

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.