



**Newsletter of the
Colorado Motor Vehicle
Dealer Board
and
Auto Industry
Division**

New Legislation for the Motor Vehicle Industry

The Colorado General Assembly passed Senate Bill 07-221, effective July 1, 2007. The new legislation changes the following laws concerning motor vehicle dealers, wholesalers and salespersons. Below is a brief synopsis of some of the changes.

12-6-102. Definitions.

■ (2.4) "Business incidental thereto" means a business owned by the motor vehicle dealer or used motor vehicle dealer related to the sale of motor vehicles, including, without limitation, motor vehicle part sales, motor vehicle repair, motor vehicle recycling, motor vehicle security interest assignment, and motor vehicle towing.

Motor Vehicle Dealer Board Actions

12-6-104. Board-oath-meetings-powers and duties

■ (4) The Board shall promulgate rules by January 1, 2008, establishing enforcement and compliance standards to ensure that administrative penalties are equitably assessed and commensurate with the seriousness of the violation.

■ (k)(IV) To require a licensee to include with a consumer sales contract a written notice that provides to the consumer the contact information of the board and information about the board's authority over consumer motor vehicle sales.

12-6-108. Classes of licenses.

■ (1)(4) The licensing requirements of this part 1 shall not apply to an insurance company selling or offering to sell a motor vehicle through a motor vehicle dealer of used motor vehicle dealer if the vehicle is obtained by the company as a result of an insurance claim.

■ (3) the licensing requirements of this part 1 shall not apply to banks, savings banks, savings and loan associations, building and loan associations, industrial entities in offering to sell, or in the sale of, a motor vehicle that was subject to a lease or that has been repossessed or foreclosed upon if the repossession or foreclosure is in connection with a loan made or originated in Colorado.

12-6-111. Bond of licensee.

■ (2)(a) The amount of the bond shall be fifty thousand dollars for a motor vehicle dealer applicant, used motor dealer applicant, wholesale motor vehicle auction dealer applicant or wholesaler applicant except the amount of the bond shall be five thousand dollars for those dealers who sell only small utility trailers that weigh less than two thousand pounds.

12-6-112. Motor vehicle salesperson's bond.

■ (1) The amount of the bond for a salesperson is fifteen thousand dollars.

12-6-113. Testing licensees.

■ The Board shall implement by January 1, 2008, a psychometrically valid and reliable salesperson exam that measures the minimum level of competence necessary to practice.

ROUTING BOX

Owner
Finance Manager
General Manager
Sales Manager



12-6-119. Procedure for denial, suspension, or revocation of license-judicial review.

■ (2)(a)(1) The board shall appoint an administrative law judge to conduct any hearing concerning the licensing or discipline of a motor vehicle dealer, used motor vehicle dealer, wholesaler, buyer's agent, or wholesale motor vehicle auction dealer; except that the board may, upon a unanimous vote of the members present when the vote is taken, conduct the hearing in lieu of appointing an administrative law judge.

(II) Beginning July 1, 2008, the board shall issue an annual report to the Executive Director detailing the number of hearings held pursuant to this paragraph (a) and the number of such hearings conducted by the board. If the board conducts greater than forty percent of the hearings, the Executive Director shall analyze the hearing procedures and acts and issue a report to the General Assembly which shall include any recommendations of the Executive Director.

(b) The Board shall assign a hearing concerning the licensing or discipline of a motor vehicle salesperson to the Executive Director who shall appoint an officer to conduct a hearing.

(3) Hearings conducted before an administrative law judge shall be in accordance with the rules of procedure of the office of administrative courts. Hearings conducted before an office appointed by the Executive Director shall be in accordance with the rules of procedure established by the Executive Director.

(4) The Board may summarily suspend a licensee required to post a bond under this article if such licensee does not have a bond in full force and effect as required by this article. The suspension shall become effective upon the earlier of the licensee receiving notice of the suspension or within three days after the notice of suspension is mailed to a licensee's last-known address on file with the Board. The notice may be effected by certified mail or personal delivery.

Secure and Verifiable Information-Government Entities,

Titles & Registration

Effective May, 2007, secure and verifiable identification was no longer required when titling or registering a vehicle that is owned or leased by a government entity.

The term government entity includes: a state, county, city, town, service authority, school district, local improvement district, law enforcement authority, city or county housing authority, or water, sanitation, fire protection, metropolitan, irrigation, drainage, or other special district or any other kind of municipal, quasi-municipal, or public corporation organized pursuant to law.

If you have any questions regarding this bulletin, please contact the Titles Section at 303-205-5608

Colorado Springs Office

As a convenience to dealers in Southern Colorado, Cheryl Morrison from the Colorado Springs office has the capability to print duplicate salesperson licenses, accept and print salesperson license transfers, and accept new salesperson applications with issuing a Temporary Salesperson License.

Please contact Cheryl Morrison at 719-594-8704 to make an appointment.

Reminder to Dealers

All AID forms are available on our website and can be downloaded; however, when submitting these forms make sure that you fill them out thoroughly and accurately and provide the **correct number of copies**.

Besides obtaining all AID forms, our website contains other written material regarding the Auto Industry Division. Please check out our Internet home page website at www.revenue.state.co.us/dlr/home.asp. You may also email our Public Information Officer at dealers@spike.dor.state.co.us with any questions or concerns.

COMPLIANCE CORNER, *Jerry Smith, Compliance Supervisor*

During the first 5 months of 2007 the Compliance Section worked 877 cases compared to 628 for the same period last year. Most of our cases are generated by consumer complaints or location issues but we also investigate advertising complaints and problems with temporary permits. Regarding permits, one of the most common violations is failing to properly complete the permit stub. As you know you are required to send the white copy of the stub to the Department of Revenue, Traffic Records. Remember that the year, make, and VIN must appear on the stub along with the date the car was sold, date permit expires, the permit number and all of it must be legible. If you have over 3 permit violations within a year you will receive a warning letter advising that future violations could result in board action. With advertising, one of our most common violations deals with federal regulation M in which a "statement of whether or not a security deposit is required" be included on all lease ads. In other words, even if a security deposit is not required in the lease, a statement to that effect must be included in the ad.

Sunset Bill – Major Provisions

Senate Bill 07-221, (Sunset bill) has been signed into law. It contains a provision clarifying CRS 12-6-102 regarding exclusive use. The new language allows the businesses of auto parts, auto repairs, auto recyclers, tow companies or the motor vehicle security interest assignment (lien) business to be able to obtain a dealer's license and satisfy the principal place of business requirements. It also adds a new provision, 12-6-104(3)(k)(IV), requiring dealers to provide a written notice in the sales contract of "contact information of the Board and information about the Board's authority over consumer motor vehicle sales."

Powersports Industry

Also signed into law is House Bill 07-1081. Effective 7/1/07 the Auto Industry Division will begin licensing the dealers, sales staff and manufacturers of powersports vehicles. The powersports industry represents sellers of snowmobiles, personal watercraft and OHV (off highway vehicles). More to come.

Depot Tags

House Bill 07-1046 cleans up some old language in CRS 42-3-116(4)(a). The law now reads that only licensed dealers qualify for depot tags. Repair shops, body shops or other car related businesses that are not licensed as dealers no longer qualify for depot plates.

Please always feel free to contact me regarding these or any compliance issue at 303-205-5742.

Licensing Leads, *by Kaye Kopecky, Licensing Manager*

Per SB07-221, effective July 1, 2007, the bonds for new applicants and renewing dealers and salespeople will increase. Bonds for dealers are **\$50,000** and **\$15,000** for salespeople.

If your license expires June 30, 2007 then your renewal date is July 1, 2007 and you must have the bond with the new amount. If your license expires in August and the months following you will need to increase your bond at the time of renewal. For example, if you bond expires October 31, 2007 then your renewal date is November 1, 2007 and you will need to increase the bond. If you have a bond/continuation certificate we prefer you contact your bonding company and ask for a rider to your bond increasing the amount. Please make sure the dates on the bond coincide with your license. Any bonds containing the incorrect amount will be rejected.

Proof of Lawful Presence – every renewing dealer/owner and renewing salesperson must submit DR4679 Affidavit-Restrictions on Public Benefits with the renewal application. This form is available on the Auto Industry Division's web site www.revenue.state.co.us/dlr/home/asp. Failing to return the DR4679 with the renewal form will cause the application to be rejected.

If you have any questions/concerns please contact me at 303-205-5784 or email me at akopecky@spike.dor.state.co.us.

State Of Colorado

LICENSE FEE SCHEDULE

Effective July 1, 2007-June 30, 2008

License Type	Fee
Original Dealer, Wholesaler, Buyer Agent, Wholesale Auctions	\$325
Renewal Dealer, Wholesaler, Buyer Agent, Wholesale Auctions	270
Temporary Out-of-State Dealer	145
Original Salesperson	75
Renewal Salesperson	55
Additional/Multiples	55
Reissue Salesperson	55
Original Manufacturer/Distributor	325
Renewal Manufacturer/Distributor	270
Original Manufacturer Representatives	75
Renewal Manufacturer Representatives	55
Late Fee – All License Types	25
Dealers:	
Off-Premise Permits	55
Additional Location	135
Address Change	75
Class Change	75
Ownership Change	75
Name Change	75

NOTE: FEES ARE THE SAME AS LAST YEAR

MANDATORY DISQUALIFYING CONVICTIONS

We have received numerous phone calls from dealers wanting to know what a mandatory disqualifying conviction is. Section 12-6-118(7)(a), C.R.S., **mandates the denial or revocation** of a license when an applicant or licensee has been convicted of or pled no contest to any of the following offenses in Colorado or any other jurisdiction during the past ten years: 1) a felony in violation of Article 3, 4, or 5 of Title 18, C.R.S., or any similar crime in another jurisdiction, and 2) any crime involving odometer fraud, salvage fraud, motor vehicle title fraud, or the defrauding of a retail consumer in a motor vehicle sale or lease transaction.

Article 3 of Title 18 covers crimes against persons such as murder, assault, kidnapping, sexual assault, manslaughter, menacing weapon, custody violation, vehicular homicide, criminal extortion and enticing a child. **Article 4 covers crimes against property** including arson, theft, burglary, robbery, criminal mischief over \$500, criminal trespass in the 1st degree and unlawful transfer for sale (copyright infringement). **Article 5 covers fraud** including forgery, criminal possession of a forged instrument or forging an instrument, criminal impersonation, fraud by check (over \$500) commercial bribery, bribery in sports and equity skimming.

Dealers, if your salesperson applicants have been convicted of or pled no contest to these offenses, their license application **will be denied**. The Board has no flexibility under the law to issue a license in these circumstances. Remember the applicant's background is checked through the Colorado Crime Information Center (CCIC). Save yourself time and energy; be prudent in reviewing the applications that you accept. If you have a question regarding the specifics of a particular applicant's criminal history that you would like answered before accepting an application from them, we would be happy to help you sort out the details.



DEALER BOARD MEMBERS

President, Jeff Carlson

First Vice President, Steve Perkins

Second Vice President, Jim Varner

Bob Feder, Lisa Schomp, Eva Wilson

John Medved, Phil Harris, Jim Reitz

Executive Secretary, Robert C. Sexton

AUTO INDUSTRY DIVISION

Division Director, Robert C. Sexton

Assistant to the Director, Kaye Kopecky

Agent-in-Charge, Eugene Tardy

Compliance Supervisor, Jerry Smith

Correspondence is welcome. Address to:

Auto Industry Division

1881 Pierce Street, Room 142, Lakewood, CO 80214

Phone: (303) 205-5604 FAX: (303) 205-5977

E-mail: dealers@spike.dor.state.co.us

Internet: www.revenue.state.co.us/dlr/home.asp

C A L E N D A R

Dealer Board Business Meeting: Second Thursday of each month at 9:00 am, 1881 Pierce St, Lakewood.

Dealer Board Hearings: Fourth Thursday of each month, if necessary, at 9:00 am, 1881 Pierce St, Lakewood.

License Law Seminar - Colorado Springs: First Tuesday of each month at 10:00 am, 4420 Austin Bluffs Pkwy, Colorado Springs.

License Law Seminar - Ft Collins: BY APPOINTMENT ONLY, Second Wednesday of each month at 10:00 am, 1121 W Prospect Road, Ft. Collins

License Law Seminar - Lakewood: Third Tuesday of each month at 9:00 am, 1881 Pierce St, in the Department of Revenue Building, Conf. Rm. C, Lakewood.

Note: Times and locations are subject to change.
Call the Auto Industry Division at (303) 205-5784.

Please note: While every effort is made to make the information in *Wheels* as accurate and helpful as possible, it is not offered as a substitute for legal advice.