transmission, power seats, power windows or adjustable pedals;
- installation of weight-bearing grab bars or handicap assist handles;
- installation of running boards or steps;
- installation of steering wheel spinner knobs;
- installation of nonelectrical carriers designed for bicycles or wheelchairs;
- installation of standard trailer hitches; or
- the addition of ramps, including bi-fold ramps, that are not permanently attached to the vehicle.

A person claiming this exemption must present to the seller or County Tax Assessor-Collector:

- a properly completed Comptroller Form 14-318, Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate; and
- a restricted Texas driver license, issued to the qualified orthopedically handicapped person, which requires a modification restriction on the vehicle and verifies that the orthopedically handicapped driver is so physically impaired as to be unable to operate a motor vehicle that has not been modified; or
- a statement from a licensed practitioner of the healing arts that the qualified orthopedically handicapped person requires adaptive devices and/or modifications necessary to reasonably operate or transport the orthopedically handicapped person. This requirement is satisfied by the practitioner's signature on the Texas Motor Vehicle Orthopedically Handicapped Exemption Certificate.

If you have questions or need additional information, please call (800) 252-1382 or visit the Comptroller's website at www.window.state.tx.us.

S U S A N

C O M B S

Used Motor Vehicle Certified Appraisal Form

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

INSTRUCTIONS

Any change to this form after completion voids the form in its entirety.

A licensed motor vehicle dealer or licensed insurance adjuster uses this form exclusively for the purposes of Section 152.0412, Tax Code and 34 T.A.C. § 3.79 concerning Standard Presumptive Value. The form must be filled out in full and be typed or legibly printed after the appraiser views the motor vehicle in person. A dealer may only provide an appraisal for the types of motor vehicles which the dealer is licensed to sell. The purchaser files this form with the county tax assessor-collector at the same time of titling and registering the vehicle. Do **not** send the completed form to the Comptroller of Public Accounts.

Under Ch. 559, Government Code, you are entitled to review, request, and correct information a governmental body has on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact the county tax assessor-collector where this form is filed.

PURCHASER INFORMATION

Name

Phone *(Area code and number)*

Address

City

State

ZIP code

MOTOR VEHICLE INFORMATION

Odometer reading

Year

Make

Model

VIN

APPRAISER INFORMATION

Motor Vehicle Dealer or Licensed Insurance Adjuster Name

Motor Vehicle Dealer or Licensed Insurance Adjuster Number

Address

City

State

ZIP code

Printed Name of Appraiser

Phone *(Area code and number)*

APPRAISAL INFORMATION

Retail value ..... $

Explanation for appraised retail value (e.g., identify mechanical, appearance, or other factors that affect the appraised retail value)

Appraisal fee ..... $

See the other side of this form for details on appraising and fees.

SIGNATURE

I hereby certify that I have seen this vehicle and all the statements in this document are true and correct to the best of my knowledge and belief.

Signature of Appraiser

Date of appraisal

sign here

If you make a false statement on this document, you could be found guilty of a Class A misdemeanor or state jail felony under Texas Penal Code Section 37.10.

14-128 (Rev.5-13/3)

Motor Vehicle Tax: Appraising Used Motor Vehicles in Private-Party Sales by Licensed Motor Vehicle Dealers and Insurance Adjusters

Effective October 1, 2006, Tax Code Section 152.0412 allows a purchaser of a used motor vehicle in a private-party sale to get an appraisal to establish the amount of motor vehicle sales tax due. A private-party sale is one that does not involve a licensed motor vehicle dealer. This appraisal process does not involve dealer sales.

Eligible appraisers

Licensed Texas motor vehicle dealers can appraise the categories of motor vehicles that they are licensed to sell. That is, automobile dealers can appraise automobiles, motorcycle dealers can appraise motorcycles and trailer dealers can appraise trailers. Licensed dealers include new and used vehicle dealers, wholesale dealers, wholesale auction dealers, motorcycle dealers, trailer dealers and any other dealers licensed by Transportation Code, Chapter 503, Subchapter B, but not a drive-a-way operator.

An insurance adjuster can appraise any type of used motor vehicle.

Appraisal fee

Under the new law, the Comptroller sets the fee for a certified appraisal by a licensed Texas motor vehicle dealer. Comptroller Rule 3.79 (34 T.A.C. §3.79) states that the fee can be no less than $100 and no more than $300, except for appraisals of motorcycles, house trailers, travel trailers and motor homes.

A licensed motorcycle dealer can charge no less than $40 and no more than $300 for a certified appraisal of a motorcycle. For a certified appraisal of a house trailer, travel trailer or motor home, the fee can be no less than $100 and no more than $500.

The law allows that licensed insurance adjusters set their own fees for a certified appraisal.

Appraisal form

The appraiser must use Comptroller Form 14-128, *Used Motor Vehicle Certified Appraisal Form*, on the other side of this page. The form is available online at www.window.state.tx.us under "Texas Taxes." You can also call the Comptroller's office at 1-800-252-1382 or 512-463-4600, or write the Comptroller of Public Accounts, P.O. Box 13538, Austin, TX 78711-3528.

Appraisal standards

The appraiser must view the motor vehicle in person and provide all the information requested on the appraisal form. The appraiser should identify mechanical, appearance or other factors that affect that retail value.

The form must be filled out in full. If an item does not apply, note "not applicable." Since any change to the appraisal form after completion voids the form in its entirety, please refrain from using crossed-out information.

The appraiser should keep a copy of the appraisal.

Questions

If you have questions or need more information, visit the Comptroller's website, *Window on State Government*, at www.window.state.tx.us, or call the Comptroller's office at 1-800-252-1382 or 512-463-4600.

Publication 96-116, *Motor Vehicle Sales, Use and Rental Tax*, explains the law and its provisions and is available at www.window.state.tx.us.

Susan Combs
Texas Comptroller of Public Accounts

Motor Vehicle Dealer's Special Inventory

Instructions for Filing Forms and Paying Property Taxes

Texas Property Tax

October 2007

Motor Vehicle Dealer's Special Inventory

Instructions for Filing Forms and Paying Property Taxes

For property tax purposes, Texas law requires that a motor vehicle dealer's inventory is appraised based on the total sales of motor vehicles in the prior year. Dealers must file with the county appraisal district a *Dealer's Motor Vehicle Inventory Declaration* form listing the total value of the inventory sold in the prior year. Also, the dealer must file with the county tax office a monthly form — *Dealer's Motor Vehicle Inventory Tax Statement* — listing the motor vehicles sold, and prepay their property taxes for each vehicle. Instructions for filing both forms follow.

Texas law permits the Comptroller's office to act only as an advisory agency with regard to property taxes. The Comptroller helps property owners and tax officials interpret the property tax laws. Texas law also requires the Comptroller to adopt forms for filing the motor vehicle dealer's inventory.

Steps to calculate, report and pay dealer's inventory property taxes:

Step 1 – A dealer files the *Dealer Motor Vehicle Inventory Declaration* form.

- file one declaration per year;
- file each January, between January 1 and 31;
- file with the county appraisal district and send a copy to the county tax office; and
- if you are a new dealer, file a declaration form within 30 days of the issuance of the dealer's general distinguishing number (GDN). A chief appraiser has the discretion to designate a different date.

Step 2 – A dealer reports current year's inventory market value.

Complete the following items on the *Dealer's Motor Vehicle Inventory Declaration* form:

- breakdown of sales for prior year (January – December);
- breakdown of sales amounts for prior year (January – December); and
- other general information about the retail business — mailing address, name and business location.

Divide sales amounts for inventory sales by 12 for current year's market value:

- the current year's tax bills received in October will be based on this market value and the current year's tax rates; and
- the inventory's market value is not the value of the dealer's motor vehicles on January 1 but an average of the regular monthly inventory sales from the preceding year.

Penalties

The chief appraiser of the county appraisal district must report to the Texas Department of Transportation any dealer that sells fewer than five vehicles in a prior year. The Department will begin dealer license termination proceedings.

A dealer who does not file a declaration form by February 1 of each year commits a misdemeanor punishable by a fine of up to $500 per day until filed. A tax lien can be attached to the dealer's business personal property to secure payment of the penalty. A dealer forfeits an additional penalty of $1,000 for each month or portion of month that it is not filed.

Step 3 – A dealer files the *Dealer's Motor Vehicle Inventory Tax Statement*:

- file 12 statements per year;
- file each month by the 10th of the following month. For example, file January inventory tax statement by February 10th.
- file with the county tax office, including a check for prepayment of taxes. Send a copy of the form to the county appraisal district. If you do not sell a motor vehicle during the month, you must file a tax statement indicating no sales; and
- if a new dealer, file each month, but do not send a prepayment of taxes.

Step 4 – A dealer makes a prepayment of taxes.

Calculate the unit property tax factor.

- Find the aggregate tax rate by adding the preceding year's tax rates for each taxing unit that taxes the retail business. Look either at the preceding year's tax bills or call the county tax collector. Each property is taxed by a county and by a school district. It also may be taxed by a city and special districts (such as a junior college and/or hospital district, depending on where the business is located).

Example of 2004 tax rates:

County tax rate	=	$0.40	
School tax rate	=	$1.40	
City tax rate	=	$0.60	
Special district tax rate	=	$0.05	
Aggregate rate	=	$2.45	per $100 of value

- Divide the aggregate tax rate by 12 for a tax rate per month.
  Example: $2.45/12 = $0.20417 per $100 of value.
- Divide the aggregate tax rate per month by $100 for a tax rate per $1.00 of sales price.
  Example: $0.20417/$100 = $0.0020417 rate per $1.00 (unit property tax factor).
- Change the unit property tax factor each January to use the preceding year's tax rates.
  Example: Use the 2004 adopted rates to determine the unit property tax factor for January through December 2005.

Report and pay the unit property tax payment.

- Multiply the sales price of the motor vehicle by the unit property tax factor. Subtract the motor vehicle's manufacturer's rebate from the sales price, but do not subtract the trade-in.
  Example: $20,000 x $0.0020417 = $40.83 in tax prepayment.

- Apply unit property tax factor to each motor vehicle sold in a month and report to the county tax office, along with the tax prepayment. Send a copy of the monthly tax statement to the county appraisal district. Remember, it is considered a sale, even if the motor vehicle is taken out of Texas.

Step 5 – A dealer files a report of inventory sales monthly.

Report the following on the *Dealer's Motor Vehicle Inventory Tax Statement*:

- date of sale;
- model year of motor vehicle;
- make of motor vehicle;
- vehicle identification number;
- purchaser's name;
- type of sale:
  A. MV — regular motor vehicle inventory sale — a motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work-related purpose other than transporting people or property;
  B. FL — fleet sale — sales of five or more motor vehicles from the dealer's inventory to the same buyer within one calendar year;
  C. DL — dealer sales — sales of vehicles to another Texas dealer or a dealer who is legally recognized in another state as a motor vehicle dealer;
  D. SS — subsequent sales — dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from the inventory in this same calendar year. The first sale is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale;
- sales price — is set forth on the application for Title, or would appear if that form was used;
- unit property tax value;
- total unit property tax value for each page and for the total report; and
- total sales — number of vehicles for each type of sale and by total sales amounts.

The chief appraiser may examine the books and records of the dealer by personally delivering a written request to the custodian of the records at the dealer's location. The request must be delivered at least 15 days prior to the date of the request to view the records and must contain a statement notifying the dealer that he or she may seek judicial relief from compliance with the request.

File the report and payment by the 10th day of the following month.

Step 6 – On behalf of the dealer, the county tax collector pays the annual inventory taxes from the dealer's escrow account and bills the dealer for any additional amount due.

Receives annual property tax bills, usually in October and November:

- taxing units send a copy of the dealer motor vehicle inventory tax bill to the county tax assessor-collector;
- dealer pays all other tax bills to the taxing units;
- county tax assessor-collector pays the inventory tax bill from the escrow account — usually in early January after the dealer's December payment — to the taxing units.

Receive tax receipt for payment and any additional tax bill from county tax assessor-collector for any deficiency in the escrow account:

- dealer must pay the deficiency by January 31 to avoid delinquent penalty and interest;
- if taxes become delinquent, dealer pays each taxing unit, plus penalty and interest;
- taxing units receive any excess taxes that remain in escrow account;
- the dealer may not withdraw funds from the escrow account; and
- the escrow account begins with a zero balance for the next tax year's prepayments.

Penalties

A dealer who does not file the monthly tax statement by the 10th day of the following month commits a misdemeanor punishable by a fine up to $100 per day until filed. A tax lien can be attached to the dealer's business personal property to secure payment of the $100 penalty. A dealer forfeits an additional penalty of $500 for each month or portion of month that it is not filed. Furthermore, a dealer who fails to remit the taxes due pays a 5 percent late payment, with another 5 percent due if not paid within 10 days.

Questions

- Call the local county appraisal district for specific questions on the declaration form;
- call the local county tax office for specific questions on the monthly tax statement form; and
- call the Comptroller's Property Tax Division Information Services Team at (800) 252-9121 for general questions on the declaration or monthly tax statement forms. You may also contact us by e-mail at ptd@cpa.state.tx.us.

Remember

A dealer must list the property tax separately because it cannot be included in the sales price and sales tax assessed against it.

Motor vehicle dealer's special inventory laws are found in Property Tax Code Sections 23.121 and 23.122. You may view these sections on the Comptroller's Web site, Window on State Government at http://www.window.state.tx.us/taxinfo/proptax/tc04/ch23b.htm.

CONFIDENTIAL

Dealer's Motor Vehicle Inventory Declaration

Property Tax
Form 50-244

Year

Send Original to: Appraisal District Name and Address

Phone *(area code and number)*

Send Copy to: County Tax Office and Address

Phone *(area code and number)*

INSTRUCTIONS: If you own an inventory subject to the provisions of Sec. 23.121, Tax Code, you must file this dealer's motor vehicle inventory declaration with the chief appraiser and a copy with the county tax assessor-collector not later than February 1 of each year. If you were not in business on January 1, you must file this statement not later than 30 days after starting business. Failure to file this form is a misdemeanor offence punishable by a fine not to exceed $500. Each day during which you fail to comply is a separate offence. **SEE BACK OF FORM FOR MORE INFORMATION ON FILING AND PENALTIES.**

STEP 1: Provide Name and Mailing Address of Property Owner and Identity of Person Preparing Application

Name of Property Owner

Mailing Address

City, State, ZIP Code

Phone *(area code and number)*

Name of Person Preparing this Application

Title

STEP 2: Required Information about the Business

Name of Each Business at One Location (attach additional pages if necessary)

Address of this Location *(street, number, city, state and ZIP code) (attach additional pages if necessary)*

Name of Each Business at One Location (attach additional pages if necessary)

Address of this Location *(street, number, city, state and ZIP code) (attach additional pages if necessary)*

Property Owner's General Distinguishing Numbers(s) (GDN) Issued by the Texas Department of Transportation *(attach additional pages if necessary)*

STEP 3: Information about the Business

Appraisal District Account Number (if known) or attach tax bill or copy of appraisal or tax office correspondence concerning this account *(attach additional pages if necessary)*

Starting Date of Business (if not in business on January 1 of this year)

STEP 4: Ownership Statement

(Property Owner's Name) is the owner of a dealer's motor vehicle inventory.

STEP 5: Breakdown of Sales and Sales Amounts

Breakdown of sales (number of units sold) for the previous 12-month period corresponding to the prior tax year. If you were not in business for the entire 12-month period, report the sales for the months you were in business.

Net Motor Vehicle Inventory	Fleet Sales	Dealer Sales	Subsequent Sales

Breakdown of sales amounts for the previous 12-month period corresponding to the prior tax year. If you were not in business for the entire 12-month period, report the sales for the months you were in business.

$	$	$	$
Net Motor Vehicle Inventory	Fleet Sales	Dealer Sales	Subsequent Sales

STEP 6: Market Value of your Motor Vehicle Inventory

State the market value of your motor vehicle inventory for the current tax year, as computed under Sec. 23.121, Tax Code (total annual sales from the dealer's motor vehicle inventory for the previous 12-month period corresponding to the prior tax year divided by 12 equals market value). If you were not in business for the entire 12-month period, report the number of months you were in business and the total number of sales for those months. The chief appraiser will determine your inventory's market value.

Dealer's Net Motor Vehicle Inventory Sales for Prior Year — Market Value for Current Tax Year

$ _____ ÷ 12 = _____

STEP 7: Read, Sign, and Date

If you make a false statement on this report, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Section 37.10, Penal Code.

sign here ➡ Authorized Signature

Date

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our Web site:
www.window.state.tx.us/taxinfo/proptax

50-244 • 09-11/10

Instructions

Filing deadlines. You must file this declaration not later than February 1 each year. If you were not in business for the entire year, you must file this declaration not later than 30 days after starting your business. You are presumed to have started your business on the date you were issued a dealer's general distinguishing number. The chief appraiser, however, has discretion to designate a different starting date. Be sure to keep a completed copy of this declaration for your files and a blank copy of the form for next year's filing.

Filing Places. You must file the original completed declaration with the county appraisal district's chief appraiser. You must file a copy of the original with the county tax assessor-collector. The addresses and phone numbers for both offices are at the top of the form.

Filing penalties. Failure to file this form is a misdemeanor offense punishable by a fine not to exceed $500. Each day that you fail to comply is a separate offense. In addition, a tax lien attaches to your business personal property to secure the penalty's payment. The district attorney, criminal district attorney, county attorney, chief appraiser, or person designated by the chief appraiser shall collect the penalty, with action in the county in which you maintain your principal place of business or residence. You also will forfeit a penalty of $1,000 for each month or part of a month in which this declaration is not filed after it is due.

GDN Termination. If you report fewer than five sales of motor vehicles, the chief appraiser must report this fact to the Texas Department of Transportation (TxDOT). TxDOT has authority to view this form in auditing dealer license compliance. TxDOT must initiate termination proceedings.

Review of records. The chief appraiser may examine your books and records for (1) the document issued by Texas Department of Transportation for your general distinguishing number; (2) documents to determine if this declaration applies to you; and (3) sales records to check information on this declaration. To examine your records, the chief appraiser must deliver personally a written request to your records custodian. You have at least 15 days to respond to the request, or you may seek court action for relief from complying with the request. Failure to comply with the request is a misdemeanor punishable by a fine not to exceed $500. Each day that you fail to comply is a separate violation.

Step 1. Propery Owner's name and address. Give the corporate, sole proprietorship or partnership's name, including mailing address and telephone number of the actual business location require by the inventory declaration (not the owner).

Step 2. Required information about the business. Give the name of the business if different from the corporation or individual's name. The address here is the actual physical location of the business.

Step 3. Information about the business. Include your business' account number from the appraisal district's notice of appraised value. Give the date your business opened if not in business January 1 of this year.

Step 4. Ownership statement. Give the owner's name.

Step 5. Breakdown of sales and sales amounts. Complete the boxes on number of sales and sales amounts for the preceding year. The top row of boxes is the number of units sold in each category. The bottom row of boxes is the dollar amount sold in each category. The categories include:

- **Motor vehicle inventory** – sales of motor vehicles. A motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work-related purpose other than transporting people or property.
- **Fleet sales** – motor vehicles included in the sale of five or more motor vehicles from your inventory to the same buyer within one calendar year.
- **Dealer sales** – sales of vehicles to another Texas dealer or a dealer who is legally recognized in another state as a motor vehicle dealer.
- **Subsequent sales –** dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from your motor vehicle inventory in this same calendar year. The first sale of a dealer-financed vehicle is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale.
- **Net motor vehicle inventory** – Motor vehicle inventory less fleet sales, dealer sales and subsequent sales.

Step 6. Market value of your motor vehicle inventory. Enter the dollar sales amount in the net motor vehicle inventory breakdown (see Step 5, the first box in the second row) and divide by 12 to yield your market value for this tax year. If you were not in business for the entire preceding year, the chief appraiser will determine your inventory's market value using the sales information that you do report in Step 5.

Step 7. Read, sign, and date. Sign and enter the date if you are the person completing this declaration.

CONFIDENTIAL

Dealer's Motor Vehicle Inventory Tax Statement

Property Tax
Form 50-246

See Page 3 for Instructions

_____ Month and Year

Page _____ of pages _____

Send Original with Payment to: County Tax Office Name and Address

Phone *(area code and number)*

Send Copy to: Appraisal District Name and Address

Phone *(area code and number)*

STEP 1: Provide Name and Address of Property Owner and Identity of Person Completing Statement

Name of Property Owner

Phone *(area code and number)*

Mailing Address

City, State, ZIP Code

Name of Person Completing Statement

Title

STEP 2: Information about the Business

Appraisal District Account Number (if known) (or attach tax bill or copy of appraisal or tax office correspondence concerning your account)
If unavailable, give the street address at which the property is located.

Name of Each Business

Account Number

Inventory Location *(number, street, city, state, ZIP Code)*

STEP 3: Provide the Following Information about Each Vehicle Sold During the Reporting Month (continue on additional sheets as needed)

Description of Vehicle Sold				Purchaser's Name	Type of Sale[1]	Sales Price[2]	Unit Property Tax[3]
Date of Sale	Model Year	Make	Vehicle Identification Number		(See last page for footnotes.)		

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards.

For more information, visit our website:
www.window.state.tx.us/taxinfo/proptax

50-246 • 09-11/12

Property Tax
Form 50-246

Dealer's Motor Vehicle Inventory Tax Statement

STEP 3: (continued)

Description of Vehicle Sold				Purchaser's Name	Type of Sale[1]	Sales Price[2]	Unit Property Tax[3]
Date of Sale	Model Year	Make	Vehicle Identification Number		(See last page for footnotes.)		
						Total Unit Property Tax this month[4]	

Unit Property Tax Factor You Used

Your General Distinguishing Number(s) (GDN)

STEP 4: Total Sales

Breakdown of Sales (number of units sold) for This Month

Net Motor Vehicle Inventory | Fleet Sales | Dealer Sales | Subsequent Sales

Breakdown of Sales Amounts for This Month

Net Motor Vehicle Inventory | Fleet Sales | Dealer Sales | Subsequent Sales

STEP 5: Sign and Date on Last Page Only

sign here

Authorized Signature

Date

If you make a false statement on this report, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code.

For more information, visit our website: **www.window.state.tx.us/taxinfo/proptax**

Instructions

If you are an owner of an inventory subject to Sec. 23.121, Tax Code, you must file this dealer's motor vehicle inventory tax statement as required by Sec. 23.122.

Filing deadlines: You must file this statement on or before the 10th day of each month regardless of whether a motor vehicle is sold. If you were not in business for the entire year, you must file this statement each month after your business opens, but you do not include any tax payment until the beginning of the next calendar year. You are presumed to have started business on the date you were issued a dealer's general distinguishing number. The chief appraiser, however, has sole discretion to designate a different starting date. However, if your dealership was the purchaser of an existing dealership and you have a contract with the prior owner to pay the current year motor vehicle inventory taxes owed, then you must notify the chief appraiser and the county tax assessor-collector of this contract and continue to pay the monthly tax payment. Be sure to keep a completed copy of the statement for your files and a blank copy of the form for each month's filing.

Filing places: You must file the original statement with your monthly tax payment with the county tax assessor-collector. You must file a copy of the original completed statement with the county appraisal district's chief appraiser. Texas Department of Transportation has authority to view this form in auditing dealer license compliance.

Filing penalties: Late filing incurs a penalty of 5 percent of the amount due. If the amount is not paid within 10 days after the due date, the penalty increases for an additional penalty of 5 percent of the amount due. Failure to file this form is a misdemeanor offense punishable by a fine not to exceed $100. Each day that you fail to comply is a separate offense. In addition, a tax lien attaches to your business personal property to secure the penalty's payment. The district attorney, criminal district attorney, county attorney, collector or a person designated by the collector shall collect the penalty, with action in the county in which you maintain your principal place of business or residence. You also will forfeit a penalty of $500 for each month or part of a month in which this statement is not filed after it is due.

Annual property tax bill: You will receive a separate tax bill(s) for your motor vehicle inventory for each taxing unit that taxes your property, usually in October. The county tax assessor-collector also will receive a copy of the tax bill(s) and will pay each taxing unit from your escrow account. If your escrow account is not sufficient to pay the taxes owed, the county tax assessor-collector will send you a tax receipt for the partial payment and a tax bill for the amount of the deficiency. You must send to the county tax assessor-collector the balance of total tax owed. You may not withdraw funds from your escrow account.

Step 1: Property owner's name and address. Give the corporate, sole proprietorship or partnership's name, including mailing address and telephone number of the actual business location required by the monthly statement (not of the owner). Give the person's name and title that completed the statement.

Step 2: Information about the business. Give the address of the actual physical location of the business. Include your business' name and the account number from the appraisal district's notices.

Step 3: Information on each vehicle sold during the reporting month. Complete the information on each motor vehicle sold, including the date of sale, model year, model make, vehicle identification number, purchaser's name, type of sale, sales price and unit property tax. The footnotes include:

1 **Type of Sale:** Place one of the following codes by each sale reported:

MV – motor vehicle inventory – sales of motor vehicles. A motor vehicle is a fully self-propelled vehicle with at least two wheels which has the primary purpose of transporting people or property and includes a towable recreational vehicle. Motor vehicle does not include equipment or machinery designed and intended for a specific work related purpose other than transporting people or property. Only this type of sale has a unit property tax value (see below).

FL – fleet sales – motor vehicles included in the sale of five or more motor vehicles from your inventory to the same buyer within one calendar year.

DL – dealer sales – sales of vehicles to another Texas dealer or dealer who is legally recognized in another state as a motor vehicle dealer.

SS – subsequent sales – dealer-financed sales of motor vehicles that, at the time of sale, have dealer financing from your motor vehicle inventory in this same calendar year. The first sale of a dealer-financed vehicle is reported as a motor vehicle inventory sale, with sale of this same vehicle later in the year classified as a subsequent sale.

2 **Sales Price:** The price as set forth on the Application for Certificate of Title, or would appear if that form was used.

3 **Unit Property Tax:** To compute, multiply the sales price by the unit property tax factor. For fleet, dealer and subsequent sales that are not included in the net motor vehicle inventory, the unit property tax is $-0-. The unit property tax factor is the aggregate tax rate divided by 12 and then by $100. Calculate your aggregate tax rate by adding the property tax rates for all taxing units in which the inventory is located. Use the property tax rates for the year preceding the year in which the vehicle is sold. If the county aggregate tax rate is expressed in dollars per $100 of valuation, divide by $100 and then divide by 12. Dividing the aggregate rate by 12 yields a monthly tax rate and by $100 to a rate per $1 of sales price.

4 **Total Unit Property Tax for This Month:** Enter only on last page of monthly statement.

Step 4: Total sales. Provide totals on last page of statement of the number of units and the sales amounts for vehicles sold in each category.

Step 5: Sign the form. Sign and enter the date if you are the person completing this statement.

CHAPTER 8.

LESSORS AND LEASE FACILITATORS

8.1 Definitions. Lessors and Lease Facilitators have been regulated since 1995. Rules specifically for the leasing of motor vehicles were promulgated in November, 1995. These rules are found in the Texas Administrative Code, at 43 TAC §§215.171-215.181. The following definitions come from these regulations.

a. Motor Vehicle Lease. A lease means the transfer of the right to possession of a use of a motor vehicle for a term in excess of 180 days, in return for consideration. This does not include rental companies that rent vehicles for less than 180 days.

b. Lessor. A lessor is a person who owns a vehicle pursuant to the terms of a lease and transfers to another person the right to possession and use of a motor vehicle titled in the name of the lessor.

c. Lease Facilitator. A lease facilitator is a person, other than a franchised dealer, vehicle lessor or a bona fide employee of a dealer or a vehicle lessor, who solicits a person to enter into a lease for a motor vehicle. The vehicle is not, and will not be, titled or registered in the name of the lease facilitator.

8.2 License Required. Any person who engages in the business of leasing motor vehicles as a lessor or lease facilitator must be licensed by the department unless otherwise exempt by law. A lessor license includes the right to facilitate leases for the lessor's own business. A separate lease facilitator license is not needed for a lessor unless the lessor intends to facilitate leases for other lessors. Also, the law does not require a separate license for each individual employee of a lessor or lease facilitator.

8.3 License Exemptions. The following persons are not required to obtain a lessor or lease facilitator license:

- State or federally chartered financial institutions;
- Regulated subsidiary of a state or federally charted financial institution;
- Trust or other entity that owns an interest in a lease that was initiated, managed, serviced, and administered by a licensed lessor;
- Franchised dealer who is leasing those vehicles he is licensed to sell.

8.4 "Lease" or "Leasing" in Name of Company. The terms "lease" or "leasing" or any variation of those words cannot be used in a person's business name, unless that person 1) qualifies as a leasing company and is licensed as a lessor or lease facilitator, or 2) is otherwise exempt from the licensing requirement as set out in section 8.3 above. If a person has these terms in their business name because they are engaged in the business of leasing something other than motor vehicles (e.g. equipment, furniture, etc.), then they must obtain an assumed name without these terms in order to receive a dealer license.

8.5 Application for a Lessor or Lease Facilitator License. The application for a lessor or lease facilitator's license must be on the form prescribed by the TxDMV. A complete license application packet may be obtained by calling, or emailing the Motor Vehicle Division, or going to the TxDMV website (www.txdmv.gov) and requesting the proper application. Before submitting an application: 1) make certain you have completed all sections, and 2) ensure all required documents are attached. Incomplete applications and those missing required attachments will delay the issuance of your license. Required items to attach to the application include:

- **Ownership Information.** Make certain all requested information on the form is complete such as date of birth, social security number, driver's license number and ownership percentage.

- **Assumed Name Certificate.** If you are operating under an assumed name, in other words, a different name than the entity that holds the license, (e.g. John Doe d/b/a Doc's Leasing Company, or Doe, Inc., d/b/a Doe's Leasing Company) you must submit a copy of the Assumed Name Certificate. Sole proprietorships and general partnerships would get this certificate from your county clerk. If you have a corporation, limited liability company, limited partnership or limited liability partnership, you need to secure the Assumed Name Certificate from the Texas Secretary of State, if the business will be physically located in Texas. Otherwise, the certificate will be issued by the appropriate authority for the state the business will be located in.

- **Certificate of Incorporation, Organization or Partnerships.** If the entity applying for a license is a corporation, limited partnership, limited liability partnership or limited liability company, you must submit a copy of your approved certificate of formation or certificate of authority issued by the Texas Secretary of State. If the business will not be located in Texas, the certificate will be issued by the appropriate authority for the state the business will be located in.

- **Lease Agreement**. Submit a sample motor vehicle lease contract that will be used. This will be the contract between the lessor and a lessee (customer).

- **Fees**. Licenses are issued for a two year term. Submit the proper fee for the type of license being applied for. The fee for a lessor license is $350. The fee for a lease facilitator license is $750.

- **Additional documents for a lessor, if applicable**. If a lessor applicant will have a lease facilitator, the lessor will also need to submit the following information:
    - A list of the names of each lease facilitator the lessor will conduct business with. The list must include the lease facilitator's business name, DBA, and physical address.
    - A copy of the lessor's agreement with each lease facilitator, disclosing its terms, that is signed by both the lessor and the lease facilitator.

- A disclosure of fees statement, paid to the lease facilitator by a lessor. This is a separate document the lessee (customer) signs acknowledging the lease facilitator may receive a fee for establishing the lease on behalf of the lessor.
- A list of other satellite offices that conducts business in Texas, regardless if that location is located in Texas or not. The list must include the physical address, phone number and a contact person's name for location.

- **Additional documents for a lease facilitator**. A lease facilitator will also need to submit the following information:
  - A list of the names of each lessor the lease facilitator will conduct business with. The list must include the lessor's business name, DBA, and physical address.
  - A copy of the lease facilitator's agreement with each lessor, disclosing its terms, that is signed by both the lease facilitator and lessor.
  - A disclosure of fees statement, paid to the lease facilitator by a lessor. This is a separate document the lessee (customer) signs acknowledging the lease facilitator may receive a fee for establishing the lease on behalf of the lessor.

8.6 Premises Requirements. A lease facilitator or a lessor located in Texas or a supplemental location outside of Texas must have a permanent and established place of business from which business is conducted and records are kept. Requirements for the physical location include:

a. A structure of sufficient size to accommodate the business, equipped with a desk, chairs and a working telephone and number listed in the name under which the lessor or lease facilitator does business. The building must have connecting walls on all sides;

b. The office may NOT be located within a residence, apartment house, hotel, motel or rooming house;

d. The business hours for each day of the week must be posted at the main entrance of the office.

e. A business sign must be permanently posted at each licensed location showing the name under which a lessor or lease facilitator conducts business. The lettering on an outside sign must be at least six inches tall.

f. Any lease facilitator must have an established and permanent place of business which is physically located in Texas.

g. A lessor or lease facilitator may not have an office at the same location as a financial institution or a dealership unless that lessor or lease facilitator is a bona fide employee of or wholly owned by the financial institution or dealership.

h. A lessor or lease facilitator must own the property where business will be conducted or have a written lease agreement for at least the term of the license on that property. The lease

agreement must be in the lessor's or lease facilitator's business name and must be maintained for the duration of the license. The lease agreement must be on a properly executed form containing at a minimum:

(A) the names of the lessor and lessee;
(B) the period of time for which the lease is valid; and
(C) the legal description of the property or street address that is being leased.

i. Multiple lessors or lease facilitators may be located at the same physical location if each lessor or lease facilitator at a business location has: 1) a separate desk; 2) a separate telephone and number listed in their name; 3) a separate right of occupancy; and 4) a sign showing the name under which the lessor or lease facilitator conducts business that is readable by the general public.

8.7 Premise Requirements for Out of State Lessors. If a lessor is located outside of this state and the lessor does not deal directly with the public to execute leases, then the physical location is acceptable if each lessor at a business location has a separate desk; a separate telephone and number listed in their name; and a sign showing the name under which the lessor conducts business that is readable by the general public. A deed or a lease for the business location is required. As lease must: 1) be continuous for the same period of time as the license; 2) contain the names of the landlord and tenant; 3) contain a legal description of the property or street address; and 4) list the period of time for which the lease is valid.

8.8 Business Hours. A lease facilitator or any lessor within Texas must be open to the public during working hours which must be posted at the main entrance of the office. No specific hours are required, but a bona fide employee must be available at that location during the posted business hours to assist customers or representatives of TxDMV who may wish to inspect records.

8.9 More Than One Location. Lessors are required to obtain a license for their primary location. Lessors must also provide the address, telephone number, and the name of a contact person for all other satellite offices that conduct business in the State of Texas.

If a lessor's primary location moves from outside a city limits to inside city limits or from one city to another city, then a new license must be obtained.

A lease facilitator who operates in this state must have a separate license for each business location.

8.10 Records Required to be Kept by Lessors and Lessees. Lessors and lease facilitators are required to keep accurate records on every motor vehicle leased. Licensees are required to cooperate and assist a TxDMV representative in providing all information requested from the required records. Failure or refusal to cooperate by withholding records or failing to maintain records is subject to a civil penalty or suspension or revocation of the license.

8.11 Inspection of Records. Records are required to be readily available and subject to inspection during regular business hours at the licensed location upon request by a TxDMV representative. All records need to be kept for each transaction until one year after the expiration of the lease. Records reflecting lease transactions within the preceding 24 months must be kept at the licensed location. Records for prior time periods may be kept off-site at a location within the same county or within 25 miles from the licensed location.

Rather than inspecting records at the licensed location, TxDMV representatives may request copies of records from a licensee by certified mail, fax or by electronic mail. A licensee must provide those records within 15 days of the received request.

8.12 Content of Records To Be Kept. A lessor or lease facilitator is required to keep the following items in each lease file:

- Names, addresses and telephone numbers of the lessor and lessee in each transaction;
- Names, addresses and telephone numbers of the lease facilitator and/or any employee of the facilitator who handled the transaction;
- Name, address, telephone number and GDN or dealer license number of the dealer selling the vehicle;
- A complete description of the vehicle including VIN, make, model, color, etc.;
- The amount of fee paid by and received by the lease facilitator;
- Copies of all contracts, agreements, or disclosures between the lease facilitator and the consumer;
- Copy of the buyer's order and sales contract wherein the lessor bought the vehicle from the dealer;
- Copy of the front and back of the Manufacturer's Statement/Certificate of Origin or the title of the vehicle involved in the transaction.

8.13 Advertising Records to be Kept. Lessors and lease facilitators must maintain copies of all advertisements, brochures, scripts or electronically reproduced copies, in whatever medium appropriate, for 18 months. These records are also subject to inspection by the TxDMV personnel as required.

8.14 Subject to Advertising Rules. Lessors and lease facilitators are required and expected to adhere to the same advertising rules that motor vehicle dealers adhere to. This includes the TxDMV Rules and the Federal Trade Commission advertising rules along with any other federal rules involving leases.

8.15 Title Assignments. All certificates of title, manufacturer's certificates of origin or other evidence of ownership for vehicles which have been acquired by a lessor for lease must be properly titled to the lessor by the selling dealer. Only vehicles being sold to a lessor located out of the state would not be titled by the dealer, but the dealer should have the Comptroller's form, Texas Motor Vehicle Sales Tax Exemption Certificate--For Vehicles Taken Out of State, signed and placed in the sales file.

8.16 No Fees From Dealers. Lessors may not directly or indirectly accept a fee from a dealer. This prohibition includes referral fees paid for referring leases or prospective lessees to a dealer but does not include any adjustment in the purchase price for a leased vehicle.

8.17 No Fees to Unlicensed Persons. Lessors may not pay a fee to another person for finding potential lease customers unless that person is a licensed lease facilitator who also has a valid letter of appointment from the lessor that is on file with the department. This prohibition on fees does not include any fee paid to a franchised dealer who sells the vehicle or transfers the lease contract to the lessor of the vehicle.

8.18 Referral Fees Prohibited. Lessors and lease facilitators may not, directly or indirectly, accept a fee from a dealer for referring customers who purchase or consider purchasing vehicles.

8.19 Letters of Appointment. Lessors may use non-employees as lease facilitators to represent them as facilitators between the consumer lessees and the lessor. These non-employees must have an appointment in writing which discloses the terms on which the lease facilitator will facilitate leases for the lessor. These letters of appointment must be filed with the department. The appointment may be in a letter form. Copies of all letters of appointment issued by the lessor to the lease facilitator should be kept by both the lessor and lease facilitator. The department should be sent copies of additional letters of appointment that are issued between the license renewal periods.

8.20 Disclosures in Lease Contracts with Consumer Lessees. If a lease facilitator is responsible for soliciting or producing the consumer for the lessor, then the lessor must disclose in the consumer's lease contract, that a fee was paid or will be paid to the lease facilitator for his or her services. While the amount of the fee is not required to be disclosed, the fact that a fee was paid is required. This disclosure is required to be in a prominent position either on the face of the lease contract or memorandum, or on a separate document that is signed by the lessee at the same time as the signing of the lease contract.

8.21 Lease Cannot Prohibit Foreign Entries. A lease agreement cannot prohibit the lessee from taking the leased vehicle into a specific foreign country unless the lease agreement prohibits the lessee from taking the leased vehicle into all foreign countries.

8.22 Prohibitions on Lease Facilitators. Lease facilitators may be subjected to a civil penalty, or have their license revoked or suspended if they:

- Sell or offer to sell a new or used motor vehicle;

- Accept a fee from a dealer;

- Sign a motor vehicle manufacturer's statement of origin to a vehicle, accept an assignment of a manufacturer's statement of origin to a vehicle, or otherwise assume any element of title to a new motor vehicle;

- Procure or solicit prospective lessees for or on behalf of any person other than a licensed lessor;

- Act in the capacity of or engage in the business of a lease facilitator without a valid license issued by the Motor Vehicle Division and a valid appointment from a lessor to act on behalf of the lessor in soliciting prospective lease clients or customers.

8.23 Prohibitions on Both Lease Facilitators and Lessors. Lessors and lease facilitators will be subjected to sanctions if they:

- Fail to maintain an established place of business conforming to the requirements of the Department;

- Fail to permit examination of their leasing or advertising records by a representative of department;

- Fail to notify the department of a change of address, name or ownership within ten days after such change;

- Fail to remain regularly and actively engaged in the business of leasing or facilitating the leasing of vehicles;

- Use or allow the use of a leasing or lease facilitator license for the purpose of avoiding any provisions of the law;

- Violate any law relating to the sale, distribution or insuring of motor vehicles;

- Fail to update in writing the list of lessors, including names and addresses, with which any lease facilitator executes leases within 10 days of any changes to this list and upon renewal of the license;

- Make a material misrepresentation in any application or other information filed with TxDMV;

- Violate any state or federal law relating to the leasing of new motor vehicles.

8.24 Lease Facilitator's Fees. A lease facilitator may accept a fee for procuring a vehicle lessee or prospective vehicle lessee for or on behalf of a lessor from either the lessor or the lessee, but not from a dealer.

8.25 Appointments of Lease Facilitators. A lease facilitator may accept appointments from more than one lessor. See §8.19.

8.26 Required Lemon Law Notice to Lessees. Lessors and lease facilitators are required to provide notice of the complaint procedures under the Texas Lemon Law to each lessee of a new motor vehicle with whom they transact a lease. See page 11-2 for the form.

8.27 Lessors and GDNs. Lessors do not need a GDN license to sell vehicles which they own, either to the lessee or a duly licensed dealer, either directly or through a licensed wholesale auction. Lessors are not allowed to buy vehicles from an auction with their lessor license. Should a lessor desire to sell their lease vehicles to the general public, they are required to have a GDN and meet all the requirements of premises and records retention that pertain to GDNs.

CHAPTER 9.

CONVERTER'S OPERATIONS

CURRENTLY UNDER REVISION

CHAPTER 10.

ADVERTISING

10.1 Objective. The objective of the Advertising Rules is to require truthful and accurate advertising practices for the benefit of consumers. Also, these rules provide a "level playing field" for all dealers. The Advertising Rules can be found at 43 TAC §§ 215.241 – 215.271, and apply to both new and used motor vehicles unless explicitly stated otherwise in the rule.

10.2 Advertisement. The definition of an advertisement is "An oral, written, graphic, or pictorial statement made in the course of soliciting business, including, without limitation, a statement or representation made in a newspaper, magazine, or other publication, or contained in a notice, sign, poster, display, circular, pamphlet, letter, or on radio, the Internet, via an on-line computer service, or on television."

What is an Advertisement?

"*Advertisement*" means an oral, written, graphic, or pictorial statement made in the course of soliciting business.." 215.244(1)

Newspapers	**Displays**	**Pamphlets**
Magazines	**Circulars**	**Letters**
Notices	**Direct Mail**	**Banners**
Signs	**Radio**	**Soap Signs**
Posters	**Internet**	**Business Cards**
Flyers		**Television**

Does not include an in-person oral communication by a dealer's employee with a prospective purchaser.

The Advertising Rules include the general prohibition and specific rules which address certain forms of advertising.

10.3 General Prohibition. A person advertising motor vehicles must not use false, deceptive, unfair, or misleading advertising. Advertised representations must not convey a mistaken impression. The following are two examples of misleading advertisement.

State-Wide Ordered Vehicle Liquidation This is the real deal.

No it's not.
THIS IS FALSE AND MISLEADING - 215.242

TEXAS' OFFICIAL

UNCLAIMED VEHICLE EVENT

DEPARTMENT OF UNCLAIMED VEHICLES TO LIQUIDATE OVER 225 CARS, TRUCKS, VANS AND SUVs DURING THE NEXT 4 DAYS!

There is no such event. And there is no "Department of Unclaimed Vehicles".
THIS IS FALSE AND MISLEADING - 215.242

10.4 Availability of New Motor Vehicles. The advertisement must set forth the number of vehicles available for sale at the advertised price if the dealer does not have available a reasonable, expectable public demand based on prior experience.

If the advertisement pertains to only one specific vehicle, that fact must be disclosed along with the vehicle's stock number or VIN.

If the dealer does not have possession of the new vehicle at the time the advertisement is placed, then you need to disclose that the vehicle may be obtained from the manufacturer or distributor or some other source.

<u>10.5 Availability of Used Motor Vehicles.</u> At the time the advertisement is placed, the dealer must have an assigned title certificate and possession of the used vehicle.

<u>10.6 Accuracy.</u> All advertised statements must be accurate, clear, and conspicuous. And all language and terms, including abbreviations, must be used in accordance with their common or ordinary usage and meaning.

Consumers must be able to see and read or hear the information being disclosed. Such factors as size, duration, and location of a disclosure, and the background or other information in the advertisement can affect whether the disclosure is clear and conspicuous.

All Advertised Statements Must Be

ACCURATE, CLEAR, AND CONSPICUOUS

215.246

SIZE

COLOR

CONTRAST

"CLEAR and CONSPICUOUS" is defined under 215.244(6) as being of such size, color, contrast, and audibility and is presented so as to be *readily noticed and understood.*

<u>10.7 Untrue Claims.</u> The following statements are prohibited.

a. Statements such as "write your own deal," "name your own price," "name your own monthly payments," or statements with similar meaning.

b. Statements such as "everybody financed," "no credit rejected," "we finance anyone," and other similar statements representing or implying that no prospective credit purchaser will be rejected because of his inability to qualify for credit. Certain similar statements are "all applications accepted," and "no credit application refused".

Statements such as "financing available," "let us help," and "conditional offer of credit" are acceptable, and may be advertised.

c. Statements representing that no other dealer grants greater allowances for trade-ins unless the dealer can show such is the case, e.g. "highest trade-in allowances" or "no other dealer gives more for your trade".

d. Statements representing that because of its large sales volume a dealer is able to purchase vehicles for less than another dealer selling the same make of vehicles, unless the dealer can show such is the case.

10.8 Layout. The layout of an advertisement must not convey an erroneous or misleading impression as to which vehicle or vehicles are offered for sale or lease at featured prices. Watch out for the "Big print giveth and the little print taketh away".

10.9 Dealer Price Advertising.

a. Allowable Excluded Charges. The advertised price must include all costs and charges for the vehicle advertised, including destination.

THE ONLY CHARGES THAT MAY BE EXCLUDED FROM THE ADVERTISED PRICE ARE TAX, TITLE, LICENSE, AND A FEE OR CHARGE THAT IS ALLOWED OR PRESCRIBED BY LAW. This includes the documentary fee and state inspection.

b. Can Not Qualify Advertised Price. A qualification may not be used when advertising the price of a vehicle such as "with trade," "with dealer-arranged financing," "rebate assigned to dealer," or "with down payment".

c. Featured Price. The featured price of a new or used motor vehicle must be the price for which the vehicle will be sold to **any retail buyer**.

Rebates that are not available to the general public cannot be included in the featured price. A secondary price which includes a limited rebate may be advertised; however, this price must be less prominent than the selling price for any retail buyer. Or a statement about the limited rebate may be advertised.

The following is a correct featured price example for a new motor vehicle.

$15,000 Sale Price $14,000 w/$1,000 owner loyalty cash*

MSRP $20,000, Rebate $2,000, Dealer Discount $3,000 + TTL
*Loyalty cash available to current owners of a 2000 or newer model year (xyz) vehicle. You must show proof of ownership. Trade-in not required.

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d. Price Equations. If a price advertisement discloses a rebate or discount, the price of the vehicle must be disclosed as well as the price of the vehicle after deducting the incentive.

The following are acceptable formats for price advertising.

(1) If a **discount is disclosed,** then the discount must be disclosed as a deduction from the manufacturer's suggested retail price (MSRP).

MSRP	$20,000
Dealer Discount	$ 1,000
Sale Price	$19,000

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(2) If a **rebate is disclosed**, then the rebate must be disclosed as a deduction from the advertised price.

Advertised Price	$18,000
Rebate	$ 500
Sale Price	$17,500

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(3) If both a **rebate and discount are disclosed**, then the incentives must be disclosed as a deduction from the MSRP.

MSRP	$20,000
Rebate	$ 500
Dealer Discount	$ 1,000
Sale Price	$18,500

---

(4) If the **manufacturer offers a discount on a package of options**, then that discount should be disclosed above or prior to the MSRP with a total price of the vehicle before the option discount.

Total Vehicle Plus Options	$21,000
Option Package Discount	$ 1,000
MSRP	$20,000
Rebate	$ 500
Dealer Discount	$ 1,000
Sale Price	$18,500

10.10 Identification/ "Loaded"/Illustration.

a. Vehicle Identification. When the price of a motor vehicle is advertised, the model year; make; model line and style or model designation; and whether the vehicle is a used, demonstrator, or a factory executive/official vehicle must be disclosed.

SOME USED CARS WILL BE SOLD FOR

$495

No Gimmicks. Just $495!

Model Year, Make, Model Line and Style or Model Designation NOT Disclosed - 215.251(a)

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b. Expressions such as "Loaded". Expressions such as "fully equipped," "factory equipped," "loaded," and other such terms must not be used in any advertisement that contains the price of a vehicle unless the optional equipment of the vehicle is listed.

c. Illustration. An illustration of a motor vehicle used in an advertisement must be substantially the same as that of the vehicle advertised.

Example: An illustration that is NOT substantially the same would be if a Ford F-150, Regular Cab, XL is advertised and the illustration used is that of a Ford F-150, Super Cab, FX4.

10.11 Advertising at Cost or Invoice. The term "dealer's cost" or other reference to the cost of the vehicle must not be used. This would include a statement such as "you pay what we pay" which is in reference to the cost of the vehicle.

Additionally, the use of the term "invoice" or "invoice price" in advertising must not be used. This would include advertising an illustration of an invoice.

Note: In 1994, the United States Court of Appeals, Fifth Circuit, upheld that the use of the word "invoice" in automobile advertisement was inherently misleading.

10.12 Trade-In Allowances. The rule states that **no guaranteed** trade-in amount or range of amounts must be used in advertising.

Example: "Get A Minimum of $2,000 For Your Trade," "130% Of NADA Book Value For Your Trade," or "$1,000 to $3,000 Guaranteed Trade-In" is a guaranteed trade-in amount or range of amounts, and can NOT be advertised.

A "Push, Pull or Drag" advertisement is okay if no guaranteed trade-in amount or range of amounts is stated.

10.13 Used Vehicles. When a used vehicle is advertised, the vehicle must be identified as "used" or "pre-owned".

A used vehicle must not be advertised in any manner that creates the impression that it is new.

Terms such as "program car," "special purchase," "factory repurchase," or other similar terms are not sufficient to designate a vehicle as used.

10.14 Demonstrators, Factory Executive/Official Vehicles. When these vehicles are advertised, the advertisement must clearly and conspicuously identify the vehicle as a demonstrator or factory executive/official vehicle.

These are new motor vehicles as they have not been subject to a retail sale. These vehicles may not be advertised or sold except by a dealer franchised and licensed to sell that line make of new motor vehicle.

A "Demonstrator" is defined as a new motor vehicle currently in the dealer's inventory and used or has been used primarily for test drives by customers and other dealership purposes and so designated by the dealership.

A "Factory Executive/Official Vehicle" is defined as a new motor vehicle that has been used exclusively by an executive or official of the dealer's franchising manufacturer, distributor, or their subsidiaries.

10.15 Auction. Terms such as "auction" or "auction special" must be used only in connection with a vehicle offered or sold at a bona fide auction.

"Auction" is defined as "the sale of any property by competitive bid". A dealer may hold an auction of his inventory at the dealership and advertise the sale as an auction if a licensed auctioneer, licensed by the Texas Department of Licensing and Regulation, conducts the auction. The advertisement must include the auctioneer's name and license number.

10.16 Free Offers. Don't offer something as "free" if it is not really "free". A free offer should not become part of the negotiations.

FREE OFFERS 215.256

IS IT REALLY FREE?

????

CAN THE VEHICLE BE PURCHASED OR LEASED FOR A LESSER PRICE WITHOUT THE FREEBIE?

HAS THE PRICE OF THE VEHICLE BEEN INCREASED TO COVER ALL OR PART OF THE COST OF THE FREEBIE?

If you answer 'yes' to either of the above questions, then the "free" offer is NOT "free"

DOES THE AD CLEARLY AND CONSPICUOUSLY DISCLOSE THE CONDITIONS UNDER WHICH THE FREE OFFER MAY BE OBTAINED?

10.17 Authorized Dealer. The rule states that the term "authorized dealer" or a similar term must not be used unless the advertising dealer holds **both** a franchise and a dealer license to sell those vehicles he is holding himself out as "authorized" to sell.

10.18 Rebate and Financing Rate Advertising by Dealers.

a. If a dealer advertises an offer of a manufacturer's or distributor's rebate, interest or finance charge reduction, or other financial inducement or incentive and the dealer contributes to the program, the advertisement must disclose that the dealer's contribution may affect the final negotiated price of the vehicle.

b. An advertisement containing an offer of an interest or finance charge incentive that is paid for or financed by the dealer rather than the manufacturer or distributor, must disclose that the dealer pays for or finances the interest or finance charge rate reduction, the amount of the dealer's contribution in either a dollar or percentage amount, and that such arrangement may affect the final negotiated price of the vehicle.

c. An offer to pay, promise to pay, or tender cash to a buyer of a motor vehicle as in a rebate or cash back program may not be advertised, unless it is offered and paid in part by the motor vehicle manufacturer or distributor directly to the retail purchaser or assignee of the retail purchaser.

10.19 Manufacturer Sales; Wholesale Prices. A motor vehicle must not be advertised for sale in any manner that creates the impression that it is being offered for sale by the manufacturer or distributor of the vehicle.

An advertisement must not use the manufacturer's name or abbreviation in any manner calculated or likely to create an impression that the vehicle is being offered for sale by the manufacturer or distributor.

Terms such as "factory sale," "factory approved," "factory sponsored," "manufacturer sale," "fleet prices," "wholesale prices" or similar terms which indicate sales other than retail sales from the dealer must not be used.

10.20 Savings Claims; Discounts. A savings claim or discount offer can only be advertised on a **new** motor vehicle. The advertisement must show the difference between the dealer's sale price and the manufacturer's, distributor's or converter's total suggested list or retail price.

a. Acceptable Formats. The following are acceptable formats for advertising a savings claim or discount offer on a new motor vehicle.

(1) If the offer includes only a dealer discount, the advertisement must disclose that the discount is from the MSRP.

$2,000 discount off MSRP

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(2) If the offer includes a customer rebate and a dealer discount, both amounts must be disclosed in the savings.

$2,000 savings off MSRP ($1,500 dealer discount and $500 rebate)

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(3) If a savings claim discloses a manufacturer's option package discount, then that discount must be disclosed prior to the discount off MSRP. The savings claim must be advertised as a total savings.

Total Savings $3,000 ($1,000 option package discount, $1,500 dealer discount off MSRP, and $500 rebate)

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b. Featured Savings. The featured savings claim for a new motor vehicle must be the savings which is available to everyone.

Rebates that are not available to the general public cannot be included in the featured savings. A secondary savings which includes a limited rebate may be advertised; however, this savings must be less prominent than the savings which is available to everyone. Or a statement about the limited rebate may be advertised.

The following is a correct featured savings example.

Save $5,000 Off MSRP Save $6,000 Off MSRP w/$1,000 owner loyalty cash*

Savings includes $2,000 rebate and $3,000 dealer discount
*Loyalty cash available to current owners of a 2000 or newer model year (xyz) vehicle. You must show proof of ownership. Trade-in not required.

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c. Aftermarket Options. If an option that is added by a dealer is not a factory-available option, a savings claim may not be advertised on that vehicle.

d. Statement such as "Up To". A savings claim must be a specific amount. Statements such as "up to," "as much as," "from," or a range of amounts must not be used when advertising a savings claim or discount offer.

e. Used Vehicles. A SAVINGS CLAIM OR DISCOUNT OFFER MAY **NOT** BE ADVERTISED ON USED MOTOR VEHICLES.

10.21 Bankruptcy/Liquidation Sale. A sale may not be advertised with the phrase "going out of business," "closing out," "shutting doors forever," "liquidation sale," "bankruptcy sale" or similar phrases indicating that a dealership is ceasing business unless the dealership is closing its operations.

A new or used motor vehicle liquidation sale, e.g. "Used Vehicle Liquidation Event", may not be advertised when the dealer is not ceasing the business of selling new or used vehicles. One exception for new vehicles only is when production of a model year has stopped, and the new motor vehicle dealer does not have any pending orders for that model year. A dealer may then advertise a liquidation sale of those model year vehicles that still remain in the dealer's inventory.

10.22 Lowest Price Claims. A lowest price claim, best price claim, best deal claim, or other similar superlative claims must not be used in advertising. The only exception is if the dealer makes the superlative claim applicable only to that dealer, e.g. "Our lowest price of the month on any in stock new Explorer XLT".

A dealer may advertise a "meet or beat" guarantee. If a cash amount is advertised with the guarantee, then the advertisement must clearly and conspicuously disclose the conditions and requirements necessary in order for a person to receive the cash amount. Offering a beat guarantee does not mean that the advertising dealer has, for example, the lowest price.

10.23 Sales Payment Disclosures. This rule is intended to ensure that all important terms of a consumer credit transaction (closed-end credit) appear in the advertisement. The rule incorporates the requirements set forth by The Federal Reserve Board Regulation Z which implements the Truth in Lending Act.

If an advertisement contains a "triggering term", then the advertisement also must include other major terms. The statement "no down payment" does not trigger additional disclosure. Additionally, the APR is not a "triggering term".

SALES PAYMENT DISCLOSURES 215.263

Triggering Terms:

-AMOUNT OF A DOWN PAYMENT % OR $
-AMOUNT OF ANY PAYMENT % OR $
-NUMBER OF PAYMENTS
-PERIOD OF REPAYMENT
-AMOUNT OF ANY FINANCE CHARGE

Must Include:

-AMOUNT OR % OF DOWN PAYMENT;
-TERMS OF REPAYMENT (# MOS/AMOUNT) PER MONTH) INCLUDING ANY BALLOON PAYMENT;
-ANNUAL PERCENTAGE RATE OR APR; AND
-THE AMOUNT OF ANNUAL PERCENTAGE RATE, IF INCREASED, AFTER CONSUMMATION.

The term of repayment from which the amount per month can be determined may be expressed using unit cost (monthly charge per $1,000 financed).

Example: The unit cost based on 2.9% APR financing for 36 months is $29.04 per $1,000 financed.

10.24 Lease Advertisements/Lease Payment Disclosures.

a. Lease Advertisement. The advertisement must clearly and conspicuously disclose that the advertisement is for the lease of a vehicle. Terms or phrases that do not use the term "lease" do not constitute adequate disclosure of a lease.

b. Lease Payment Disclosures. This rule is intended to ensure that all major terms of a consumer lease are included in the advertisement. The rule incorporates the requirements set forth by The Federal Reserve Board Regulation M which implements the Consumer Leasing Act.

If an advertisement contains a "triggering term", then the advertisement also must include certain specific disclosures.

LEASE PAYMENT DISCLOSURES 215.264(a)
(Regulation M)

Triggering Terms:
Amount of any payment, or
A statement of any capitalized cost reduction, or
Any other payment required to signing or delivery.
A statement that no payment is required.

Must clearly and conspicuously include:

A statement that the transaction advertised is a lease;

The total amount due prior to or at consummation or by delivery, if delivery occurs after consummation;

The number, amounts, and due dates or periods of scheduled payments under the lease;

A statement of whether or not a security deposit is required; and

A statement that an extra charge may be imposed at the end of the lease term where the lessee's liability, if any, is based on the difference between the residual value and realized value. (If open-end lease)

A "closed-end lease" is a lease in which the lessee is not responsible for the difference if the actual value of the vehicle at the scheduled end of the lease is less than the residual value.

An "open-end lease" is a lease in which the amount the lessee owes at the end of the lease term is based on the difference between the residual value of the leased property and its realized value.

c. Other Considerations in Lease Advertising.

1. Except for the periodic payment, a reference to a charge that is part of the total amount due at consummation or delivery cannot be more prominent than the total amount due at consummation or delivery.

2. If a lessor provides a percentage rate in an advertisement, a notice stating that "this percentage may not measure the overall cost of financing this lease" must accompany the rate disclosure. The term "annual percentage rate," "annual lease rate," or any equivalent term must not be used.

3. A multi-page advertisement or an electronic advertisement (such as an advertisement appearing on an internet website), that provides a table or schedule of the required disclosures is considered a single advertisement if, for lease terms that appear without all the required disclosures, the advertisement refers to the page or pages on which the table or schedule appears.

4. A merchandise tag stating any "triggering term" (see paragraph 10.24 (b) – Lease Payment Disclosure) may comply with the required disclosures by referring to a sign or display prominently posted in the lessor's place of business that contains a table or schedule of the required disclosures.

5. An advertisement made through television or radio stating any "triggering term" must state in the advertisement: that the transaction is a lease; the total amount due prior to or at consummation or by delivery, if delivery occurs after consummation; and the number, amounts, and due dates or periods of scheduled payments under the lease. The advertisement also must list a toll-free telephone number along with a reference that such number may be used by consumers to obtain the required disclosure information, or direct the consumer to a written advertisement in a publication of general circulation in the community served by the media station, including the name and date of the publication, with a statement that the required disclosure information is included in the advertisement.

The toll-free telephone number must be available for no fewer than ten days, beginning on the date of the broadcast. The lessor must provide the required disclosure information orally or in writing upon request. The written advertisement must be published beginning at least three days before and ending at least ten days after the broadcast.

10.25 Fleet Prices. Terms such as "fleet prices" or "fleet sales" or other terms implying that retail individual customers will be afforded the same price and/or discount as multi purchase commercial businesses must not be used in advertising. The reason these terms are prohibited, is that there are no set fleet prices. Individual fleets negotiate prices based on volume and other factors similar to any other retail sale. Accordingly, representing fleet prices is illusory and offers no genuine benchmark for savings.

10.26 Bait Advertisement. Bait advertising is an alluring but insincere offer to sell a product which the advertiser in truth does not intend or want to sell. Its purpose is to switch consumers from buying the advertised product in order to sell some other product at a higher price or on a basis more advantageous to the advertiser. The primary aim of a bait advertisement is to obtain leads to persons interested in buying merchandise of the type advertised. Bait advertisement is prohibited.

10.27 Internet Advertising. The Internet is another form of media and all advertising rules apply. A dealer should be especially careful not to misrepresent themselves or their inventory to avoid any deceptive or fraudulent sales practices. This includes advertising that suggests the consumer is buying the vehicles from someone other than the license holder.

The law allows those dealers who advertise on the Internet directly through their own websites to sell a vehicle to those persons who respond to that advertisement without having those people come to their dealership. Responses to non-Internet ads still require the potential buyers to visit the dealership at least once to avoid the off-site sale rule.

10.28 Internet Pricing. Use of certain terms prohibited:
Advertising an "Internet price," "e-price," or using similar terms that indicate or create the impression that there is a different or unique sales price for an on-line or Internet consumer or transaction is prohibited.

CHAPTER 11.

LEMON LAW REQUIREMENTS

11.1 Lemon Law or Warranty Performance Obligations. The Texas Lemon Law applies to new vehicles purchased from Texas franchise dealers or leased from licensed lessors. Legislation allows vehicles bought new in other states and registered in Texas to be eligible for relief. Active duty military service members stationed in Texas are also eligible to file for lemon law relief for eligible vehicles. Towable recreational vehicles must be titled and registered in this state. There is no lemon law relief for used vehicles purchased with no balance of a manufacturer's warranty. A consumer may apply under the Lemon Law to have a vehicle repaired, repurchased or replaced by the manufacturer. Details on the process may be found on the TxDMV web site.

11.2 Notice at Time of Sale. When a franchise dealer sells a new vehicle, Texas law requires that the dealer provide notice of the lemon law complaint procedures to the consumer. This requirement is not satisfied by pointing out the lemon law provisions in the manufacturers' owner's manual. The approved notice that the dealer is required to give the consumer at the time of sale may be found on page 11-2. Copies of the notice may be downloaded from the TxDMV web site and printed on yellow paper.

11.3 Dealer Must Post Notices. In addition to handing the consumer the notice mentioned in 11.2 above, all franchise dealers are required to post a lemon law notice in a conspicuous place in the cashier area of the service department. Failure to have such notice posted may result in an enforcement action The approved notice that the dealer is required to post in the cashier area may be found on page 11-3. Copies of the notice are available from the Lemon Law Section of the Enforcement Division or may be downloaded from the TxDMV web site and printed on yellow paper.

11.4 Reselling Lemons. When a dealer buys a vehicle that was a manufacturer buyback, there is a lemon law reacquired vehicle label hanging from the rear view mirror (or, if no rear view mirror, affixed in a conspicuous location) that must stay on the vehicle until after the first retail sale. Also, there is a disclosure statement issued by the manufacturer stating the vehicle was repurchased or replaced by the manufacturer under the Texas law. Manufacturers are required to restore the cause of the repurchase or replacement to factory specifications and issue a new 12-month, 12,000-mile warranty on the vehicle. Removal of the hanging label before the retail sale or failure to return the disclosure statement to the TxDMV after the retail sale, are violations for which the dealer would be responsible. The disclosure statement must be on a form approved by TxDMV, or on the form provided by TxDMV. These disclosure requirements apply also to vehicles transferred to Texas for resale that were reacquired by a manufacturer in another state to settle a warranty claim.

Notice of Complaint Procedure for New Vehicle Owners and Lessees

The Texas Legislature enacted the "lemon law" (Texas Occupations Code Subchapter M) to aid owners and lessees of new motor vehicles (including towable recreational vehicles) regarding a manufacturer's, distributor's or converter's warranty obligations. Under the law, vehicle manufacturers, converters, and distributors are required to repair any defects that are covered by warranty. If the defects cannot be repaired, an owner or lessee may be entitled to repurchase of the vehicle or a replacement vehicle if the following conditions are met:

1. the new motor vehicle develops a defect or abnormal condition which is covered by a manufacturer's, distributor's or converter's written warranty;

2. the owner or lessee reports the defect or condition within the warranty term;

3. the owner or lessee gives the dealer, manufacturer, distributor or converter a "REASONABLE NUMBER OF ATTEMPTS" to repair the defect or condition (the number of repair attempts required depends on the nature of the defect);

4. the owner or lessee gives the manufacturer, distributor or converter written notice of the defect and at least one opportunity to repair it;

5. the defect or condition continues and it substantially impairs the vehicle's use or value or creates a serious safety hazard; and

6. a written complaint with a filing fee of $35 is filed with the Texas Department of Motor Vehicles, Enforcement Division NOT LATER THAN SIX MONTHS AFTER the earliest of : (a) the expiration of the warranty term; or (b) 24 months after the delivery date of the vehicle; or (c) 24,000 miles after the delivery date of the vehicle. (In general, mileage limitations do not apply to towable recreational vehicles).

If you are unable to obtain the repair or correction of any defect in your new motor vehicle (including a towable recreational vehicle) which is covered by the vehicle warranty, the Texas Department of Motor Vehicles, Enforcement Division may be able to assist you.

The Texas Occupations Code § 2301.204 provides as follows:

> The owner of a motor vehicle or the owner's designated agent may make a complaint concerning defects in a motor vehicle which are covered by the manufacturer's, converter's or distributor's warranty agreement applicable to the vehicle. Any such complaint must be made in writing to the applicable dealer, manufacturer, converter, or distributor and must specify the defects in the vehicle which are covered by the warranty. The owner may also invoke the Board's jurisdiction by sending the Board a copy of the complaint. A hearing may be scheduled on all complaints arising under this subsection which are not privately resolved between the owner and the dealer, manufacturer, converter, or distributor.

Complaints involving new motor vehicle warranty repair problems should state the details of the complaint in writing. To fi le a complaint or obtain additional information visit our web site, call or write to:

Texas Department of Motor Vehicles Enforcement
Division Post Office Box 26515 Austin, TX 78755-0515
(512) 465-3000 or (888) 368-4689
http://txdmv.gov/motorists/consumer-protection/lemon-law

NOTICE TO BUYER

TEXAS LEMON LAW
TEXAS OCCUPATIONS CODE, CHAPTER 2301, SUBCHAPTER M

The Texas “LEMON LAW” provides simple and inexpensive help for consumers who own defective new vehicles. Owners or lessees of new vehicles, including towable recreational vehicles (TRVs), who have repeated warranty repairs on their vehicles, may file a complaint with the Enforcement Division if the vehicle is less than 30 months old and is within certain time and mileage limits. To qualify for relief, the vehicle must be presented for repairs, in most cases, at least 2 times during the first 12 months or 12,000 miles after delivery and 2 more times during the next 12 months or 12,000 miles, whichever occurs first. Mileage limitations generally do not apply to TRVs. If the defects cannot be corrected, owners or lessees of “LEMONS” are entitled to have their vehicles repurchased or replaced by the manufacturer.

In general, a “LEMON” is a vehicle that continues to have uncorrected defects after having been subject to repair a reasonable number of times and the defects seriously affect the use, value, or safety of the vehicle.

Complaints under the “LEMON LAW” must be filed with the Enforcement Division within certain time limits. A filing fee is required, but will be reimbursed if the vehicle is found to be a “LEMON.”

Because the filing deadline and other requirements of the “LEMON LAW” are very specific, call the Enforcement Division for more information or for assistance concerning warranty repair problems at **(512) 465-3000** or **1-888-368-4689**.

(Texas Occupations Code, §2301.613 requires this notice to be conspicuously posted in the cashier area of the franchised dealer’s service department.)

Revised 06/2011

CHAPTER 12.

THE ADMINISTRATIVE COMPLAINT PROCESS

12.1 Investigation of Complaints Received. The TxDMV Enforcement Division must receive a formal written complaint before an investigation can begin on the matter. Verbal complaints will not be acted upon. Every written complaint received by the department is set up as a separate investigative file. Not all investigations become formal dockets and a docket may include more than one investigative file or complaint. Every file opened is subject to review by investigators, chief investigators, attorneys and the Enforcement Director before that file can be closed.

While many files are opened, only approximately 20 percent of the written complaints received become formal legal petitions or dockets. An investigative file may be closed before a docket is filed for many reasons. These reasons include a lack of evidence, lack of resources or possibly mediation between the dealer and consumer by our staff. Many complaints received are closed because there is no violation of the law. Many complaints of minor and first time offenses will generate warning letters.

The review process of each complaint is extensive. Each investigation completed by an investigator is reviewed by a Chief Investigator and then forwarded to a staff attorney for review. After reading the file and considering all the facts gathered in the investigation, an attorney will determine if the file will be closed without a docket, or warrant the filing of a docket.

12.2 Filing of Dockets. Though the formal legal petition is called a Petition and Notice of Hearing, the legal petition will be referred to as a docket in this manual to distinguish it from the written complaint initially received by this office. An enforcement attorney is assigned to every docket. Once a docket is filed, a Petition is sent to the entity named as respondent in the docket. The Petition states what violations the respondent has allegedly committed and asks for a fine or action against the licensee's license. Respondents may attempt to settle with the enforcement attorney assigned to the case or if the case can not be settled, the case will be set for a hearing in front of an Administrative Law Judge in Austin.

12.3 The Docket Process. The docket process for violations is as follows:

1. Complaint is received by Enforcement, investigated and filed as a docketed petition;

2. Enforcement attorney enters into negotiations with Respondent (the licensee) or the Respondent's attorney;

3. If there is no agreement or dismissal, the matter is set for hearing before the administrative law judge (ALJ);

4. A hearing will be held and the ALJ will write a Proposal for Decision (PFD) to the final order authority (either the TxDMV board or the TxDMV director);

5. The final order authority may hear oral arguments, and can either modify, accept or reject the PFD and issue the final order;

6. A party may wish to file a Motion for Rehearing (MFR) for the final order authority to consider. The motion is due within 20 days from date of receipt of order. The final order authority rules on the MFR within 45 days from date the motion was filed.

7. If the MFR is denied, respondents may file an appeal with the Travis County District Court, which must be filed within 30 days from denial of MFR. No appeal to the District Court may be made without filing a timely MFR.

12.4 What to do when you get a Petition. If a licensee receives a letter or other correspondence from this agency, DO NOT IGNORE THE CORRESPONDENCE! That is the worst thing the licensee can do. The vast majority of dockets are not filed without an investigator first calling the licensee or at least attempting to contact the licensee in some manner. This initial contact should give the licensee the opportunity to address the petition without further action. Requests for records, formal dockets and other important papers are sent to the licensee's addresses by certified mail. Certified mail returned marked "refused" is considered proper notice to a Respondent. The first thing a licensee should do is call the attorney named in the letter to determine whether the case can be settled amicably. Most of the cases are settled, so it would be of great benefit for the licensee to communicate with the agency.

The following are some of the typical questions respondents have regarding the hearing process. This FAQ sheet is also printed in the brochure "Rights of Respondents in Complaints filed by the TxDMV Enforcement Division" distributed by Enforcement to all respondents when a petition is filed against them:

I just received a Petition and Notice of Hearing, what is this?

More than likely someone filed a complaint alleging you did something wrong. An investigation was completed and it was determined that a formal Petition should be filed against you. This is a formal administrative petition that we call a "docket." The Petition is a legal instrument, which states what violations you allegedly committed and asks for a civil penalty (fine) or action against your license. The docket number is at the top of the page and you should refer to this number whenever you contact the agency's office.

What do I do now?

The allegations against you have to be proven (you are "innocent" until proven "guilty"). You are not required under the law to do anything but if you do not respond, a hearing will be set and you will be sent another copy of the petition with a notice of the hearing setting out the date, time and place of the hearing. However, it is recommended that if you desire to settle this case without coming to Austin to attend a hearing, that you call the attorney who signed the cover letter to the Petition and Notice of Hearing to discuss the case. At this time, the attorney can explain to you in more detail what the alleged violations are and how you can settle the case. The best practice is to always call the attorney first before showing up in Austin at a hearing.

Do I have to stop running my business?

You may continue to operate your dealership as usual and you can renew your license until the TxDMV Board/Director enters a final order. Of course, it is highly recommended that you stop any activity that is described as illegal in the petition.

Will I pay a fine?

If you have a reasonable excuse or explanation for the alleged violation, the attorney may offer to dismiss the case with no fine. However, if the assigned staff attorney cannot agree to dismiss the case, you should feel free to negotiate with the attorney for a lower fine if you have good cause.

How much are the fines?

The Enforcement Division has guidelines on fines which take into consideration the seriousness of the violation, the history of the licensee, the harm to the consumer, if any, and what the licensee has done, if possible, to correct the violation.

What if I don't want to settle and pay the fine?

You are not required to settle with the enforcement attorney. You have a right to appear at a hearing and present your case to the administrative law judge who has been assigned to your case. That judge will consider whether you committed the alleged violation and what, if any, civil monetary and/or sanction should be recommended to the final order authority.

Are all the hearings in Austin?

All hearings are scheduled to be held in Austin at the State Office of Administrative Hearings. The address and telephone number are contained in the cover letter of the petition you received along with the date and time of your hearing. Occasionally large cases that involve many witnesses will be moved out of Austin.

Should I hire a lawyer?

While the administrative process is an informal one, the hearings are conducted under the Rules of Evidence and Rules of Procedure. Most of the respondents do not appear with an attorney but some do and the choice is up to you. However, if the violations are serious and the enforcement attorney has told you he is looking for a large

civil penalty or possible revocation of your license, you are certainly encouraged to hire an attorney.

Can I find out more about the petition without settling before the hearing?

Yes, many times the enforcement attorney will voluntarily send you papers from the file for you to look at if you so desire. While the majority of cases are simple and do not require it, you may request a pre-hearing conference. At that conference a judge will set the dates for the procedure called "discovery" where you may take depositions of the state's witnesses or formally request copies of the state's documents. The enforcement attorney has the same right. Some things you request may be exempt, but the judge will decide what can and cannot be discovered. At the pre-hearing conference a special date for your hearing is also set.

Can I change the hearing date?

If you call the enforcement attorney, they will more than likely agree to a first time continuance. If you cannot reach an agreement, or it is the second time you want to continue the case, you should call the docket clerk and let her explain to you how to file a Motion for Continuance. You should not wait until the last moment to request a continuance, if possible.

What exactly happens at a hearing?

As stated before, the hearings are informal though they do follow rules of evidence and procedure. If you do not have an attorney, the judge will allow you to ask questions as the hearing goes along. The enforcement attorney will present evidence first by calling witnesses and presenting documents to the judge. You will have a chance to object to the documents and question each witness. Then you will present your case. You should be sure and bring your witnesses and any documents you may have that will help explain or prove your case. Under the rules of evidence, you cannot give hearsay testimony. Roughly, that means telling what a person said when that person is not present to be questioned by the other side. This is why you need to bring the person to the hearing if that person's testimony is important to your case. In addition, you should bring original documents, if you have them, and at least two copies of the documents, so you may give one to the judge and to the other party. No decision is made on that day.

So when do I get a decision?

After the hearing, the judge may or may not ask you and the enforcement attorney to prepare written closing arguments. The judge will review all the evidence and argument and write what is called a proposal for decision (PFD). This PFD is the judge's recommendations to the agency as to whether or not the violation was committed; what fine, if any, should be paid by the respondent; and how the judge came to that conclusion. The PFD is not the final word on the case. If you or the enforcement attorney disagrees with the result recommended in the PFD, you may file exceptions to the PFD setting out why you believe the judge reached the wrong conclusion. The other party has an opportunity to reply to your exceptions. The PFD along with the exceptions and replies are presented to the Director of the Motor Vehicle Division or the Department of Motor Vehicles Board, depending on who is the final decision maker. You may have an

opportunity to make an oral presentation before the final order authority about your case. The PFD, exceptions and replies will be reviewed. The PFD may be approved as it stands, or certain parts of the proposed order may be changed or the decision maker may send the entire case back for a new hearing. If the PFD is agreed to, the final order authority usually signs a Final Order accepting the PFD and the order becomes final in 20 days.

Can I appeal the final order?

Yes, in the 20-day period after the final order is signed, you must file a Motion for Rehearing explaining why you should have another hearing. The Motion for Rehearing will be given to the final order authority to decide whether to grant you another hearing. If the decision maker disagrees with you and denies your motion, then you must comply with the order. That final order can be appealed to the District Court in Travis County, but it is highly recommended that you hire an attorney, if you haven't done so already, to take the appeal any further. You must file a MFR in order to appeal to the District Court. If you miss the 20-day deadline to file the MFR, you cannot appeal.

When do I pay the civil penalty?

If you have reached an agreement with the enforcement attorney before a hearing, the attorney will send you an Agreed Order. You should sign that order and send it back with your check as instructed in the cover letter. If you have gone through the hearing process, and a violation is found, you must pay the civil penalty when the final order is signed and becomes final. If you do not pay your civil penalty further enforcement action may be taken and you will not be allowed to renew your license.

What would happen if I just don't show up or answer my mail?

If you fail to call the attorney or docket clerk to request a continuance and do not show up on the hearing date, the hearing will be held without you. The enforcement attorney will present evidence and ask for a fine or possibly a revocation of license. If you do not show up at the hearing and you did not file a reply to the petition specifically admitting, denying, or otherwise explaining the allegations in the petition, all the allegations contained in the Petition and Notice of Hearing are found to be true. The judge will then submit a proposed Order of Default to the final order authority for consideration. If approved, you are held responsible to comply with what is in the Default Order, (for example, paying a fine) a copy of which will be mailed to your mailing and physical addresses. If you do not abide by the Default Order, you may lose not only your current license, but also possibly the right to renew the license or apply for a new one.

Can I just call and talk to the Judge?

You can not call the judge just to tell your side of the story. This is why hearings are held. Neither the respondent (you) nor the complainant (enforcement) may talk to the judge without the presence of the other person either in person or on a conference call. This is to prevent one side from telling its side of the story without the other person having an opportunity to respond. If you feel the enforcement attorney is being unfair or is treating you badly, you are encouraged to call either the attorney's supervisor or the docket clerk and ask for advice.

CHAPTER 13.
USEFUL WEB SITES

TEXAS DEPARTMENT OF MOTOR VEHICLES: www.txdmv.gov.

The DMV website is very helpful and easy to navigate. Take some time and peruse all the different links and content of the website.

Click Here for Dealer functions.

To communicate directly with the Enforcement Division of TxDMV, e-mail: Enforcement@txdmv.gov.

OTHER USEFUL WEBSITES:

Office of the Consumer Credit Commissioner: www.occc.state.tx.us

Texas State Comptroller: www.window.state.tx.us
Texas Motor Vehicle Tax Forms: www.window.state.tx.us/taxinfo/taxforms/14-forms.html
Certified Appraisal Form: www.window.state.tx.us/taxinfo/taxforms/14-128.pdf

Texas Secretary of State: www.sos.state.tx.us

Department of Public Safety: www.txdps.state.tx.us

Texas Auto Theft Prevention Authority: http://txdmv.gov/motorists/consumer-protection/auto-theft-prevention

Texas Attorney General: www.oag.state.tx.us.

Texas Department of Licensing and Regulation: www.license.state.tx.us.

Texas Department of Transportation: www.txdot.gov

Texas County Tax Office Listings: http://www.dmv.state.tx.us/wheretogo/tax_offices.htm

Texas Legislature online: www.capitol.state.tx.us

Texas Occupations Code, Title 14, Chapter 2301.
http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2301.htm

Texas Transportation Code, Title 7, Chapter 503.
http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.503.htm

OSHA: www.osha.gov.

Federal Trade Commission: http://business.ftc.gov/selected-industries/automobiles
FTC Advertising Guidance: http://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection/our-divisions/division-advertising-practices
FTC Dealer's Guide to the Used Car Rule:
http://business.ftc.gov/documents/bus13-dealers-guide-used-car-rule

Office of Foreign Assets Control (OFAC – Patriot Act):
http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx

Terrorist Exclusion List (SDN-Specially Designated Nationals):
http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx

Regulation M – Consumer Leasing:
http://www.federalreserve.gov/bankinforeg/regmcg.htm

Association Websites:

National Auto Dealers Association: http://www.nada.org

Franchise: Texas Auto Dealers Association: http://www.tada.org
Houston: http://houstoncardealers.com
Austin: http://austinautodealers.org

National Independent Automobile Dealers Association: http://www.niada.com

Texas Independent Automobile Dealers Association: http://www.txiada.com
Houston Independent Automobile Dealers Association: http://hiada.net

National Vehicle Leasing Association: http://www.nvla.org

Recreational Vehicle Industry Association: http://www.rvia.org

Texas Recreational Vehicle Association: http://trva.org

Texas Motor Cycle Dealers Association: http://txmda.org

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