



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

Director's Desk *by Linda R Petkash, Executive Secretary*

After more than 29 years in State service, I will be retiring effective May 1, 2005. While my time at the Auto Industry Division has been only a few of those years, I leave with mixed emotions. I feel truly blessed to be able to retire when I'm young and energetic. Fifty isn't old no matter how you look at it! My desire to spend more time being a wife, mother, and grandmother, while having the time to fish, learn to golf, and do volunteer work in the community is very exciting to me at this stage in my life.

However, I leave behind a group of people whom I have also been blessed to have worked with. The people in this agency are the cream of the crop – truly dedicated and hardworking individuals – each and every one. They accomplish a massive job with limited resources. The industry has embraced the training program the staff provides on topics such as advertising, proper paperwork, and title requirements. I believe this agency's vision of voluntary compliance with laws and regulations through this training initiative will continue to be an emphasis

into the future. If you haven't attended one of these training sessions, I would encourage you to do so. These folks may be "from the government", but they really are here to help!

I am also very proud to have worked with the individuals on the Motor Vehicle Dealer Board as well. They, as individuals, as well as a regulatory Board, are dedicated to the job at hand. I respect the job they do, as it's not always easy. However, they are a Board that seriously weigh their decisions and believe in fair regulation of the industry while protecting the welfare of the consumers of this State.

I wish you all the very best.



ROUTING BOX

Owner
Finance Manager
General Manager
Sales Manager



Compliance Corner *by Supervisor Mary Marvin*

During recent routine audits of dealership records, it was discovered that numerous dealers are unfamiliar with all the documents required in a motor vehicle sale. The Auto Industry Division will be offering regional training sessions to dealers and their employees relating to those documents required in a motor vehicle sale.

The Division plans to provide the training sessions in the Denver metro Area, Fort Collins, Grand Junction and in the Colorado Springs/Pueblo areas. The first session is planned for May 25, 2005 at the Lakewood office, 1881 Pierce. **Space is limited.**

If you would like to attend this training, please contact Bud Heinrich at email address: dheinrich@spike.dor.state.co.us or at 303-205-5729 or Mary Marvin at email address: mmarvin@spike.dor.state.co.us or at 303-205-5741 by May 1, 2005.

NEW WEBPAGE ADDRESS

The Auto Industry Division's webpage address has changed. The new address is www.revenue.state.co.us/dlr/home.asp

Investigation Insight by Supervisor Investigator Mary Marvin

Odometer Disclosures. Federal Odometer Law 49 U.S.C. Chapter 327 and Federal Odometer Disclosure Requirements, Part 580 requires that all motor vehicle titles, powers of attorney used in the transfer of motor vehicles and all other documents which are used to reassign the title shall be issued by the State and shall be set forth by a secure process.

Federal Law also states in the case of a **transferor in whose name the vehicle is titled, the transferor shall disclose the mileage on the title, and not on a reassignment document.** This written disclosure must be signed by the transferor, including the printed name. In connection with the transfer of ownership of a motor vehicle in which more than one person is a transferor, only one transferor need sign the written odometer disclosure.

If the transferor's title is physically held by a lienholder, or if the transferor has lost his/her title and the transferee (buyer) obtains a duplicate title on behalf of the transferor, the transferor may give a power of attorney to his/her transferee for the purpose of mileage disclosure.

Please use the following examples as a guideline: If a customer (transferor) trades a vehicle into your dealership and the title has been lost or is held by a lienholder, your customer (transferor) may complete a secured Power of Attorney, DR 2174, including the odometer disclosure. This allows you (the transferee) to obtain a duplicate title or obtain title from the lienholder. The transferee, after receipt of title, then makes

the odometer disclosure on the title. **This has not changed.**

If a customer (transferee) trades a vehicle into your dealership, and the title is **not** lost or is **not** held by the lienholder, (the title is free and clear of all encumbrances) the customer (transferee) must provide you with the title and the customer (transferee) must complete the odometer disclosure, sign his/her name onto the title and print his/her name onto the title. **This has not changed. No other documents are needed or accepted.**

When selling a vehicle and the title is not available for the purchasing customer (transferor) to sign the title, to print his/her name onto the title and to accept odometer disclosure, the DR 2407, Dealer's Bill of Sale, will be accepted **for odometer disclosure only. All assignments must still be made on the title. This has not changed.** The customer (transferor) must sign the odometer disclosure and must print his/her name.

The only change is: The DR 2403, Odometer Disclosure Statement **will no longer be accepted.** This document is not printed through a secure process. In place of the DR 2403 all dealers shall use the DR 2407 for **odometer disclosure only** when the title is not available, this document is a secured document as required by Federal Law.

This simple change is being made only to comply with the Federal Odometer Law and Requirements.



Incomplete Salesperson Application

Question 6 on the Salesperson Application asks "have you ever been arrested, charged with, convicted of or pled no contest to any felony or misdemeanor crime in the past 10 years, excluding traffic. The key word is **ARRESTED. Even if the charges were dismissed or deferred, you would still need to disclose AND provide court documents listing the original charges and final disposition.** Failure to disclose your criminal history is considered a material misstatement in an application for a license (12-6-118 C.R.S.) and could be grounds for denial. If you fail to provide the necessary court documents with your application, your application will be considered an incomplete application and rejected and sent back

to the dealer for completion. The sales applicant is not permitted to sell motor vehicles or engage in any sales activities until such time as the complete application is returned to this office. Once this office has received a complete application, a license will be issued and mailed to the dealer.

In addition, if a salesperson has let his/her license expire and needs to start over as an original applicant, they will need to disclose their criminal history and provide all court documents again, **NO EXCEPTIONS.**



DEALER BOARD ACTIONS

Mark Strodtman, dba Carriage House Auto, Inc.-Greeley - #7502—Nondelivery of title; temporary permits; failure to give a copy of completed contract. **\$4,000 FINE, 5 DAYS SUSPENSION, ONE-YEAR PROBATION (5 DAYS SUSPENSION HELD IN ABEYANCE FOR ONE-YEAR PROBATION).**

Century I Chevrolet, Inc. – Broomfield - #836—defrauding any buyer/seller; misrepresentation; failing to disclose material damage. **\$15,000 FINE, FULL RESTITUTION, 6 MONTHS PROBATION. (\$14,500 HELD IN ABEYANCE FOR 6 MONTHS PROBATION).**



MASTERY EXAMINATION

The Auto Industry Division is in the process of revising the Mastery Examination and Answer Key. It will not be effective until July 1, 2005. The exam and answer key will be mailed to all dealers at their

primary locations. the Division will not be doing a mailing to additional locations. More information will be given in the June 2005 Wheels.

Licensing Leads *by Debby Shriver, Licensing Manager*

Changing Class of License - New Form

The Auto Industry has developed a new Class Change Application with instructions.

Financial statements are required for any licensee wanting to change their class of license (retail to wholesale, wholesale to retail, used to new, etc.). A current financial statement (DR-2214) must be submitted for each owner. Verification of assets listed on the financial statement(s) must also be submitted. If the license is set up as a corporation or an LLC, a financial statement for the business must also be submitted, along with the verification of assets. Licensees should allow at least ten business days to process, and cannot operate under the new class of license until the license is in hand.

Any licensee not meeting the criteria below will be referred to the Board for review and action:

1. At minimum, one owner must have a net worth of at least fifty thousand dollars (\$50,000).
2. Each owner must have a Trans Union empirica risk score of 600 or higher, no unpaid judgments, liens, or collection accounts, and no foreclosures, bankruptcies or repossessions within five years preceding the date of application.
3. No negative complaint history or unresolved complaints or investigations.
4. No delinquencies of the State sales account or owner's personal taxes.

If you have any concerns with your credit score(s), you may want to run your own report prior to submitting the application to change class.

The Change of Class form, Instructions and the Financial Statement (DR-2114) are available on the website, www.revenue.state.co.us/dlr/home.asp

RTD Tax Increase, *by Taxpayer Service Division*

Effective Jan. 1, 2005 the Regional Transportation District (RTD) tax in the Denver metro area has increased and is now 1 percent. How will this increase affect leases?

The increase will not have any effect on leases entered into prior to Jan. 1, 2005. The tax rate on a lease is the one that was effective at the start of the lease and applies to the entire life of the agreement regardless of changes in the tax rate during the life of the lease. However, leases that are month-to-month, or

that are entered into after Jan. 1, 2005, should reflect the RTD rate of 1 percent.

Sales tax is a transaction tax and the tax accrues at the point at which the sale is consummated. Thus, there is a difference between the treatment of a lease [the sales tax rate at the time of sale (inception of lease) adheres to the transaction and remains constant].

For all tax rates effective Jan. 1, see our Local Sales Tax Rates at www.taxview.state.co.us

ATTENTION

The Auto Industry Division has a new website address. The address is www.revenue.state.co.us/dlr/home.asp. If you would like to visit the main Department of Revenue website from the Auto Industry website just click on the Colorado Department of Revenue Seal.

DEALER BOARD MEMBERS

President, Gretchen Olson
First Vice President, Jeff Carlson
Second Vice President, Jon Kroneberger
 Bob Feder, Steve Perkins,
 Mark Striegnitz, Jim Varner, Dale Spradley
Executive Secretary, Linda Petkash

AUTO INDUSTRY DIVISION

Division Director, Linda Petkash
Licensing Manager, Debby Shriver
Investigator Supervisor, Mary Marvin
Public Information Officer, Kaye Kopecky

Correspondence is welcome. Address to:
 Auto Industry Division
 1881 Pierce Street, 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.

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