
California Dealer Academy Lesson Plan

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When perusing understanding of laws in California, please ensure that you refer to the Vehicle Code and seek the advice of legal council to ensure the choices you are making are the correct ones.

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Chapter 1

Registering for an Occupational Licensing Account



Here is a link to all the Occupational Licensing Offices in California:

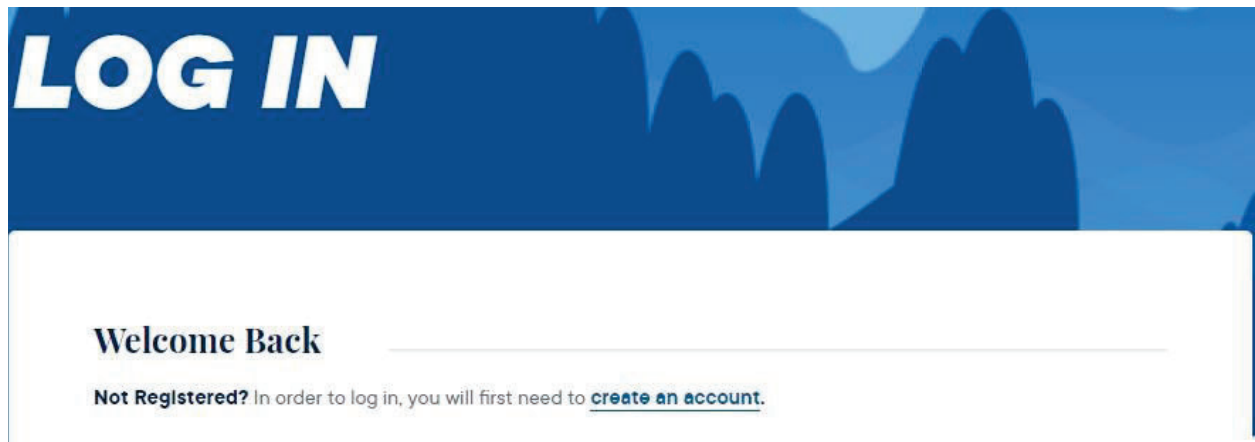
<https://www.dmv.ca.gov/portal/vehicle-industry-services/occupational-licensing/occupational-licensing-ol-inspector-offices/>

Keep in mind that all Occupational Licensing Offices operate by appointment only. Most offices are closed on Wednesday and operate within specified hours depending on if they are full-time or limited-service locations.

Due to the recent software updates in October 2022, all text requests are now done online through the online DMV portal.

Each student, once done with the course, will have to register online to start the application process and initiate the appointment for DMV.

You start by going to <https://www.dmv.ca.gov/portal/mydmv>.



Click on the link to create an account.

A screenshot of the DMV California 'ACCOUNT REGISTRATION' page, specifically 'Step 1 of 5'. The header shows 'ACCOUNT REGISTRATION' in large, bold, white letters against a blue background with a mountain silhouette. Below the header, the text 'Step 1 of 5' is displayed. Underneath, a message states: 'Please enter your personal email. You will be emailed a link to confirm your email.' There are two input fields: 'Email' and 'Re-Enter Email'. Below the input fields, a question asks: 'Which email address should I use?'. At the bottom, there are two buttons: 'Continue' and 'Cancel'.

Once prompted, you'll enter the email that you want to use for your account.

The screenshot shows the DMV website's account registration process. At the top, there's a navigation bar with the CA.gov and DMV logos, and links for 'Login' and 'Translate'. Below this is a 'Home' link. The main heading is 'ACCOUNT REGISTRATION'. The current step is 'Step 2 of 5'. A message states: 'Email confirmation is required. We have emailed a confirmation link to [redacted email address]. The confirmation link expires in 10 minutes. Please check your social media or junk email folders if you do not see the email in the next few minutes.' Below this, it says: 'Still don't see a confirmation email? [Resend the email confirmation link](#) or [restart the registration process](#).'

This will prompt a confirmation link that will be emailed to you. It is important that you do that within a 10-minute time period.

The confirmation email will look like this:

Please click on the button below to confirm your email to continue with account registration. This link will expire in 10 minutes.

[Confirm your email](#)

Can't click the button in this email?

Copy this URL and enter it in your browser to complete the confirmation:

https://www.dmv.ca.gov/mga/sps/authsvc?PolicyId=urn:ibm:security:authentication:asf:dmv:UsrAccountCreate2&nonce=2f93c18c-7a72-6749-bf80-44d1865de56f&sig=CLCnykpx1JnKiQDpZ3RP1QGDofYeN764TRVYm042KYLH5VRaFQxmCOXqSGCv65uBmxbx1X_jAvbv675vxf7SWv9mL08broao6cup60bwO2ZVZkgPuh8J516dXeG068Ogl1SPJyWvFPe89w0_Of1Mm8ETfYd2Sy1VvKG8JaeQ436uSikWC22-2GJ-ouAzb0lsoDAa3_cmJ18pgxFIQWTAxQdWTgsXQbie5PI11lyZ_EoU2nXVO_9ZPx17rMZEHSUIDW9pvCehFRUEmevuDo_1LhR7VshivL_L_CXZpBCVtZL0Evm7zrvfjHcQUJwd5Vx7plj4bLNVNruRozeZQ==&aacTarget=%2Foccupationallicensing

If you have any questions, please call 1-877-563-5213.

This email was sent from an unattended mailbox. Please do not respond using the "Reply" button.

ACCOUNT REGISTRATION

Step 3 of 5

Register for a MyDMV account by completing the fields:

First Name

Last Name

Phone Number:

☐ Receive Code via Text (SMS)

☐ Receive Code via Phone Call

[Which name should I use?](#)

[Which phone number should I use?](#)

Disclaimer



I agree to the current version of the DMV website [Conditions of Use](#) and [Privacy Policy](#).

Continue

Reset

Cancel

This will take you to a screen where you are able to put in your information as found on your ID or driver's license. Items like your first name, last name, phone number and allow you the opportunity to review the DMV's Conditions of Use and Privacy Policy.

[Home](#)

ACCOUNT VERIFICATION

Confirm your Phone Number

As part of the account verification process, we need to confirm your phone number. We sent you a 6-digit code in a text (SMS) message to (***-**-610).

You will receive a 6-digit phone verification code. This code expires in 10 minutes.



Check your text (SMS) messages and enter the verification code below:

Confirm Phone Number

Cancel

This will prompt a telephone confirmation that you will need to perform. You will get a one-time verification code that will be texted to you to confirm.

The screenshot shows a web browser window with the URL dmv.ca.gov/mga/sp/authsvc?StateId=rUZep8RRrtJxt5wdITBT7NWBY1mguUCLNKSJ6H087SawABEIOdcIT2bm3MqmcC1yG7mtTheNri6uvCB8JpLaUtgKHU82ALA7rsVXVMtyXXf8gaZHuGttgus5. The page title is "ACCOUNT REGISTRATION". The main heading is "Step 5 of 5". Below this, a message states: "Complete account registration by creating a password. Please double-check your information before proceeding." The form fields are: Email (redacted), Phone Number (redacted), First Name (redacted), Last Name (redacted), and Password. The Password field has a "Show" link next to it. To the right of the Password field, a note reads: "Must be between 8-20 characters in length and include at least 4 alpha characters, 1 numeric character (0-9) or 1 special character (!, #, \$, %). The password is case sensitive and must not contain spaces or be the same as your email address." At the bottom, there are "Continue" and "Cancel" buttons.

You will then be prompted to create a password that must be between 8-20 characters in length that has at least 4 letters, 1 number and one special character.

Once all of this is completed, you will have successfully created an account login.

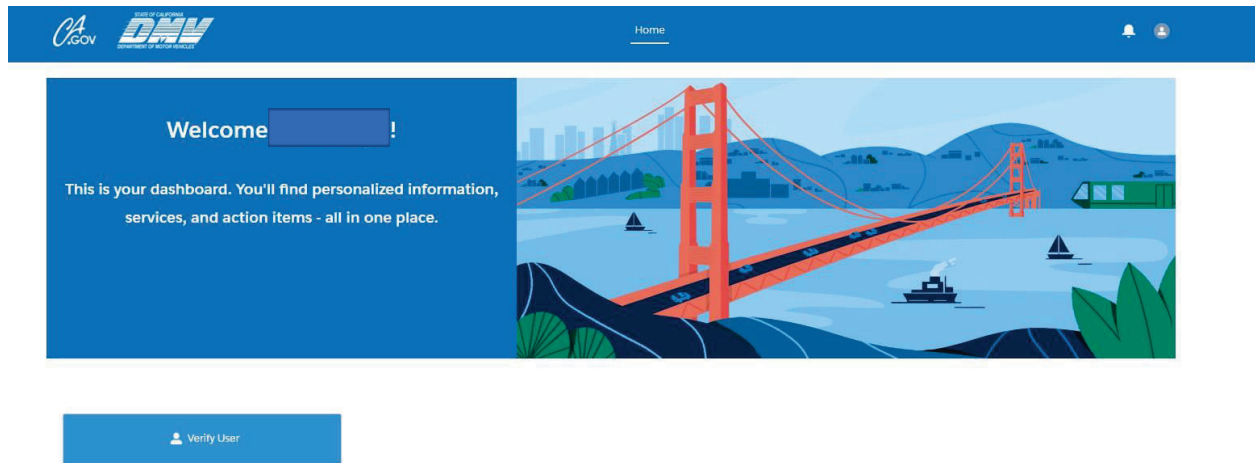
Once this is completed, go to the following link to go directly to the Occupational Licensing Login:

<https://www.dmv.ca.gov/portal/vehicle-industry-services/occupational-licensing/login/>

There is a helpful quick start guide as well just in case you need further instructions.

The screenshot shows the "OCCUPATIONAL LICENSING LOGIN" page. The breadcrumb trail is: Home > Vehicle Industry Services > Occupational Licensing > Occupational Licensing Login. The main heading is "OCCUPATIONAL LICENSING LOGIN". Below this, a message states: "Online services for managing your Occupational License are here! Learn more about the [new Occupational Licensing online service](#)". A section titled "Apply, renew, or modify an Occupational License. Use the [Quick Start Guide \(PDF\)](#) to help you." has a "Start" button. To the right, a section titled "Before You Begin:" contains a numbered list of four steps: 1. You will be prompted to validate your identity then create or log in to your MyDMV account. For the best experience, please temporarily disable your pop-up blocker. 2. From there, you will be taken to DMV's new digital experience platform. 3. Go to My Licenses and select the type of license you are applying for, renewing, or updating. 4. Complete the online form. Once all items are completed, submit your online form using the Submit button.

<https://www.dmv.ca.gov/portal/file/occupational-licensing-get-started-guide-pdf>



You will then be asked to verify the user on your account and then prompted if you have a California ID/Driver's license.

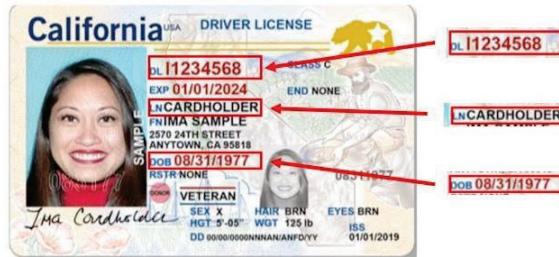
A screenshot of the 'Verify User' form on the DMV website. The form has a white background and a blue border. It contains a question: '*Do you have a California Driver's License or Identification Card?' with two radio button options: 'Yes' and 'No'. A blue 'Submit' button is located at the bottom right of the form. The header is the same as the previous screenshot.

Verify User

* Do you have a California Driver's License or Identification Card?

- ☒ Yes
☐ No

Please enter your details in the fields below. This information must be entered exactly as seen on your Driver's License / Identification Card.



* Legal First Name

Legal Middle Name

☐ I do not have a Middle Name

* Legal Last Name

Suffix

☐ I do not have a Suffix

* Date of Birth

* Driver's License or Identification Card Number

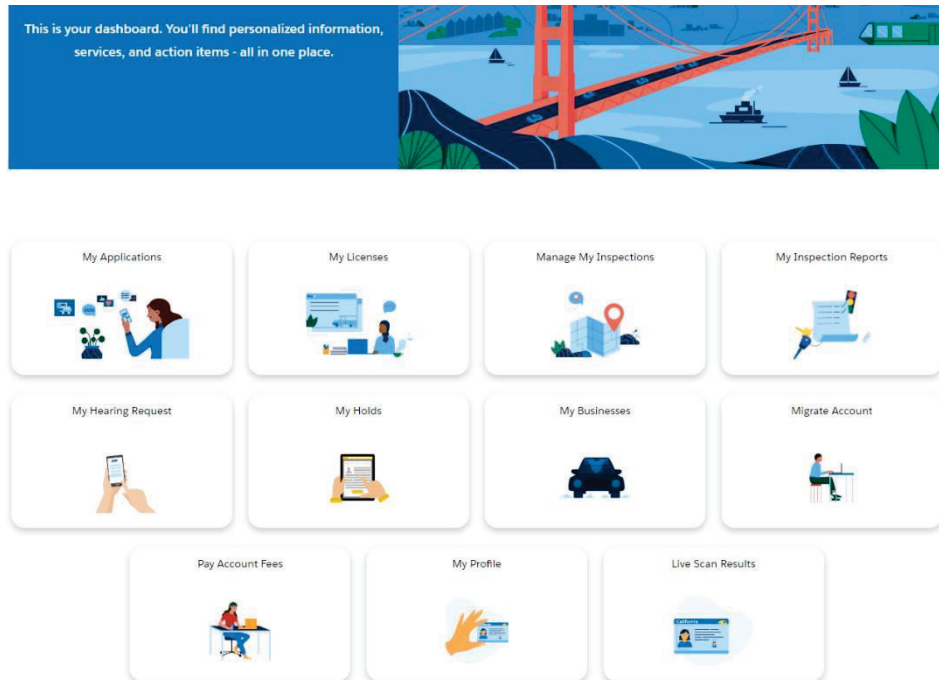
* Social Security Number

Submit

You will then be asked to input everything found on your California ID/Driver's License.

This will get you to the main screen to proceed with all the elements necessary to initiate your test and prompt the initial processing of your application.

Click on My Applications to continue.



My Applications

[Apply for New License](#)

Business License Applications

You have not started a business license application yet. Click "Apply New License" to start an application.

Individual Applications

You have not started an individual application yet. Click "Apply New License" to start an application.

Select apply for new license and then select what kind of business you're going to operate as.

License Selection

*What category of license would you like to apply for ?

☐ Business

☐ Individual

☐ Agreements, Certifications, and Programs

[Cancel](#) [Next](#)

Steps

☒ License Selection

Pro Tip:

Most dealerships prefer to operate as a corporation or LLC due to the protection and tax liabilities that these kinds of entities provide. Please make sure that you contact an attorney or a licensed tax professional to go over the pros and cons of what kind of entity that you should form to conduct business at your California dealership. Here's a few things to keep in mind.

- If you decide that you want to initially operate as a sole proprietor that is doing business by a business name, you are potentially opening yourself up to liability.
 - If you decide you want to go from a sole proprietor to a corporation or LLC, you'll have to go out of business and start this entire process from the beginning. Which includes repeating the class.
- If you are a business entity that has formed outside of the state of California and wish to open a California dealership, you will need to file a foreign corporation declaration with the Secretary of State to operate. This will mean that you will be responsible for Franchise State Tax in both California and the state that the entity was originally formed in.

License Selection

*What category of license would you like to apply for ?

☒ Business

☐ Individual

☐ Agreements, Certifications, and Programs

*Select the license you would like to apply for:

Used Vehicle Dealer

*Does this Include an Autobroker Endorsement?

☐ Yes

☒ No

Select the New Vehicle Type:

☐ Trailer (Letter of Authorization Required)

☐ Snowmobile

Select the Used Vehicle Type:

☒ All-Terrain Vehicle

☒ Automobile/Commercial

☒ Motorcycle (Including Off-Highway)

☐ Motorhome

☒ Recreational Trailer

☒ Snowmobile

☐ Trailer (Letter of Authorization Required)

Select the Remanufactured Vehicle Type:

☐ All-Terrain Vehicle

☐ Automobile/Commercial

☐ Motorcycle (Including Off-Highway)

☐ Motorhome

☐ Recreational Trailer

☐ Snowmobile

☐ Trailer (Letter of Authorization Required)

[Cancel](#) [Next](#)

Steps

☒ License Selection

☐ Select or Create Business

☐ Business Account Details

☐ Business Ownership Details

Determine what kind of license you'd like to apply for

The most common are:

- Retail
 - You can also get an autobroker endorsement for this as well.
- Wholesale

You will then select if you'll be selling any new vehicles. Most common item found will be trailers or snowmobiles that are outside of the traditional auto manufacturers like Ford or Toyota. This happens very rarely. If you don't have a letter from a manufacturer, please leave these check marks blank.

You will then select the type of vehicles that you are looking to sell. Keep in mind, the DMV will require that you have the proper signage and appropriate space to store vehicles.

Example:

If you are operating in a small office with two parking spaces, do not select motorhomes because the DMV will deny and delay the application because a standard parking spot isn't large enough to hold a motorhome.

The picture above is an example of a retail dealer who has selected all the options for a small office with two parking spots.

The screenshot shows a web form titled "Select or Create Business". Below the title, it asks: "Do you want to submit this application under an existing business ownership structure that holds an occupational license, or create a new business?". There are two radio button options: "Create New Business" (which is selected) and "Use Existing Business". At the bottom left is a "Cancel" link. At the bottom right are "Previous" and "Next" buttons. On the right side of the form, there is a "Steps" sidebar with a vertical list: "License Selection" (with a green checkmark), "Select or Create Business" (with a blue circle and a blue line), "Business Account Details", and "Business Ownership Details".

You will then select the option to create a new business.

The screenshot shows a web form titled "Business Account Details". It begins with the instruction: "Please provide the following information." Below this, there are several fields: a dropdown menu for "What is the structure of your business?" (currently showing "Corporation"), a text field for "Secretary of State Entity Number" followed by a blue "Search" button, and three text fields for "Secretary of State Entity Name", "State of Incorporation" (with a dropdown arrow), and "Secretary of State Status". Below these fields is a checkbox labeled "I certify that the above information from the Secretary of State is correct." At the bottom, there is a text field for "What will be the name of your Used Vehicle Dealer location? The name must match exactly as it appears on your business signage." At the bottom left is a "Cancel" link. At the bottom right are "Previous" and "Next" buttons. On the right side, the "Steps" sidebar is updated: "License Selection" and "Select or Create Business" both have green checkmarks, "Business Account Details" has a blue circle and a blue line, and "Business Ownership Details" remains a gray circle.

You will then select what the structure of your business is going to be. If you are a corporation or LLC, you will need to enter your information based on what you've registered with the Secretary of State.

You then need to indicate what name will be on the signs at your dealership. This can be accomplished in one of two ways:

- If you plan on just using your corporation or LLC name, copy the name exactly as it appears on the Secretary of State's website. An important element to remember is that the punctuation and spacing need to be exact as well. If there are any discrepancies, there will be further cause of delay.
- If you are operating with a DBA (Doing Business As) or an FBN (Fictitious Business Name), this will have to be filed with the county in which the dealership is doing business.

Important Elements to Remember About a Fictitious Business Name:

- If you have an entity registered with the Secretary of State, your FBN application must match exactly with the information that you outlined through your Statement of Information. The county will reject your application if the information doesn't match.
- Once filed, the processed FBN application must be run through a county newspaper.

Pro tip:

Shop various newspapers from the county that you filed the FBN in. The price for this service is not regulated so you could end up unnecessarily paying a premium for a service that another provider can do for a much cheaper price.

Once you've indicated all the business information, the system will have you verify all the owner's information. If you have more than one owner, each owner will have to verify their information separately. If you have officers that aren't currently participating in the dealership but remain on the ownership structure, this will have to be outlined as well.

Once you have successfully navigated this, it will prompt you with the application checklist, formally known as the OL 248, which will outline all the information that will be necessary to finalize your application.

▼ **Required Actions**

Dealer Education Course	START
Schedule and Take Examination : N/A	START

The initial portion that must be handled first is the dealer education course, which you are completing now. Once you've finalized your class, upload a copy of the certificate directly into the portal.

Schedule Education Course

Please upload the certificate of completion for your Dealer Education Course.

Upload Files

Or drop files

Submit

Upload your certificate directly into the portal to be able to schedule your test.

After clicking the "Schedule Exam" button below, you will be prompted to select an exam location and time slot. Once a location and time slot are selected, you will be required to pay the exam scheduling fee to secure your time slot.

You may return to this page to reschedule or cancel your exam at any time PRIOR to your scheduled exam date. If you fail, you must return to this page to schedule another exam.

If you are taking an examination for a Vehicle Dealer license, you will have 50 minutes to complete the exam. You will have unlimited attempts to pass the exam, however, you must wait a minimum of one week between examinations and will be required to pay for each attempt.

If you are taking an examination for a Driving School or Traffic Violator School license, you will have 45 minutes to complete the exam. The required examination fee will allow you three exam attempts. If you fail all three attempts, you will be required to retake the training course in order to retake the exam.

Exam Type	Exam Attempt
Used Vehicle Dealer	#1

Schedule Exam

Important note

You must complete your personal history questionnaire first before you schedule your appointment to take your test.

Here is all the information regarding the various occupational licensing offices and the test parameters.

NOTICE

Before you apply for your retail or wholesale license, applicants must attend a dealer education program and pass a 40-question written examination that is given by Occupational Licensing DMV before submitting the application.

Occupational Licensing Inspector Offices

According to dmv.ca.gov, there are currently 14 occupational licensing offices in California along with 2 designated servicing locations throughout California.

Below are the current hours at the Full-time service locations:

Monday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 4:30 p.m.

Tuesday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 4:30 p.m.

Wednesday: Closed

Thursday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 4:30 p.m.

Friday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 4:30 p.m.

Saturday: Closed

Sunday: Closed

Here are the addresses for the Full-time Service Locations:

Covina

1365 N. Grand Avenue, Suite 102
Covina, CA 91724
(626) 974-7140

Fresno

2510 S East Avenue, Suite 100A
Fresno, CA 93706
(559) 445-5304

Los Angeles

3615 S Hope Street
Los Angeles, CA 90007
(Inspector Office co-located with a full-service Field Office)
(213) 744-7563

Orange

790 The City Drive South, Suite 410
Orange, CA 92868
(714) 703-2632

Sacramento

7226 Florin Mall Drive
Sacramento, CA 95823
(916) 262-2563

San Bernardino

473 E. Carnegie Drive, Suite 150
San Bernardino, CA 92408
(909) 501-3175

San Diego

1455 Frazee Road, Suite 420
San Diego, CA 92108
(619) 688-0124

There are also limited-service locations as well. These offices have reduced availability and inspectors, so it is always recommended to call to schedule an appointment before showing up. Many of these locations are in DMV field offices. Here are the hours for limited-service locations:

Monday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 3:30 p.m.
Tuesday: Closed
Wednesday: 9 a.m. – 11:30 a.m. and 1 p.m. – 3:30 p.m.
Thursday: Closed
Friday: 8:30 a.m. – 11:30 a.m. and 1 p.m. – 3:30 p.m.
Saturday: Closed
Sunday: Closed

These are the locations for limited-service locations:

El Cerrito

6400 Manila Avenue
El Cerrito, CA 94530
(Inspector Office co-located with a full-service Field Office)
(510) 231-7818

Fairfield

4630 Westamerica Drive, Suite H
Fairfield, CA 94534
(707) 864-4759

Hayward

150 Jackson Street
Hayward, CA 94544
(Inspector Office co-located with a full-service Field Office)
(510) 293-1720

San Francisco

1377 Fell Street 2nd Floor
San Francisco, CA 94117
(Inspector Office co-located with a full-service Field Office)
(415) 431-6279

San Jose

90 Great Oaks, Suite 104
San Jose, CA 95119
(408) 229-7113

Santa Maria

523 S. McClelland Street
Santa Maria, CA 93454
(Inspector Office co-located with a full-service Field Office)
(805) 346-2192

Van Nuys

6150 Van Nuys Boulevard, Suite 250
Van Nuys, CA 91401
(818) 376-4201

Chapter 2

Preparing For Your Application Setup



Personal History Questionnaire (Formally OL 29B)

Please note that the pictures of the forms are meant to help organize the information that you'll need to input, the database will look different, but the same information will be required.



DMV USE ONLY	
OCCUPATIONAL LICENSING NUMBER	

APPLICATION FOR OCCUPATIONAL LICENSE PERSONAL HISTORY QUESTIONNAIRE BUSINESS LICENSING UNIT

IMPORTANT — Read Carefully: Each person applying for an occupational license issued by the Department of Motor Vehicles must complete this questionnaire. Before you submit this questionnaire with your application, be sure that you have signed it and that you have fully answered each question. **Incorrect information is grounds for refusal to issue a license.**

SECTION 1 — APPLICANT INFORMATION (Type or print your true full name.)

NAME (LAST, FIRST, MIDDLE)			EMAIL ADDRESS		DAYTIME TELEPHONE NUMBER ()	
RESIDENCE ADDRESS (NUMBER AND STREET)		CITY	STATE	ZIP CODE	EVENING TELEPHONE NUMBER ()	
DATE OF BIRTH	SEX <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Nonbinary	HAIR COLOR	EYE COLOR	HEIGHT	WEIGHT	
DRIVER LICENSE/IDENTIFICATION CARD NUMBER			STATE	EXPIRATION DATE	SOCIAL SECURITY/INDIVIDUAL TAXPAYER ID NUMBER	

Section 1 – Applicant Information

This information needs to reflect exactly how your driver's license or ID is listed. Keep in mind if your ID is out of date, you want to make sure you visit a local field office to update. In this section, you need to make sure you list the following:

- Name
 - Formatted as your Last Name, followed by your First Name and then your Middle Name if you have one.
- Daytime Telephone Number
- Residence Address
 - This is formatted first by the number and then the street, followed by the city, state and zip code.
 - Important to remember that this should be the address that is reflected on your ID.
- Date Of Birth
- Sex
- Hair Color
- Eye Color
- Height
- Weight
- Driver License/ ID Card Number
- State
- Expiration Date
- Social Security Number/ Individual Taxpayer ID

IMPORTANT- Make sure that all the data provided above reflects the information that is on your current ID or Driver's License. To make it easier for the applicant, it is better to obtain a California ID/Driver's License.

Note: Some of the information will carry over from the previous inputs you have entered in to verify your account, so please verify that all the information is correct.

If the address is not formatted correctly, the portal will automatically verify the address that you put in and correct it based on the formatting done with the post office. You will then need to verify that you approve the corrections.

You will then need to go over the following background question information:

Steps

☒ Applicant Information

☒ Select Valid Address

☒ Background Information

☐ Conviction History

☐ Disclosure Statements

☐ Applicant Signature

Background Information

* 1. Have you ever been known by or used any name other than the name appearing on this questionnaire?

Yes No

* 2. Have you previously been or are you now licensed or have you ever applied in this state as a vehicle salesperson, representative, distributor, dealer, registration service, dismantler, manufacturer, remanufacturer, transporter, vehicle verifier, lessor-retailer, driving school owner, operator, or instructor, traffic violator school owner, operator or instructor or all-terrain vehicle safety training organization or instructor?

Yes No

* 3. Have you ever had a business or occupational license issued by this department or an application for such license refused, revoked, suspended or subjected to other disciplinary action or were you ever a partner, managerial employee, officer, director, or stockholder in a firm licensed by this department, and the license was revoked, suspended or subject to other disciplinary action?

Yes No

* 4. Were you ever the holder of an occupational license issued by another state, authorizing the same or similar activities of a license, and that license was revoked or suspended for cause and was never reissued, or was suspended for cause, and the terms of suspension have not been fulfilled?

Yes No

* 5. Have you ever had a civil judgment rendered against you, or as a sole owner, partner, managerial employee, public administrator, officer, director, stockholder, or LLP/LLC managing member?

Yes No

* 6. Have you as a sole owner, partner, managerial employee, officer, director, stockholder, or LLP/LLC managing member sought relief from creditors due to financial hardship in either state or federal court?

Yes No

* 7. Do you currently have any criminal charges pending against you in any jurisdiction?

Yes No

* 8(a) Have you ever been dismissed, fired, demoted, had your salary or compensation reduced or had any other adverse action taken against you, for any reason?

Yes No

* 8(b) Have you ever resigned from or quit a position while you were under investigation or after being informed discipline would be taken against you, or during an appeal from a disciplinary action?

Yes No

* 8(c) Have you ever been rejected or told you would not receive permanent or continued employment during any type of probationary or trial period on the job?

Yes No

* 8(d) If the termination, demotion or other adverse action from employment involved any civil or administrative case, please state court or agency and case number.

Yes No

Previous

Next

Question 1- Have you ever been known by or used any name other than the one on this questionnaire?

It is important to indicate if you have ever changed your name or gone by another name. The reason for this is due to the required background check. If there are multiple names, they all must be listed out to ensure that an in-depth background check may be performed.

The most common example of this is when someone changes their name after they have been married or divorced. Attention to detail is important to fill out question one as accurately as possible because errors could cause delays in the application.

If you answer yes to this question, please list out the additional names.

Question 2 - Have you previously been or are you now licensed, or have you ever applied in this state as a vehicle salesperson, representative, distributor, dealer, registration service, dismantler, manufacturer, remanufacturer, transporter, vehicle verifier, lessor-retailer, driving school owner, operator, or instructor, traffic violator school owner, operator or instructor or all-terrain vehicle safety training organization or instructor?

This is trying to establish if you are currently in the DMV's system to see if you can bypass the background check because it has already been performed. DMV is also looking to see if you were previously licensed and if there are any disciplinary actions currently against you.

If you answer yes to this question, list out any of the previous license numbers that you have.

Question 3-Have you ever had a business or occupational license issued by this department or an application for such license refused, revoked, suspended, or subjected to other disciplinary action or were you ever a partner, managerial employee, officer, director, or stockholder in a firm licensed by this department, and the license was revoked, suspended or subject to other disciplinary action?

This is to establish if you have had any disciplinary action taken against you with anything that Occupational Licensing oversees.

If you answer yes to this question:

- List out your license number.
- What type of license was it?
- What action was taken by the department?
- What date the action took place?

Question 4 - Were you ever the holder of an occupational license issued by another state, authorizing the same or similar activities of a license, and that license was revoked or suspended for cause and was never reissued, or was suspended for cause, and the terms of suspension have not been fulfilled?

This is to establish if you have had any disciplinary action with any of the occupational licensing offices throughout the course of the United States. The Department of Motor Vehicles does a very thorough job of looking at every applicant's background.

If you answer yes to this question, you need to go into detail on what type of license it was, list the license number and the state that it was issued in.

Question 5- Have you ever had a civil judgment rendered against you, or as a sole owner, partner, managerial employee, public administrator, officer, director, stockholder, or LLP/LLC managing member?

If yes, was it a result of a state issued licensed activity?

Many of these questions seem repetitive but the same underlying meaning is being represented. The Department of Motor Vehicles wants to know about anything, and everything that happened that could be considered adverse actions against applicants.

If you answered yes to the first part of the question you need to state, the amount of the civil judgment and if it was paid or unpaid.

If you answered yes to the second part of the question you need to state:

- What kind of license
- The license number
- The state the license was issued
- The name and location of the court of jurisdiction

Question 6 - Have you as a sole owner, partner, managerial employee, officer, director, stockholder, or LLP/LLC managing member sought relief from creditors due to financial hardship in either state or federal court?

DMV wants to make sure that there isn't anything outstanding for any applicants to ensure there are no federal or state judgements looming on the applicant.

If you answer yes to this question, you will have to list out the following:

- What type of license it was
- The license number
- What state issued the license
- The date the bankruptcy was filed
- Name and location of the court of jurisdiction

Question 7 – Do you currently have any criminal charges pending against you in any jurisdiction?

Possibly one of the most common questions that gets asked amongst new applicants.

“What happens if I have a misdemeanor or felony on my record?”

There is no easy way to answer this question because Occupational Licensing ultimately has the final say on issuing a license, but the general rule is as follows:

Any and all misdemeanor or felony must be disclosed to the DMV regardless of what state they were committed in however the division of what has a higher chance of getting accepted depends on the severity of the crime and how long ago the offense was committed:

0-5 years – There is a good chance that occupational will deny the application regardless of the circumstances.

5-10 years – The application will go up as an abbreviated application and the hearing goes up to the arrest review board.

Here is a link for [Applications For Reconsideration \(Abbreviated Applications\)](#)

There are other situations where the application can be considered an abbreviated application:

- If the applicant was refused by the Department of Motor Vehicles or the permit was denied based on the original application.
- If the applicant was refused by the Department of Motor Vehicles after a hearing was conducted
- If the occupational license was rescinded.

This process will be further explained in Section 5.

Question 8. Have you ever: (If “YES”, give details below.)

- a) Been dismissed, fired, demoted, had your salary or compensation reduced or had any other adverse action taken against you, for any reason?
- b) Resigned from or quit a position while you were under investigation or after being informed discipline would be taken against you, or during an appeal from a disciplinary action?
- c) (c) Been rejected or told you would not receive permanent or continued employment during any type of probationary or trial period on the job?
- d) (d) If the termination, demotion, or other adverse action from employment involved any civil or administrative case, please state court or agency and case number.

Occupational Licensing does a very thorough investigation into who they permit licensing for. They want to know about any and all circumstances.

If you answer yes to any questions on question 8 then you need to go into detail on the circumstances of what occurred.

Next Portion you will cover any conviction history:

Steps

- Applicant Information
- Select Valid Address
- Background Information
- Conviction History**
- Disclosure Statements
- Applicant Signature

Conviction History

IMPORTANT NOTICE:
Even if you were pardoned, pled nolo contendere, or if the conviction was later expunged from the record of the court or set aside under California Penal Code (CPC) §1203.4, or any other federal or state law equivalent, you must disclose the conviction. If you are awaiting judgment and sentencing following entry of a plea or jury verdict, you must still disclose the conviction. Applicants need NOT disclose a conviction for violation of California Health and Safety Code (CHSC) §§11357(b), (c), (d) and (e); or 11360(b), if the conviction is more than two years old. Failure to disclose all convictions, including those out-of-state or out-of-country may result in the cancellation of the temporary permit and may result in the refusal of the occupational license. Listing all conviction information may not necessarily preclude you from receiving a license.

* Initials

Error: Initials is required.

EXCLUDING TRAFFIC OFFENSES, have you ever been CONVICTED, PLACED ON PROBATION, OR RELEASED FROM INCARCERATION FOLLOWING CONVICTION for any crime or offense, either Felony or Misdemeanor, of ANY jurisdiction, within the last ten years?

Yes No

Previous Next

Summary: The background check seems like a lot, but the level of detail that Occupational Licensing investigates with their applicants is thorough. The reason for this is because anyone that has a license through occupational licensing is dealing with a lot of sensitive information such as social security numbers and bank account information.

You'll need to answer if you've had any misdemeanors or felony charges outside of traffic related offenses and initial the box. If you have had a misdemeanor or felony in the previous ten years, here is how you address it:

If you answered yes to a conviction on your application, it will go up as an abbreviated application with Occupational Licensing. Use the procedure listed on the next page to apply for reconsideration.

Here is a link for [Applications For Reconsideration \(Abbreviated Applications\)](#)

- You will have to submit the following fees:
 - \$1 family support
 - \$175 non-refundable application fee (Regardless of the outcome, this money will stay with DMV)
- Here are the following forms that you'll need to fill out as well:
 - OL 12 Part C
 - OL 21 Part A
 - OL 29 Part B
 - DMV 8016
 - Statement of information if you are planning on operating a Corporation, LLC, or LLP
- In addition to DMV documents, you will need certified court documents as well pertaining to the arrest and/or conviction and list out the following in Section 5:
 - The date of the conviction
 - What the applicant was convicted of
 - Indicate if it was a felony or misdemeanor
 - Court of jurisdiction
 - Include the full name of the court and the address of the court.
 - Disposition of the offense and describe the sentence.
 - Amount fined
 - Term of Probation
 - Jail or prison term
 - Date release

Make sure that you are as detailed as possible. Due to the background check that the DMV performs, they will already know this information. If anything on the OL 29B is different from the background check, it could cause delays in the application.

Once this process is initiated, the process could take 6-9 months to complete, and the file may go before the arrest review board. It is a good idea that if the application ends up going to the arrest review board, it is a good idea for the applicant to seek legal counsel on how to navigate the court proceedings.

Steps

Applicant Information

Select Valid Address

Background Information

Conviction History

Disclosure Statements

Applicant Signature

Disclosure Statements

IT IS IMPORTANT THAT YOU READ AND UNDERSTAND THE FOLLOWING INFORMATION

ADVISORY STATEMENT

The Information required on this form pertains to eligibility for issuance of an occupational license. It is required under authority of Division 5 of the California Vehicle Code (CVC). Failure to provide the information is cause for refusal to issue an occupational license. This information is public record, regularly used by law enforcement agencies, and is open to inspection by the public. Information contained in these records, classified as confidential or personal pursuant to the Information Practices Act of 1977 and the Public Records Act, is exempt from disclosure. Individuals are entitled to inspect or obtain copies of information contained in their records during regular office hours by prior arrangement. The Occupational Licensing Branch, P.O. Box 932342, Sacramento, CA 94232-3420, is responsible for maintaining this information.

DISCLOSURE STATEMENT

SOCIAL SECURITY NUMBER COLLECTION DISCLOSURE – You are required by law to provide your social security number or your application will be denied. Your social security number will be collected pursuant to California Business and Professions Code (CBPC) §30. It is used in the administration of occupational licensing laws to determine eligibility for issuance or renewal of an occupational license subject to the applicable provisions of the CVC, CBPC §§29.5, 30 and 31, as well as California Welfare and Institutions Code (CWIC) §11350.6. It is also used to aid in the collection of monies owed in connection with failure to pay a fine or failure to appear in court by an applicant; and to aid in the collection of monies owed by an applicant in connection with Aid to Families with Dependent Children, Child Support and Establishment of Paternity and Federal Payments for Foster Care and Adoption Assistance Programs, pursuant to 42 U.S.C. §§405 and 42 U.S.C. §651 et seq. Your social security number is not provided for public inspection; however, it will be provided in response to requests for information from state and federal agencies operating and involved in the collection of taxes and child support payments pursuant to 42 U.S.C. §601 et seq., and CBPC §30. Collection of your social security number is mandatory. Failure to furnish the information requested will result in denial of processing an application for issuance or renewal of an occupational license or permit, pursuant to CBPC §30, Subdivision(c).

DELINQUENT TAX DEBT

DELINQUENT TAX DEBT (Effective July 1, 2012) – California state law allows the California Department of Tax and Fee Administration and the Franchise Tax Board to share taxpayer information with the DMV and requires you to pay a delinquent state tax obligation. Failure to pay this delinquent tax obligation may result in the suspension of your occupational license(s).

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT – The department has determined that Occupational Licenses are subject to the eligibility requirements imposed by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These licenses, permits, clearances, verifications, and certificates will hereafter be referred to as PRWORA benefits(s). Aliens, who are not qualified aliens, nonimmigrant aliens under the Immigration and Nationality Act or aliens paroled into the United States under §212(d)(5) of the INA (8 U.S.C. § 1182(d)(5)), for less than one year, are not eligible to receive an original or renewal PRWORA benefit, as set forth in the CVC, California Code of Regulations (CCR) §§450.00 and 450.02

Please be advised that you may not reapply for a license until a period of one year has elapsed since a previous license for which you are applying now has been revoked, refused, or denied pursuant to CVC §§11810(d), 11903(c), and 11107(c).

Applicant should retain this page for their information, please print a copy of the page for your own record.

☐ I have read and understand all of the information above.

Previous

Next

You will then have to go over all the disclosure information regarding your personal information and terms and conditions that you'll need to acknowledge.

Then under the applicant signature, you'll need to electronically sign to finalize the application.

Scheduling Your Exam

Now that you've handled your dealer education class and finalized your personal history questionnaire, you are now ready to schedule your test time.

Keep in mind that you'll be taking your test at the office that is closest to your dealership location.

A newer development is Occupational Licensing is having more and more items being handled directly with Sacramento Occupational Licensing so understand the current procedure is in a constant state of flux.


Applicant - Schedule Exam


Please select the office where you would like to go and take your exam.


Exam Office	Address
<input type="radio"/> San Diego Exam Office	1455 Friess Road, Suite 420, San Diego, CA, 92108
<input type="radio"/> Los Angeles Exam Office	3615 S Hope Street, Los Angeles, CA, 90007
<input type="radio"/> Sacramento Exam Office	7225 Florin Mall Drive, Sacramento, CA, 95823
<input type="radio"/> San Bernardino Exam Office	473 E. Carnegie Drive, Suite 150, San Bernardino, CA, 92408
<input type="radio"/> El Cerrito Exam Office	6400 Manila Avenue, El Cerrito, CA, 94530
<input type="radio"/> Fairfield Exam Office	4630 Westamerica Drive, Suite H, Fairfield, CA, 94534
<input type="radio"/> Hayward Exam Office	150 Jackson Street, Hayward, CA, 94544
<input type="radio"/> San Francisco Exam Office	1377 Fell Street 2nd Floor, San Francisco, CA, 94117
<input type="radio"/> San Jose Exam Office	90 Great Oaks Blvd, Suite 104, San Jose, CA, 95119
<input type="radio"/> Van Nuys Exam Office	6150 Van Nuys Boulevard, Suite 205, Van Nuys, CA, 91401
<input type="radio"/> Covina Exam Office	1365 N. Grand Avenue, Suite 102, Covina, CA, 91724
<input type="radio"/> Orange Exam Office	790 The City Drive, Suite 410, Orange, CA, 92668
<input type="radio"/> Fresno Exam Office	2510 S East Avenue, Suite 100A, Fresno, CA, 93706
<input type="radio"/> Chico Exam Office	107 Parmac Road, Suite 1, Chico, CA, 95926
<input type="radio"/> Bakersfield Exam Office	5800 District Blvd, Bakersfield, CA, 93313


Next


Who do you want to meet?

**AKTE Terminal 7**
Technician
true
Next Availability: Feb 13, 2023

**AKTE Terminal 8**
Technician
true
Next Availability: Feb 13, 2023

**AKTE Terminal 2**
Technician
true
Next Availability: Feb 13, 2023

**AKTE Terminal 6**
Technician
true
Next Availability: Feb 13, 2023

**AKTE Terminal 3**
Technician
true
Next Availability: Feb 13, 2023

Book a service appointment with AKTE Terminal 7

February 12, 2023 - February 18, 2023
Time Zone: America/Los_Angeles

SUN 12	MON 13	TUE 14	WED 15	THU 16	FRI 17	SAT 18
	8:30 - 9:30 am					
	10:30 - 11:30 am					
	1:00 - 2:00 pm					
	2:00 - 3:00 pm					
	3:00 - 4:00 pm					

Previous Next

Once you've selected your office, the scheduling software will provide you with the date and time available. Keep in mind, you want to schedule as soon as possible after taking your class so that way the information is fresh in your mind.

The next screen will confirm your appointment information and then you will be prompted to pay for your test. Keep in mind your test is \$16.

You will have two options to pay for your test. Card or Echeck.

▼ Required Actions

Dealer Education Course	COMPLETED
Schedule and Take Examination : 2/13/2023, 10:30 AM	IN PROGRESS

This is what the process will look like once you're finalized. You'll then take your test and, once you've passed, your portal will update. Keep in mind you will have 3 chances to pass the test with a 70% or better score. If you can't complete it in 3 times, you'll have to retake your preclicensing class.

Supplemental Documentation Required

▼ Required Documents

CDTFA Sellers Permit	START
Secretary of State: Statement of Information	START
Fictitious Name Statement	START
Photographs of Business	START
Appointment of Director as Agent for Service of Process	START

Once you have your test scheduled, there are two things that you'll need to work on while waiting to take your test.

Determining Where the Dealership Will Be Located

Property Use Approval

This may seem like a simple yes or no question, but this requires research to be done by the applicant to ensure that the property that they are submitting meets city and county requirements.

To check to see if your property is zoned for retail or wholesale automotive, you need to check with the city's zoning and planning department in the city that you are planning to open your business in. If you are operating in an unincorporated portion of a county, then check with the counties zoning and planning commission would be your next step.

Often there is a zoning verification process with the business license application but relying on this process could be costly without doing your homework prior. Before signing a long-term lease, make sure that you have checked with the zoning and planning department to ensure that the property is approved.

There are some cities that can require a conditional use permit which can delay your processing for the application and lead to additional costs as well. A conditional use permit can cost anywhere to a few hundred dollars all the way up to \$21,000 and up. Often a conditional use permit will require additional paperwork to be filed with the city or county that the applicant is doing business in and can require additions and/or beautification measures as well to improve the property.

An important thing to keep in mind also, just because the applicant submits a conditional use permit, does not guarantee that the permit will be issued. That is why moving forward with addresses that require a conditional use permit can carry a stronger risk to the applicant, so proceed with caution.

Once the zoning data has been confirmed, the property information for the dealership needs to be broken out into section 9. Here is a list of the information that needs to be disclosed:

- Indicate if the property is being leased, rented, or owned.
 - If the property is being leased or rented, indicate the period that the lease or rental period will be valid.
- List out the property owner's information:
 - Property owners name
 - Property owners address, city, state, and zip code
 - Property owners phone number
- Approximate square feet of the property
 - Office area
 - Building area
 - Display area (Where the vehicles are being sold from their designated area)
 - Total area of the property

Not required for your dealer's license, but it's important to note that most cities require that a business license be obtained before operating a business. Typically, these applications can be done online but there are some cities that still require a paper application. **DO NOT WAIT TO GET YOUR BUSINESS LICENSE.**

Through the business license process, your business license will have to go through the city's zoning and planning department. This is another way to ensure that the location that you've decided to operate from will work for your overall operational needs.

Forming a Corporation or LLC

It is important that once you've scheduled your test and determined where you're going to be setting up your business location, that you strongly consider how your organization is going to be structured. Most dealerships end up forming a corporation or an LLC due to the added protection and tax advantages that organizations like this provide.

Important Note:

If there is a change in the ownership structure, the DMV must be notified within 10 days. Keep in mind any time the DMV test asks about people and the DMV, it's always 10 days.

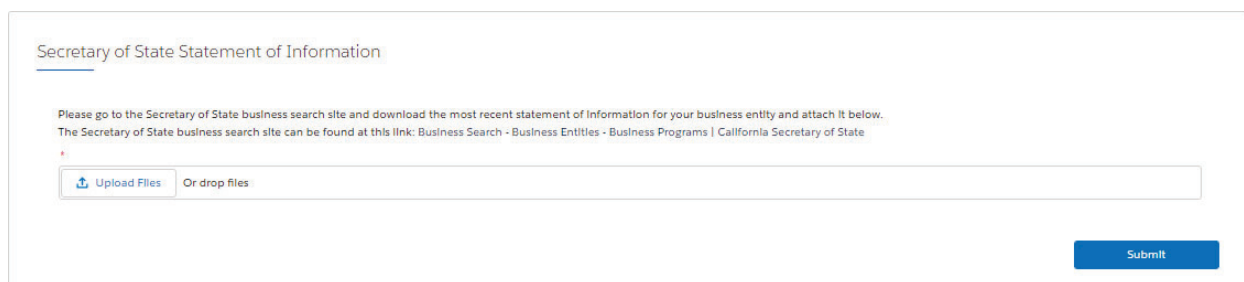
There are many ways to form a corporation or LCC. The best way to do this is to use a corporate attorney to file the paperwork for you. Although this is arguably the best way, there can also be an additional cost associated with this as well.

A cheap way of forming a corporation or LLC can be done through a document processing service. Although inexpensive and effective, they do not provide the long-term tools necessary to perform the proper maintenance needed for a corporation or LLC without additional costs. Most of these services end up costing more than an attorney would over the long-term portion of the relationship without the added advantage of practicing law.

An important thing to remember is there are many resources out there that can provide clarity and guidance to help you get the best desired result.

Secretary of State: Statement of Information

Part of filing a corporation or LLC is filing a form called a Statement of Information. This is a document that is filed on an annual basis with the Secretary of State to identify who is in the ownership structure and, in the event of the organization getting sued, where the paperwork goes. Occupational licensing will require you to upload a copy of your Statement of Information to ensure that this is filed and up to date.

A screenshot of a web form titled "Secretary of State Statement of Information". The form contains a paragraph of instructions: "Please go to the Secretary of State business search site and download the most recent statement of Information for your business entity and attach it below. The Secretary of State business search site can be found at this link: Business Search - Business Entities - Business Programs | California Secretary of State". Below the text is a file upload area with a button labeled "Upload Files" and the text "Or drop files". At the bottom right of the form is a blue "Submit" button.

This is the section where you will upload your Statement of Information that is on file with the Secretary of State. Once uploaded and submitted. The screen will then go back to the application checklist.

ADM 9050: Agent of Service of Process

An agent of service of process is every owner who is involved in the ownership structure of a dealership will need to get an ADM 9050 filled out and notarized.

<small>STATE OF CALIFORNIA</small> DMV <small>Department of Motor Vehicles</small>	APPOINTMENT OF DIRECTOR AS AGENT FOR SERVICE OF PROCESS	DMV USE ONLY <small>O L NUMBER</small> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 10%; height: 20px;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr></table>										
<hr/> <div>KNOW ALL MEN BY THESE PRESENTS: That I/We <div style="text-align: right; font-size: 0.8em; margin-top: 5px;">PRINCIPAL'S TRUE FULL NAME(S) AND DBA(S)</div></div> <hr/>												
<div>As Principal, who has applied for a license as a , hereby appoint(s) the Director of Motor Vehicles <div style="text-align: center; font-size: 0.8em; margin-top: 5px;">TYPE LICENSE</div></div> <p>as principal's true and lawful agent upon whom all process may be served in any action, or actions which may hereafter be commenced against said principal, arising out of any claim for damages suffered by any firm, person, association, organization, corporation or limited liability partnership, or company, by reason of the violation by said principal of any of the terms and provisions of the California Vehicle Code or any condition of the bond.</p> <p>Principal further stipulates and agrees that, when personal service of process upon principal cannot be made in this State after due diligence, that service can be made upon the Director of Motor Vehicles. In the event of the Director's absence from his/her office, that service can be made upon any employee of the State of California in charge of the Director's office, and that such service of process shall be of the same legal force and effect as if served upon the principal personally.</p> <p>The principal further stipulates and agrees that the agency created by said appointment shall continue for and during the period covered by any license that may be issued by the Department of Motor Vehicles, and so long thereafter as the principal may be made to answer in damages for a violation of the California Vehicle Code, or any condition of principal's bond. The principal further agrees that for purposes of venue, whenever service is made upon the Director, the service shall be deemed to have been made upon principal in the county in which principal has or last had his/her established place of business.</p> <div>IN WITNESS WHEREOF, the said principal has hereunto set his hand the <div style="text-align: right; font-size: 0.8em; margin-top: 5px;">DATE</div></div> <div style="text-align: center; margin-top: 10px;"><div style="display: inline-block; width: 100px; height: 1.2em; border-bottom: 1px solid black; position: relative;"><div style="position: absolute; left: -10px; top: -5px; font-size: 1.5em;">X</div></div><div style="text-align: right; font-size: 0.8em; margin-top: 5px;">SIGNATURE OF PRINCIPAL</div></div>												

This can be a tricky form depending on how your dealership is structured and you need to make sure that it is filled out correctly otherwise Occupational Licensing could kick it back.

Here's how you address the principals true name and DBA's portion:

If you're a sole proprietor:

You need to make sure that your name is as it appears on your license.

Example: John Michael Smith DBA Smith's Auto Sales

Unless you're doing business as your name, you need to make sure a fictitious business name is filed and the information on the fictitious business name needs to match the information on the ADM 9050.

If the business is filed as a general partnership:

Both parties' names need to read the same way as they do on their license.

Example: John Michael Smith and Jane Lauren Smith DBA Smith's Auto Sales

A fictitious business name will have to be filed and the information reflected on the fictitious business name will need to be the same as on the ADM 9050.

If the business is filed as a corporation or LLC:

The corporation's name needs to be first on the first line along with any DBA's that the corporation or LLC is operating under.

Example: ABC Motors, Inc. DBA ABC Motors | ABC Motors LLC DBA ABC Motors

A fictitious business name will have to be filed and the information reflected on the fictitious business name will need to be the same as on the ADM 9050.

Under the type of license please write in Vehicle Dealer.


You can then take it to any notary. A pro tip is finding a notary that can complete your livescan fingerprinting as well.

Once the form has been notarized, upload a copy of it to the DMV portal.

Appointment of Director as Agent for Service of Process

Every owner of the business must provide a signed ADM9050 document. You can either provide all of the signatures on one document, or upload multiple copies for each individual (if applicable).

Download your form from this link: <https://www.dmv.ca.gov/portal/file/appointment-of-director-as-agent-for-service-of-process-adm-9050-pdf/>, complete your form, have it notarized, and upload below.

 Upload Files

Or drop files

Submit

Here is what an ADM 9050 looks like:



APPOINTMENT OF DIRECTOR AS AGENT FOR SERVICE OF PROCESS

DMV USE ONLY	
DL NUMBER	

KNOW ALL MEN BY THESE PRESENTS: That I/We _____

PRINCIPAL'S TRUE FULL NAME(S) AND DBA(S)

As Principal, who has applied for a license as a _____, hereby appoint(s) the Director of Motor Vehicles

TYPE LICENSE

as principal's true and lawful agent upon whom all process may be served in any action, or actions which may hereafter be commenced against said principal, arising out of any claim for damages suffered by any firm, person, association, organization, corporation or limited liability partnership, or company, by reason of the violation by said principal of any of the terms and provisions of the California Vehicle Code or any condition of the bond.

Principal further stipulates and agrees that, when personal service of process upon principal cannot be made in this State after due diligence, that service can be made upon the Director of Motor Vehicles. In the event of the Director's absence from his/her office, that service can be made upon any employee of the State of California in charge of the Director's office; and that such service of process shall be of the same legal force and effect as if served upon the principal personally.

The principal further stipulates and agrees that the agency created by said appointment shall continue for and during the period covered by any license that may be issued by the Department of Motor Vehicles, and so long thereafter as the principal may be made to answer in damages for a violation of the California Vehicle Code, or any condition of principal's bond. The principal further agrees that for purposes of venue, whenever service is made upon the Director, the service shall be deemed to have been made upon principal in the county in which principal has or last had his/her established place of business.

IN WITNESS WHEREOF, the said principal has hereunto set his hand the _____

DATE

X

SIGNATURE OF PRINCIPAL

NOTARY CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

State of California)

County of _____)

On _____ before me, _____

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SIGNATURE OF NOTARY

(SEAL)

OR DMV/CHP OFFICER ACKNOWLEDGEMENT OF SIGNATURE

On this day, _____, at this city, _____ I witnessed the signature of the Principal, who based on satisfactory identification, executed under authorized capacity their signature before me.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

DEPARTMENT OFFICIAL NAME & TITLE

*NOTE:

Officers and employees of the Department of Motor Vehicles (DMV) and the Department of the California Highway Patrol (CHP) are, for the purposes of this code, authorized to administer oaths and acknowledge signatures, for which no fee shall be charged. CVC section 18

The instrument appointing the director as agent for the applicant for service of process shall be acknowledged by the applicant before a notary public.

CVC sections 11102(a)(5)(C), CVC 11202(a)(6)(C), 11403(d), 11710(d)

ADM 9050 (REV. 7/2015) WWW

Print

Clear Form

DMV 8016 : Request for Livescan Fingerprinting

Part of your application will be completing a livescan for the DMV. This form is called a DMV 8016. This will go through the DOJ database to identify any misdemeanors or felonies in the previous 10 years outside of traffic related offenses. Finding an office to do this is relatively easy with a web search. Finding a live scan operator that is also a notary can be beneficial as well since you can get both the DMV 8016 and the ADM 9050 at the same time.

Here is the link for the form:

<https://www.dmv.ca.gov/portal/file/request-for-live-scan-clearance-receipt-dmv-8016-pdf/>

The screenshot shows the 'Live Scan / Fingerprint' step of the DMV 8016 form. The title 'Live Scan / Fingerprint' is at the top left. Below it is a question: '* Do you reside in the state of California?' with two radio button options: 'Yes' and 'No'. The 'Yes' option is selected. At the bottom right is a blue 'Confirm' button. On the right side, under the heading 'Steps', there is a list with 'Live Scan / Fingerprint' as the first and only item, which is highlighted with a blue circle.

This screenshot shows the same 'Live Scan / Fingerprint' step but with more content. Below the 'Yes' radio button, there is a paragraph of instructions: 'Please download the live scan form [here](#). After downloading the form, print it out and fill out items #2 through #20. Please follow these specific instructions to fill out your form: On item #2 - Check Box A On item #20 - Only Check the FBI-BPA/ETP checkbox if in item #3 you selected the Employer Testing Program Checkbox'. Below this is another paragraph: 'After you have completed your live scan appointment and the live scan technician has filled out #21 through #26. Scan the completed receipt and upload that file in the submission box below.' Then, it says 'Please label the form: "LiveScanReceipt_ApplicantName"'. Below that is a file upload section with a blue 'Upload Files' button and the text 'Or drop files'. At the bottom, there is a text input field with the label '* Please enter the ATI Number found in #24'. A blue 'Confirm' button is at the bottom right. The 'Steps' sidebar on the right remains the same.

Going through the form, you'll select box A and select license under option 3. Once the technician has completed your live scan, they will fill out the bottom of the form. Keep in mind, the results from this test can take 7-30 business days so doing this earlier in the process of your application can help save time in the long run.



REQUEST FOR LIVE SCAN SERVICE Applicant Submission

(License, Certification, Permit Only, or Business Partner Automation Program Participant)

To verify your identity, please bring an official governmental photo document (e.g., driver license, identification card, passport, etc.) with you to the live scan site. Processing fees are non-refundable.

Please read instructions on reverse before completing form.

1. CODE ASSIGNED BY DOJ
ORI: A0059

APPLICANT COMPLETES (EXCEPT ITEM 15) — PLEASE PRINT.

2. CHECK APPROPRIATE BOX (SEE REVERSE FOR INSTRUCTIONS)

A. ☐ Department of Motor Vehicles
Licensing Operations Division
Occupational Licensing Branch
P. O. Box 932342 MS—L224
Sacramento, CA 94232-3420

Five Digit Mail Code: 04620

**Contact: Operations Manager
916-229-3153**

Ambulance Driver Certificate Only

B. ☐ Department of Motor Vehicles
Licensing Operations Division
Issuance, Commercial Driver License
P.O. Box 942890
Sacramento, CA 94232-3420

Five Digit Mail Code: 04621

**Contact: CDL/PDPS Manager
916-657-5771**

3. TYPE OF APPLICATION (ONLY IF CHECKING BOX "A" ABOVE) — Check One

☐ License ☐ Certification ☐ Permit ☐ Business Partner Automation Program Participant (BPA)
☐ Employer Testing Program Examiner (ETP)

4. APPLICANT NAME (LAST, FIRST, MIDDLE INITIAL)

5. AKA (LAST, FIRST)

ADDITIONAL AKA (LAST, FIRST)

6. DATE OF BIRTH	7. SEX <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Nonbinary	8. HEIGHT	9. WEIGHT	10. EYE COLOR	11. HAIR COLOR
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12. PLACE OF BIRTH	13. SOCIAL SECURITY NUMBER
--------------------	----------------------------

14. CALIFORNIA DRIVER LICENSE/IDENTIFICATION NUMBER	15. NO BILLING NUMBER—APPLICANT PAYS	16. MISCELLANEOUS NUMBER
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17. HOME ADDRESS AND TELEPHONE NUMBER	STREET	CITY	STATE	ZIP CODE	TELEPHONE NUMBER
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18. YOUR NUMBER (OCA NUMBER—AGENCY IDENTIFYING NUMBER) OLAD	19. IF RESUBMISSION, LIST ORIGINAL ATI NUMBER	20. LEVEL OF SERVICE <input checked="" type="checkbox"/> DOJ <input type="checkbox"/> FBI-BPA/ETP CHECK
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LIVE SCAN OPERATOR COMPLETES

21. OPERATOR COMPLETING LIVE SCAN TRANSACTION	22. DATE
---	----------

23. TRANSMITTING AGENCY (LSID NUMBER)	24. ATI NUMBER	25. AMOUNT COLLECTED	26. AMOUNT BILLED
---------------------------------------	----------------	----------------------	-------------------

DISTRIBUTION: ORIGINAL - Live Scan Operator
SECOND COPY - Requesting Agency
THIRD COPY - Applicant

Print

Clear Form

Chapter 3

What Kind of License Should You Get?

&

How Should You Structure Your Business?



In California, there are several types of dealership licenses that you can obtain, including:

- New Motor Vehicle Dealer License: This license allows you to sell new vehicles from a franchised manufacturer.
- Used Motor Vehicle Dealer License: This license allows you to sell used vehicles, including cars, trucks, and motorcycles.
 - Motorcycle Dealer License: This license allows you to sell new or used motorcycles.
 - Recreational Vehicle Dealer License: This license allows you to sell new or used recreational vehicles, such as RVs and motorhomes.
- Wholesale Dealer License: This license allows you to buy and sell used vehicles to other dealerships.
- Auto Broker Endorsement: This license allows you to act as a middleman between a buyer and a seller of a vehicle, and you receive a commission for facilitating the sale.

It's important to note that each type of dealership license requires specific requirements and documentation, so it's crucial to thoroughly research and understand the process before applying for any license.

Retail Dealer License

In California, the requirements for a used retail dealer license include:

1. Location: You must have a commercial business location that is zoned for automotive sales and includes an office space and a display area.
2. Business License: You must obtain a valid business license from the city or county where your dealership is located if it is a requirement of that city or county.
3. Insurance: You must obtain a \$50,000 surety bond or certificate of deposit
 1. It is not necessarily required but it is recommended that you get Garage Keepers Liability Insurance as well. For questions on Bonds or Insurance please reach out to Mike Gonzales at Magic 98 Insurance and let him know Garrett from California Dealer Academy sent you
4. Background Check: You must undergo a background check and fingerprinting.
5. Pre-Licensing Course: You must complete a pre-licensing course approved by the Department of Motor Vehicles (DMV).
6. DMV License Application: You must submit a completed DMV License Application, including all required documentation and fees.

Additionally, the DMV may conduct an on-site inspection of your dealership to ensure that it meets all state requirements. It's essential to understand and meet all the requirements before applying for a used retail dealer license in California.

It is important to understand that a retail car dealer can also sell vehicles on a wholesale basis as well. You can sell any kind of used vehicle that your physical retail location has room for regarding parking and storing the vehicles at your licensed location.

A retail dealer can purchase vehicles from any source, anywhere from the public, dealer to dealer or from a dealer auction. The retail dealer is allowed to sell to the public as well, if it meets the requirements of retailing a vehicle, which we will get into a little bit later in class.

Retail dealers are allowed to get an Auto Broker endorsement for their license as well.

Auto Broker Endorsement

In California, an Auto Broker endorsement is an additional endorsement that can be added to a retail car dealer license. This endorsement allows a licensed retail car dealer to act as a middleman between a buyer and a seller of a vehicle and receive a commission for facilitating the sale.

An Auto Broker endorsement allows the dealer to provide services such as finding a specific vehicle for a buyer, negotiating the sale price on behalf of the buyer, arranging for financing, and handling paperwork related to the sale. The endorsement also allows the dealer to sell vehicles that they do not have in their inventory.

It's important to note that while an Auto Broker endorsement allows a dealer to act as a middleman in vehicle sales, they are still required to adhere to all state regulations related to the sale of vehicles and must maintain a valid retail car dealer license.

This is typically done with used retail car dealers that would like to be able to broker new vehicles that are sold directly from new car dealers. It is important to remember that a new motor vehicle can only be sold by a licensed new car dealer and, instead of having a title, are registered with a certificate of origin.

Any dealer that acts as an Autobroker must fill out an OL 75 which logs the activity that an Autobroker has completed.

Auto Brokers who have an endorsement on their Retail Dealer License in California are required to comply with certain requirements when conducting their business.

Auto Brokers are required to provide a written agreement to their clients that outlines the terms and conditions of the brokerage agreement. The written agreement must include the following information:

1. The name and address of the Auto Broker.
2. The name and address of the buyer and seller of the vehicle.
3. The year, make, and model of the vehicle.
4. The purchase price of the vehicle and any fees associated with the sale.
5. A statement that the buyer is responsible for the sales tax, registration fees, and any other fees associated with the purchase of the vehicle.
6. The amount of commission that the Auto Broker will receive for their services.

Additionally, the law requires Auto Brokers to disclose any financial interest that they have in the transaction, such as ownership of the vehicle or an interest in the dealership that is selling the vehicle.

Failure to comply can result in penalties, fines, and suspension or revocation of the Auto Broker's endorsement. Therefore, it is important for Auto Brokers to understand and comply with this section of the law to conduct their business legally and avoid any legal issues.

Wholesale Dealer License

In California, a wholesale dealer license is a type of dealer license that allows a person or business to buy and sell vehicles at wholesale prices. This license is also known as a wholesale-only dealer license.

With a wholesale dealer license, you can only buy and sell vehicles to and from licensed dealers or other wholesale dealers. Wholesale dealers are not allowed to sell vehicles to the general public or advertise their vehicles for retail sale.

Some of the advantages of having a wholesale dealer license include the ability to buy and sell vehicles without having to pay sales tax, access to dealer-only auctions, and the ability to purchase vehicles from other states and countries.

To obtain a wholesale dealer license in California, you must meet certain requirements that are similar to a retail car dealer, however you are not required to maintain display area parking. Additionally, you must complete a pre-licensing course and pass a written examination, submit an application, pay the required fees, and pass a background check.

Some of the location benefits for a wholesale license is that it can be done from a residential property as long as it meets the zoning requirements for the city you're operating in and the entrance point of the room being used for licensed activity has direct entry points from the outside.

It's important to note that wholesale dealers are subject to specific regulations and must adhere to all laws related to the sale and transfer of vehicles in California.

Business Entity Structures

In California, there are several different types of business entity structures available for entrepreneurs and business owners. Here are the most common ones:

1. **Sole proprietorship:** This is the simplest and most common form of business entity, where an individual operates a business as an individual.
2. **Partnership:** A partnership is a business entity in which two or more individuals share ownership of the business.
3. **Limited Liability Company (LLC):** An LLC is a hybrid entity that combines the benefits of a corporation and a partnership. It offers limited liability protection to its owners, while still allowing them to participate in the management of the business.
4. **Corporation:** A corporation is a separate legal entity that is owned by its shareholders. It offers limited liability protection to its owners and can raise funds by issuing stock.
5. **Nonprofit Corporation:** A nonprofit corporation is a type of corporation that is organized for charitable, educational, religious, scientific, or other public purposes. It does not have shareholders and cannot distribute profits to its members.

Each type of business entity structure has its own advantages and disadvantages, and the decision on which structure to choose depends on several factors such as liability protection, tax implications, and the size and complexity of the business. It is recommended to consult with a business attorney or accountant before choosing a business structure.

Sole Proprietorships

A sole proprietorship is a business entity in which an individual owns and operates the business. Here are the advantages and disadvantages of a sole proprietorship:

Advantages:

1. **Easy and inexpensive to set up:** Unlike other business entities, there are no legal formalities or fees required to set up a sole proprietorship. It can be established by simply registering the business name and obtaining any necessary licenses and permits.
2. **Complete control:** As the sole owner, the individual has complete control over the business and can make decisions without any interference.
3. **Tax benefits:** The income and expenses of the business are reported on the individual's personal tax return, which allows for a simpler and more flexible tax structure.
4. **Flexibility:** A sole proprietorship can be easily dissolved or modified, making it a flexible option for businesses that may need to adapt to changes in the market.

Disadvantages:

1. **Unlimited personal liability:** The owner of a sole proprietorship is personally liable for all business debts and obligations. This means that if the business is sued or incurs debt, the owner's personal assets could be at risk.
2. **Limited ability to raise capital:** Since the business is owned by one individual, it may be difficult to raise capital through investments or loans.
3. **Limited skills and resources:** A sole proprietor may not have access to the same resources or expertise as larger businesses, which could limit the growth potential of the business.
4. **Lack of continuity:** If the owner becomes incapacitated or dies, the business may dissolve, which could result in a loss of assets and customer base.

Overall, a sole proprietorship is a simple and flexible option for small businesses, but it also carries significant risks due to unlimited personal liability. Business owners should carefully consider their options and seek professional advice before choosing a business entity.

General Partnership

A general partnership is a business entity in which two or more individuals share ownership, management, and profits of a business. Here are the advantages and disadvantages of forming a general partnership:

Advantages:

1. **Easy and inexpensive to set up:** Like sole proprietorships, general partnerships are relatively easy and inexpensive to set up. Partnerships can be established through a simple agreement between the partners, and there are no legal formalities or fees required to set up a partnership.
2. **Shared responsibility and decision-making:** In a general partnership, the partners share the responsibility of running the business and decision-making. This can be beneficial for businesses that require multiple perspectives and skills.
3. **Tax benefits:** A general partnership is not taxed as a separate entity, and profits and losses are reported on the individual partners' tax returns. This can lead to a simpler and more flexible tax structure.
4. **Increased access to resources:** With multiple partners, a general partnership can benefit from increased access to resources such as expertise, capital, and customer base.

Disadvantages:

1. **Unlimited personal liability:** Like a sole proprietorship, partners in a general partnership are personally liable for all business debts and obligations. This means that if the business is sued or incurs debt, the partners' personal assets could be at risk.
2. **Shared profits:** The profits of the business are shared among the partners, which could lead to disagreements and conflicts over the distribution of profits.
3. **Lack of continuity:** A general partnership may dissolve if one of the partners decides to leave or dies. This could result in a loss of assets and customer base.
4. **Potential for disagreements:** In a general partnership, partners may have different opinions and approaches to running the business, which could lead to conflicts and disagreements.

Overall, a general partnership can be a good option for small businesses that require multiple perspectives and skills, but it also carries significant risks due to unlimited personal liability. Business owners should carefully consider their options and seek professional advice before choosing a business entity.

Corporations

1. C Corporation: A C Corporation is a separate legal entity that is owned by its shareholders. It offers limited liability protection to its owners and can raise funds by issuing stock. Some of the benefits and disadvantages of a C Corporation are:

Benefits:

- Limited liability protection for shareholders
- Ability to raise capital through stock sales
- Perpetual existence
- Tax-deductible expenses

Disadvantages:

- Double taxation of profits
- Complex and expensive to set up and maintain
- Stringent legal and regulatory requirements
- Shareholder disagreements and conflicts

2. S Corporation: An S Corporation is a corporation that elects to be taxed as a pass-through entity, meaning that the income and losses are passed through to the shareholders and reported on their personal tax returns. Some of the benefits and disadvantages of an S Corporation are:

Benefits:

- Limited liability protection for shareholders
- Pass-through taxation
- Perpetual existence
- Tax-deductible expenses

Disadvantages:

- Restrictions on ownership and number of shareholders
- Limited ability to raise capital through stock sales
- Complex and expensive to set up and maintain
- Shareholder disagreements and conflicts

3. Close Corporation: A Close Corporation is a corporation that is owned by a small group of shareholders who are often family members or close friends. Some of the benefits and disadvantages of a Close Corporation are:

Benefits:

- Limited liability protection for shareholders
- Flexible management structure
- Simplified legal and regulatory requirements
- Perpetual existence

Disadvantages:

- Limited ability to raise capital through stock sales
- Shareholder disagreements and conflicts
- Limited number of shareholders

4. Benefit Corporation: A Benefit Corporation is a corporation that is legally required to consider the interests of multiple stakeholders, including employees, customers, the environment, and the community, in addition to the interests of shareholders. Some of the benefits and disadvantages of a Benefit Corporation are:

Benefits:

- Socially responsible business practices
- Increased transparency and accountability
- Ability to attract socially conscious investors and customers
- Protection from shareholder lawsuits

Disadvantages:

- Limited availability of legal protections
- More complex legal and regulatory requirements
- Potential conflicts between social and financial goals
- Limited availability of tax incentives

Overall, the type of corporation that a business owner chooses depends on several factors such as liability protection, tax implications, and the size and complexity of the business. It is recommended to consult with a business attorney or accountant before choosing a business structure.

Limited Liability Companies

In California, there are several different types of limited liability companies (LLC) available for entrepreneurs and business owners. Here are the most common types and their benefits and disadvantages:

1. **Single-member LLC:** A single-member LLC is an LLC that has only one owner. Some of the benefits and disadvantages of a single-member LLC are:

Benefits:

- Limited liability protection for the owner
- Pass-through taxation
- Flexibility in management and operation
- Ease of formation and maintenance

Disadvantages:

- Limited ability to raise capital
- Difficulty in obtaining financing
- No protection against lawsuits and claims related to personal actions

2. **Multi-member LLC:** A multi-member LLC is an LLC that has two or more owners. Some of the benefits and disadvantages of a multi-member LLC are:

Benefits:

- Limited liability protection for all members
- Pass-through taxation
- Flexibility in management and operation
- Ability to raise capital through additional members

Disadvantages:

- Potential for conflicts among members
- Difficulty in decision-making among members
- No protection against lawsuits and claims related to personal actions

3. Series LLC: A series LLC is an LLC that can be used to create multiple series, or individual LLCs, within one larger entity. Each series can have its own assets, liabilities, and members. Some of the benefits and disadvantages of a series LLC are:

Benefits:

- Limited liability protection for each individual series
- Lower formation and maintenance costs compared to multiple individual LLCs
- Greater organizational flexibility

Disadvantages:

- Not all states recognize or allow series LLCs
- Complex legal and regulatory requirements
- Potential for legal and financial complications if a series is sued or experiences financial difficulty.

Overall, the type of LLC that a business owner chooses depends on several factors such as liability protection, tax implications, and the size and complexity of the business. It is recommended to consult with a business attorney or accountant before choosing a business structure.

Regardless of what entity you are forming, a business attorney can be a welcomed ally in formulating your business and advising you on what the best course of action will be for you and your business.

Chapter 4

Best Practices for Obtaining Inventory

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Dealer Auctions



Auto dealers in California can attend various types of dealer auctions, including:

1. **Dealer-Only Auctions:** These auctions are open only to licensed auto dealers and not to the general public. Dealers can bid on vehicles that are being sold by other dealers or by manufacturers. These auctions may offer a wide variety of vehicles, including new, used, and salvage.
2. **Online Auctions:** Some auction houses allow dealers to bid on vehicles online. This allows dealers to participate in auctions from anywhere in the world, without having to physically attend the auction.
3. **Government Auctions:** These auctions are conducted by federal, state, or local government agencies and offer vehicles that have been seized or confiscated.
4. **Salvage Auctions:** These auctions offer vehicles that have been damaged and may need repairs. Salvage auctions can be a good source of affordable vehicles for dealers who have the expertise to repair them.

Advantages of attending dealer auctions:

1. **Access to a wide range of vehicles:** Dealer auctions offer a wide variety of vehicles, including new, used, and salvage, that may not be available elsewhere.
2. **Competitive Pricing:** Dealers can often purchase vehicles at auction for a lower price than they would pay at a dealership or private sale.
3. **Quick Inventory Turnover:** Dealers can quickly purchase and sell vehicles through auctions, allowing them to turn their inventory over quickly.
4. **Opportunity to Build Relationships:** Attending dealer auctions can provide dealers with the opportunity to build relationships with other dealers and auction staff, which can be beneficial for future business.

Disadvantages of attending dealer auctions:

1. **Competition:** Dealer auctions can be highly competitive, with many dealers bidding on the same vehicles.
2. **Lack of Transparency:** Dealers may not have access to detailed information about the vehicles being sold, such as accident history or mechanical problems.
3. **Risk of Purchasing Damaged Vehicles:** Some vehicles at auction may have hidden damage or mechanical issues that are not apparent during the bidding process.
4. **Additional Costs:** Dealers may need to pay additional fees, such as buyer's fees, transportation costs, and auction fees, which can increase the total cost of purchasing a vehicle.

Especially since early 2020, the auto industry has started a major trend towards digital auctions versus physical auctions for various reasons. There are several reasons where there can be advantages and disadvantages to each.

Digital Auctions

Digital auctions are conducted online through various auction platforms. These auctions offer dealers the ability to participate in auctions remotely from their computer or mobile device. Here are some advantages and disadvantages of digital auctions:

Advantages of Digital Auctions:

1. **Convenient:** Digital auctions offer dealers the ability to participate in auctions from the comfort of their own home or office.
2. **Access to National and International Markets:** Digital auctions allow dealers to bid on vehicles from across the country or even internationally.
3. **Reduced Travel Costs:** Dealers don't need to travel to an auction site, saving them money on travel expenses.
4. **Efficient:** Digital auctions are typically faster than physical auctions as dealers don't need to wait for the auctioneer to physically move from one vehicle to the next.

Disadvantages of Digital Auctions:

1. **Limited Inspection:** Digital auctions often don't offer the opportunity for dealers to inspect the vehicles in person, making it harder to assess the complete condition of the vehicle.
2. **Technical Difficulties:** Technical issues can arise during online bidding, such as internet connection problems or website glitches, which can impact a dealer's ability to bid.
3. **Lack of Personal Interaction:** Digital auctions lack the personal interaction that comes with a physical auction, such as building relationships with other dealers.

There are several digital auto auction platforms available in California. Here are some of the top digital auto auctions in California:

- **Manheim:** Manheim is one of the largest auto auction platforms in the world, offering both physical and digital auctions. Their California locations include Manheim Southern California and Manheim San Diego.
- **ADESA:** ADESA is another large auto auction platform that offers both physical and digital auctions. ADESA's California locations include ADESA Los Angeles, ADESA Sacramento, and ADESA San Diego.
- **Copart:** Copart specializes in salvage vehicle auctions and offers both physical and digital auctions. They have several locations in California, including Copart Sacramento, Copart Los Angeles, and Copart San Diego.
- **IAA:** IAA (Insurance Auto Auctions) is a leading auto auction platform specializing in salvage vehicles. They offer both physical and digital auctions, with locations throughout California, including IAA Los Angeles and IAA Sacramento.
- **ACV Auctions:** ACV Auctions is a digital-only platform that offers live, online auctions for used vehicles. While they don't have any physical auction locations in California, they do operate across the country, making it possible for dealers to buy and sell vehicles from California.
- **SmartAuction:** SmartAuction is a digital-only platform that focuses on off-lease and rental vehicles. They don't have any physical auction locations in California, but they do operate across the country, making it possible for dealers to buy and sell vehicles from California.

It's important to note that the availability of these auction platforms may vary depending on the specific location in California, so it's recommended to check with each platform to see what is available in your area.

Although there is a certain ease of use with digital auctions, it is important that you become familiar with how each company conducts business. Important key factors that dealers should be aware of is:

- **Condition reports** – Almost all digital auctions do not allow for dealers to physically inspect the vehicles, that is why it is important to understand and develop a trust for whatever digital auction you're planning to do business with.
- **Buy and transport fees** – Buyer fees and transport fees are how a lot of auctions make their profit. Make sure that you understand what the buyer fees are before buying at an auction, what it includes and if the fees are negotiable. Transport fees through the auction can be convenient but also costly. Sometimes it is in the dealer's interest to work with a few local transport companies. There can be pros and cons to this as well.
- **Arbitration policies**- Always make sure that you understand what the arbitration costs are for the auction that you are working with. Many auctions offer an extended arbitration period – for an additional fee – that can give a dealer a longer period from the purchase of the vehicle in order to get it inspected by a repair shop.

Physical Auctions

Physical auctions are held at auction sites, where dealers attend the auction in person. Here are some advantages and disadvantages of physical auctions:

Advantages of Physical Auctions:

1. **Opportunity to Inspect Vehicles:** Dealers can physically inspect the vehicles before bidding.
2. **Personal Interaction:** Physical auctions allow for face-to-face interaction with other dealers, which can lead to building relationships and networking opportunities.
3. **Full Transparency:** Physical auctions provide dealers with complete transparency about the condition of the vehicle, such as any visible damage or defects.
4. **Live Auctioneer:** A live auctioneer can create a more exciting and engaging atmosphere, increasing the chance of higher bids.

Disadvantages of Physical Auctions:

1. **Limited Access:** Physical auctions can be limited to a certain geographic area, limiting the number of vehicles available to dealers.
2. **Higher Costs:** Attending a physical auction may be more costly for dealers, as they need to pay for travel, lodging, and other expenses.
3. **Limited Time:** Physical auctions can be time-consuming, as dealers need to spend time traveling to and from the auction, as well as waiting for the auction to begin and for their desired vehicle to come up for bidding.
4. **Competitive Environment:** Physical auctions can be highly competitive, with many dealers vying for the same vehicles, leading to higher prices.

There are several physical auto auction sites in California that auto dealers can attend to bid on vehicles. Here are some of the top physical auctions in California:

1. **Manheim Southern California:** Manheim Southern California is located in Fontana and is one of the largest physical auction sites in California. It offers both in-person and Simulcast bidding options.
2. **ADESA Los Angeles:** ADESA Los Angeles is located in Mira Loma and offers in-person bidding as well as online bidding through ADESA's Simulcast platform.
3. **Brasher's Sacramento:** Brasher's Sacramento is located in Sacramento and offers in-person bidding as well as online bidding through their website.
4. **ServNet Auctions:** ServNet Auctions is a network of independent auto auction sites located throughout the country, including several locations in California, such as Bay Cities Auto Auction, Norwalk Auto Auction, and Dealers Choice Auto Auction.
5. **Golden Gate Auto Auction:** Golden Gate Auto Auction is located in Fremont and offers in-person bidding as well as online bidding through their website.
6. **Norwalk Auto Auction:** Norwalk Auto Auction is located in Norwalk and offers in-person bidding as well as online bidding through their website.
7. **Metro Auto Auction of Phoenix:** While not located in California, Metro Auto Auction of Phoenix is a popular auction site for California dealers looking to expand their search for inventory. They offer in-person bidding as well as online bidding through their website.

It's important to note that the availability of these auction sites may vary depending on the specific location in California, so it's recommended to check with each site to see what is available in your area.

Auction Access

Auction Access is a program that provides auto dealers with a universal registration system that allows them to participate in auctions across the country. By signing up for Auction Access, dealers can gain access to hundreds of auction sites and thousands of vehicles, making it easier to find the inventory they need for their dealership.

To sign up for Auction Access, dealers must first apply for a dealer's license in their state. Once they have their license, they can visit the Auction Access website and complete an online registration form. The registration process typically takes a few business days, and once approved, dealers will receive a unique Auction Access ID number that they can use to participate in auctions across the country.

Auction Access is useful for auto dealers for several reasons:

1. **Universal registration:** With Auction Access, dealers only need to register once to gain access to hundreds of auction sites across the country. This eliminates the need for dealers to complete multiple registration forms for different auction sites, saving time and hassle.
2. **Increased inventory options:** By gaining access to more auction sites, dealers have a wider selection of vehicles to choose from. This allows dealers to find the specific makes and models that they need for their dealership, increasing their chances of finding the right inventory.
3. **Streamlined bidding process:** With a universal registration system, dealers can use their Auction Access ID number to participate in auctions across the country. This eliminates the need for dealers to complete separate bidding forms for each auction site they participate in, streamlining the bidding process and making it more efficient.
4. **Reduced costs:** With increased access to inventory, dealers can find vehicles at competitive prices. This can help reduce costs for the dealership and increase profitability.

Overall, Auction Access is a useful tool for auto dealers who are looking to expand their inventory options and streamline their bidding process.

Dealer auctions can be a great place to purchase inventory, however some of the best places to purchase vehicles are directly from the public.

Make sure to check out our videos on:

- How to properly inspect a vehicle
- How to book out a car
- Example of digital auction interaction

Chapter 5

Part 1

Federal and State Form Requirements



USED CAR RULE

The Used Motor Vehicle Trade Regulation Rule is a federal rule issued by the Federal Trade Commission (FTC) in 1984 that sets requirements for used car dealerships in the United States. The rule is aimed at preventing deceptive and unfair practices in the sale of used motor vehicles and applies to all used car dealerships, including those in California.

The Used Motor Vehicle Trade Regulation Rule requires used car dealers to display a "Buyers Guide" on each used car that they offer for sale. This guide provides information about the vehicle, including whether it comes with a warranty and what types of defects are covered. It also includes information about the dealer's return policy and the terms of any warranty offered.

The rule also requires dealers to disclose certain information about the vehicle's history, including whether it was previously used as a rental car or a taxi, and whether it has been in any accidents or had any major repairs. Dealers are also required to provide consumers with a copy of any warranty offered and to obtain a signed acknowledgment of the sale from the buyer.

In California, used car dealerships must comply with both federal and state laws governing the sale of used motor vehicles. The California Department of Motor Vehicles (DMV) has its own set of regulations that dealers must follow, which cover issues such as advertising, sales contracts, and disclosure requirements.

Overall, the Used Motor Vehicle Trade Regulation Rule aims to protect consumers from deceptive and unfair practices in the sale of used motor vehicles and to ensure that the customer has the information they need to make informed purchasing decisions.

Federal Buyers Guide

As a part of the Used Motor Vehicle Trade Regulation Rule of 1984, the definition of the expectations that must be met by a used vehicle dealer were more clearly outlined. This would become what the Federal Trade Commission outlined as the Used Car Rule.

Before a used vehicle is offered for sale, a Buyer's Guide must be filled in based on the details of the vehicle and the dealer it is offered for sale at. It also needs to be posted on the vehicle so you can clearly see the front and back of the buyer's guide when looking at the vehicle.

The Federal Trade Commission's (FTC) Used Car Rule requires used car dealerships to display a "Buyers Guide" on every used car offered for sale. The Buyers Guide must contain the following information:

1. The make, model, year, and vehicle identification number (VIN) of the vehicle.
2. Whether the vehicle is being sold "as is" or with a warranty.
3. The terms of the warranty, if any, including the duration and what systems or components are covered.
4. Any systems or components that are known to be defective or that may require repair.
5. Whether there are any other types of warranties or service contracts available for purchase.
6. The dealer's name and address, as well as the date the Buyers Guide was printed.

Customers can use the Buyers Guide to get information about the vehicle's condition and history, the warranty coverage, and any defects that may need repair. The Buyers Guide can also help customers compare different vehicles and dealerships and make more informed purchasing decisions.

In California, used car dealerships must comply with both federal and state laws governing the sale of used motor vehicles. The California Department of Motor Vehicles (DMV) has its own set of regulations that dealers must follow, which cover issues such as advertising, sales contracts, and disclosure requirements.

Under California law, the Buyers Guide must include additional information about the vehicle's history, including whether it was previously used as a rental car or a taxi, and whether it has been in any accidents or had any major repairs. California also requires dealers to provide a Spanish-language Buyers Guide if the vehicle is sold in a primarily Spanish-speaking area.

Overall, the Buyers Guide is an important tool for customers buying a used car, and dealerships in California and across the United States must comply with the federal Used Car Rule and any applicable state regulations to ensure that customers are fully informed about the vehicles that they are purchasing.

This is the way the form is broken down:

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	VEHICLE IDENTIFICATION NUMBER (VIN)

One of the first elements of filling in the Buyers Guide is making sure that the information is correct regarding the year, make, model and vehicle identification number on the vehicle.

There are two separate ways that the next portion can be displayed for your retail customer, but it greatly depends on what kind of a warranty policy you're going to have at your dealership.

WARRANTIES FOR THIS VEHICLE:

☐

AS IS - NO DEALER WARRANTY

THE DEALER DOES NOT PROVIDE A WARRANTY FOR ANY REPAIRS AFTER SALE.

☐

DEALER WARRANTY

☐

FULL WARRANTY.

☐

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, and for any documents that explain warranty coverage, exclusions, and the dealer's repair obligations. *Implied warranties* under your state's laws may give you additional rights.

SYSTEMS COVERED:

DURATION:

For many dealers who start initially, offering a vehicle As Is – No Dealer Warranty is how most dealers choose to operate. This can prove to be a setback for some retail customers when they look at whatever vehicles are potentially for sale at the dealership lot. Knowing how to overcome some of these objections can be crucial to the success of your sale. Here are some ways to overcome objections to offering vehicles as is:

- Showing/proving your work – Part of division 12 safety requirements are ensuring that the vehicle that is offered to the retail public must ensure that all safety equipment is in proper working condition prior to offering the vehicle for sale.
 - One ideal way of doing this is making sure that a mechanic shop has done a safety inspection on the vehicle. By showing a potential customer a copy of the service order that was performed on a vehicle, this will instill confidence with your potential customer and help instill confidence in the potential sale.
- Is the vehicle still under manufacturer's warranty?
 - Manufacturers all have a specific warranty that comes with their vehicle at the time of purchase with the original owner. Some warranties extend for the lifetime of the vehicle, some do not extend to third party consumers-so it's important to know the vehicle that you are selling and make sure that your customer is aware of the situation that is presented by this as well.
 - Example- Hyundai has a 10-year, 100,000-mile powertrain warranty with the original owner. However, once the original owner sells the vehicle, the manufacturer's warranty goes to a 5-year, 60,000-mile warranty on the powertrain.
 - Pro Tip – If a vehicle is outside of manufacturer's warranty, there is a chance that a franchise store might "Goodwill" the coverage on the warranty depending on the situation. This should not be relied on as a guarantee but can be helpful to ask to see if something can be done.
- Vehicle Service Contract – Vehicle service contracts can be an excellent supplement to an "As Is – No Warranty Sale" due to the additional coverage that it adds to consumer confidence. Vehicle service contracts stem from a simple powertrain warranty all the way to near full coverage on any failed component on a vehicle. It is also important to understand the difference between a warranty and a service contract. Warranties are provided directly from a dealer or manufacturer, whereas a service contract is a third-party agreement that is handled directly between a mechanic shop and the service contract provider.
 - Note – Make sure before you offer a vehicle service contract that you understand the level of coverage that a service contract provider offers. Make sure you read the fine print! One example of this coverage extends to "internal lubricated parts". Many do not cover "reasonable wear and tear" on certain vehicle items such as:
 - Tires
 - Brakes
 - Wiper blades
 - Rotors
 - Etc.

- o Pro Tip – NEVER indicate that a vehicle service contract is “Full Coverage”. Most, if not all, service contract providers have limitations on what is covered on a vehicle and telling your customer that they have full coverage on their service contract runs the risk of not setting proper expectations with your client. Rather than saying it’s fully covered, try using the number of components that the service contract covers.
 - “Our gold package offers 750 individualized parts that covers your vehicle for the next 5 years, 100,000 miles.”

If a warranty is offered by your dealership, the dealership should be extremely detailed when it comes to what is covered and outline exactly what on the vehicle are the covered items. There are two types of warranties that can be offered. Either full or limited:

- Full warranty – If the vehicle is a full warranty, then it must have all the following:
 - o The warranty service and claims are open to anyone that owns the vehicle if the warranty time is still valid.
 - o Warranty services are always free of charge regardless of the circumstances.
 - o Customers must be given the option to either be able to repair or replace any damaged item or if the item in question cannot be properly addressed within a certain number of requests.
 - o Customers are not required to do anything beyond letting the dealer know that the service is needed. Once notification happens, the service needs to be performed unless it can be determined that it is reasonable that a customer needs to do more than just simply give notice.
 - o The warranty cannot be limited in any way.

It’s because of these parameters that most warranties are considered limited. A warranty operates on the basis of giving the selling dealer the opportunity to decide what they want to cover. It is important for dealers to outline specifically what percentage of the of the labor will be covered and what percentage of the parts will be covered as well.

There are certain circumstances where a deductible may come into play, therefore putting an * next to the number and provide a detailed explanation under the column that outlines the Systems Covered and Duration section:

“A \$100 deductible is required for each service appointment.”

Listed on the Buyers Guide are two separate columns that outline what systems are covered and how long the warranty is for those items. It's important to also note if the vehicle is still under the manufacturer's warranty or if it's a dealer-covered item.

SYSTEMS COVERED:

DURATION:

NON-DEALER WARRANTIES FOR THIS VEHICLE:

- ☐ **MANUFACTURER'S WARRANTY STILL APPLIES.** The manufacturer's original warranty has not expired on some components of the vehicle.
- ☐ **MANUFACTURER'S USED VEHICLE WARRANTY APPLIES.**
- ☐ **OTHER USED VEHICLE WARRANTY APPLIES.**

Ask the dealer for a copy of the warranty document and an explanation of warranty coverage, exclusions, and repair obligations.

- ☐ **SERVICE CONTRACT.** A service contract on this vehicle is available for an extra charge. Ask for details about coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of your purchase of this vehicle, *implied warranties* under your state's laws may give you additional rights.

ASK THE DEALER IF YOUR MECHANIC CAN INSPECT THE VEHICLE ON OR OFF THE LOT.

OBTAIN A VEHICLE HISTORY REPORT AND CHECK FOR OPEN SAFETY RECALLS. For information on how to obtain a vehicle history report, visit ftc.gov/usedcars. To check for open safety recalls, visit safercar.gov. You will need the vehicle identification number (VIN) shown above to make the best use of the resources on these sites.

SEE OTHER SIDE for important additional information, including a list of major defects that may occur in used motor vehicles.

Si el concesionario gestiona la venta en español, pídale una copia de la Guía del Comprador en español.

BUYER SIGNATURE

DATE CO-BUYER SIGNATURE

DATE

Service Contracts

It is required that a dealer lists on the buyer's guide if a service contract is going to be offered. That is why it's important as a dealer to understand what is included in a service contract, how they are used, and what benefit they can provide for both the dealer and the customer.

Vehicle service contracts (VSC), also known as extended warranties or service agreements, are contracts that provide additional coverage for repair or replacement of certain components or systems on a vehicle. These contracts are typically sold by dealerships or third-party providers and are designed to provide customers with added peace of mind and protection from unexpected repair costs.

Pros of purchasing a vehicle service contract include:

1. Protection from unexpected repair costs: A VSC can cover repair or replacement costs for certain components or systems that are not covered by the manufacturer's warranty, which can help protect customers from unexpected and potentially costly repairs.
2. Peace of mind: Knowing that certain repairs or replacements are covered under a VSC can provide customers with added peace of mind and reduce the stress and anxiety associated with unexpected repairs.
3. Transferable: In some cases, VSC's can be transferred to a new owner if the vehicle is sold, which can add value to the vehicle and make it more attractive to potential buyers.

Cons of purchasing a vehicle service contract include:

1. Cost: VSC's can be expensive, and customers may end up paying more for the contract than they would for the repairs themselves.
2. Limited coverage: VSC's may not cover all repairs or replacements, and there may be exclusions or limitations that customers should be aware of before purchasing.
3. Claims process: Filing a claim under a VSC can be a complex process, and customers may need to meet certain requirements or provide documentation to have the repair or replacement covered.

In California, dealerships can offer VSC's to customers to provide additional protection and peace of mind. California law requires dealerships to disclose certain information about VSCs to customers, including the cost of the contract, the coverage provided, and any deductibles or exclusions.

Examples of companies that sell service contracts for car dealers include Ally, Zurich, and CNA National Warranty Corporation. These companies offer a range of VSC options for dealerships to offer to customers, with varying levels of coverage and pricing. It is important for customers to research and compare different VSC options and providers to find the best fit for their needs and budget.

Vehicle History Reports

The last portion that needs to be signed off by the customer is the vehicle history report. There is one report that is required which is the NMVTIS report or the National Motor Vehicle Title Information System. The other two that are suggested are Carfax and Autocheck. Let's learn how each of these can be used.

The National Motor Vehicle Title Information System (NMVTIS) is a federal database that provides information on the history of motor vehicles in the United States. The database contains data from state motor vehicle agencies, insurance companies, salvage yards, and other sources, and it is intended to help prevent vehicle-related fraud and theft.

NMVTIS was established by the Anti-Car Theft Act of 1992, and it became fully operational in 2009. It is overseen by the Department of Justice and managed by the American Association of Motor Vehicle Administrators (AAMVA).

When buying a car, an NMVTIS report can be used to provide information on the vehicle's history, including:

1. Title information: The report can show whether the vehicle has a clean title, a salvage title, or has been reported as stolen.
2. Odometer readings: The report can provide information on the vehicle's odometer readings, which can help to identify potential fraud or odometer tampering.
3. Accident history: The report can provide information on any reported accidents or damage to the vehicle.
4. Previous owners: The report can show how many previous owners the vehicle has had, which can be helpful in determining its overall condition and history.

The NMVTIS report can be purchased from authorized providers, and the cost varies depending on the provider and the level of detail included in the report.

The NMVTIS report gets its data from a variety of sources, including state motor vehicle agencies, insurance companies, salvage yards, and auto recyclers. By collecting and analyzing this data, NMVTIS helps to prevent vehicle-related fraud and theft, and it provides valuable information to consumers who are considering purchasing a used car.

Pro Tip:

The provider that we recommend at California Dealer Academy is vinaudit.com

Here is a little bit of the history on the company.

VinAudit.com is a web-based service that provides vehicle history reports to consumers who are considering purchasing a used car. The service is designed to help consumers make informed decisions about the vehicles they are interested in, by providing detailed information on the vehicle's history, including accident history, title information, and other important details.

VinAudit.com uses data from a variety of sources, including the National Motor Vehicle Title Information System (NMVTIS), which is a federal database that collects information on the history of motor vehicles in the United States. By collecting and analyzing this data, VinAudit.com provides consumers with a comprehensive view of the vehicle's history, which can help them to identify potential problems or issues before making a purchase.

To use VinAudit.com, consumers simply enter the vehicle identification number (VIN) of the car they are interested in, and the system generates a detailed report that includes information on the vehicle's title history, accident history, odometer readings, and other important details. The report also includes a score that indicates the overall health of the vehicle based on its history, as well as a recommended retail value based on current market conditions.

VinAudit.com offers a range of pricing options, from a single report to a monthly subscription, depending on the needs of the consumer. The service is widely used by consumers who are considering purchasing a used car, as well as by car dealerships and other businesses that need to access vehicle history information on a regular basis.

On the following pages, here is an example of what an NMVTIS Report looks like:

Vehicle History Report

VIN:JTDKARFP3K3108015

Report ID: VINAUDIT #734057622621
Generated: 2020-05-01 11:05:57 PDT

Vehicle Specifications

This section lists basic vehicle details encoded by the VIN.

VIN	JTDKARFP3K3108015	Year	2019
Make	Toyota	Model	Prius Prime
Trim	Advanced	Engine	1.8-L L-4 DOHC 16V Hybrid
Made In	Japan	Style	No data
Steering Type	Rack & Pinion	Anti-Brake System	4-Wheel ABS
Fuel Type	Hybrid	Fuel Capacity	No data
Gross Weight	No data	Overall Height	57.90 inches
Overall Length	182.90 inches	Overall Width	69.30 inches
Standard Seating	4	Optional Seating	No data
Highway Mileage	No data	City Mileage	No data
Invoice Price	\$32,010	MSRP	\$33,350

Title Records

This section lists state title records. Please contact the states listed below to request details. Source: NMVTIS

Date	State of Title	Type	Mileage	VIN
2019-06-07	California	Current	359 mi.	JTDKARFP3K3108015

Junk / Salvage / Insurance Records

This section lists junk, salvage, and insurance total loss records (if any). Source: NMVTIS

✓ No junk, salvage, or insurance records found!

Theft Records

This section lists active theft and theft recovery records for this VIN. Source: VA

✓ No theft or theft recovery records found!

Lien / Impound / Export Records

This section lists lien, impound, and export records (if any). Source: VA

✓ No lien, impound, or export records found!

Sale Records

This section lists historical sale listings from available sources. Source: VA

Date	Seller	Details
2019-03-06	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$31,625 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl

Source: NMVTIS

2019-03-11	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$31,125 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl
2019-03-12	Toyota Of Glendora Glendora, CA	Listed for Sale Listing Price: \$31,647 Vehicle Mileage: 11 miles Vehicle Color: White
2019-04-06	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$31,625 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl
2019-04-08	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$31,147 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl
2019-04-11	Toyota Of Glendora Glendora, CA	Listed for Sale Listing Price: \$31,647 Vehicle Mileage: 11 miles Vehicle Color: White
2019-05-06	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$31,625 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl
2019-05-10	Toyota Of Glendora Glendora, CA 91740	Listed for Sale Listing Price: \$29,147 Vehicle Mileage: 11 miles Vehicle Color: Blizzard Pearl
2019-05-11	Toyota Of Glendora Glendora, CA	Listed for Sale Listing Price: \$31,647 Vehicle Mileage: 11 miles Vehicle Color: White

Problem Checks

This section lists our checks for potential problems related to the title.

Source: NMVTIS

Record of <u>Flood damage?</u>	✓ No problems found!
Record of <u>Fire damage?</u>	✓ No problems found!
Record of <u>Hail damage?</u>	✓ No problems found!
Record of <u>Salt water damage?</u>	✓ No problems found!
Record of <u>Vandalism?</u>	✓ No problems found!
Record of <u>Kit?</u>	✓ No problems found!
Record of <u>Dismantled?</u>	✓ No problems found!
Record of <u>Junk?</u>	✓ No problems found!
Record of <u>Rebuilt?</u>	✓ No problems found!
Record of <u>Reconstructed?</u>	✓ No problems found!
Record of <u>Salvage—Damage or Not Specified?</u>	✓ No problems found!
Record of <u>Test Vehicle?</u>	✓ No problems found!
Record of <u>Refurbished?</u>	✓ No problems found!
Record of <u>Collision?</u>	✓ No problems found!
Record of <u>Salvage Retention?</u>	✓ No problems found!
Record of <u>Prior Taxi?</u>	✓ No problems found!
Record of <u>Prior Police?</u>	✓ No problems found!
Record of <u>Original Taxi?</u>	✓ No problems found!
Record of <u>Original Police?</u>	✓ No problems found!
Record of <u>Remanufactured?</u>	✓ No problems found!
Record of <u>Gray Market?</u>	✓ No problems found!
Record of <u>Warranty Return?</u>	✓ No problems found!

Record of <u>Antique</u> ?	✓ No problems found!
Record of <u>Classic</u> ?	✓ No problems found!
Record of <u>Agricultural Vehicle</u> ?	✓ No problems found!
Record of <u>Logging Vehicle</u> ?	✓ No problems found!
Record of <u>Street Rod</u> ?	✓ No problems found!
Record of <u>Vehicle Contains Reissued VIN</u> ?	✓ No problems found!
Record of <u>Replica</u> ?	✓ No problems found!
Record of <u>Totaled</u> ?	✓ No problems found!
Record of <u>Owner Retained</u> ?	✓ No problems found!
Record of <u>Bond Posted</u> ?	✓ No problems found!
Record of <u>Memorandum Copy</u> ?	✓ No problems found!
Record of <u>Parts Only</u> ?	✓ No problems found!
Record of <u>Recovered Theft</u> ?	✓ No problems found!
Record of <u>Undisclosed Lien</u> ?	✓ No problems found!
Record of <u>Prior Owner Retained</u> ?	✓ No problems found!
Record of <u>Vehicle Non-conformity Uncorrected</u> ?	✓ No problems found!
Record of <u>Vehicle Non-conformity Corrected</u> ?	✓ No problems found!
Record of <u>Vehicle Safety Defect Uncorrected</u> ?	✓ No problems found!
Record of <u>Vehicle Safety Defect Corrected</u> ?	✓ No problems found!
Record of <u>VIN Replaced</u> ?	✓ No problems found!
Record of <u>Gray Market: Non-compliant</u> ?	✓ No problems found!
Record of <u>Gray Market: Compliant</u> ?	✓ No problems found!
Record of <u>Manufacturer Buy Back</u> ?	✓ No problems found!
Record of <u>Former Rental</u> ?	✓ No problems found!
Record of <u>Salvage--Stolen</u> ?	✓ No problems found!
Record of <u>Salvage--Reasons Other Than Damage or Stolen</u> ?	✓ No problems found!
Record of <u>Disclosed Damage</u> ?	✓ No problems found!
Record of <u>Prior Non-Repairable / Repaired</u> ?	✓ No problems found!
Record of <u>Crushed</u> ?	✓ No problems found!
Record of <u>Hazardous</u> ?	✓ No problems found!
Record of <u>Odometer: Actual</u> ?	✓ No problems found!
Record of <u>Odometer: Not Actual</u> ?	✓ No problems found!
Record of <u>Odometer: Tampering Verified</u> ?	✓ No problems found!
Record of <u>Odometer: Exempt from Odometer Disclosure</u> ?	✓ No problems found!
Record of <u>Odometer: Exceeds Mechanical Limits</u> ?	✓ No problems found!
Record of <u>Odometer: May be Altered</u> ?	✓ No problems found!
Record of <u>Odometer: Replaced</u> ?	✓ No problems found!
Record of <u>Odometer: Reading at Time of Renewal</u> ?	✓ No problems found!

Information from participating state motor vehicle titling agencies.

Information on automobiles, buses, trucks, motorcycles, recreational vehicles, motor homes, and tractors. NMVTIS may not currently include commercial vehicles if those vehicles are not included in a state's primary database for title records (In some states, those vehicles are managed by a separate state agency), although these records may be added at a later time.

Information on "brands" applied to vehicles provided by participating state motor vehicle titling agencies. Brand types and definitions vary by state, but may provide useful information about the condition or prior use of the vehicle.

Most recent odometer reading in the state's title record.

Information from insurance companies, and auto recyclers, including junk and salvage yards, that is required by law to be reported to the system, beginning March 31, 2009. This information will include if the vehicle was determined to be a "total loss" by an insurance carrier.

Information from junk and salvage yards receiving a "cash for clunker" vehicle traded-in under the Consumer Assistance to Recycle and Save Act of 2009 (CARS) Program.

Consumers are advised to visit www.vehiclehistory.gov for details on how to interpret the information in the system and understand the meaning of various labels applied to vehicles by the participating state motor vehicle titling agencies.

VinAudit Disclaimer

The information used to compile this report is aggregated from various government agencies, non-profit organizations, and industry sources. Access to the National Motor Vehicle Title Information System (NMVTIS) is facilitated through Approved NMVTIS Consumer Access Provider VinAudit.com, Inc. Nonetheless, the accuracy and reliability of the information supplied depends primarily on the reporting sources, and all entities involved in compiling this report accept no liability for any errors or omissions. Furthermore, all warranties, expressed or implied, including any implied warranties of merchantability or fitness for a particular purpose are hereby disclaimed.

Generated by **VinAudit.com**

Carfax

Carfax is a web-based service that provides vehicle history reports to consumers who are considering purchasing a used car. The company was founded in 1984 and is based in Centreville, Virginia.

The Carfax report includes a variety of information about the vehicle's history, including:

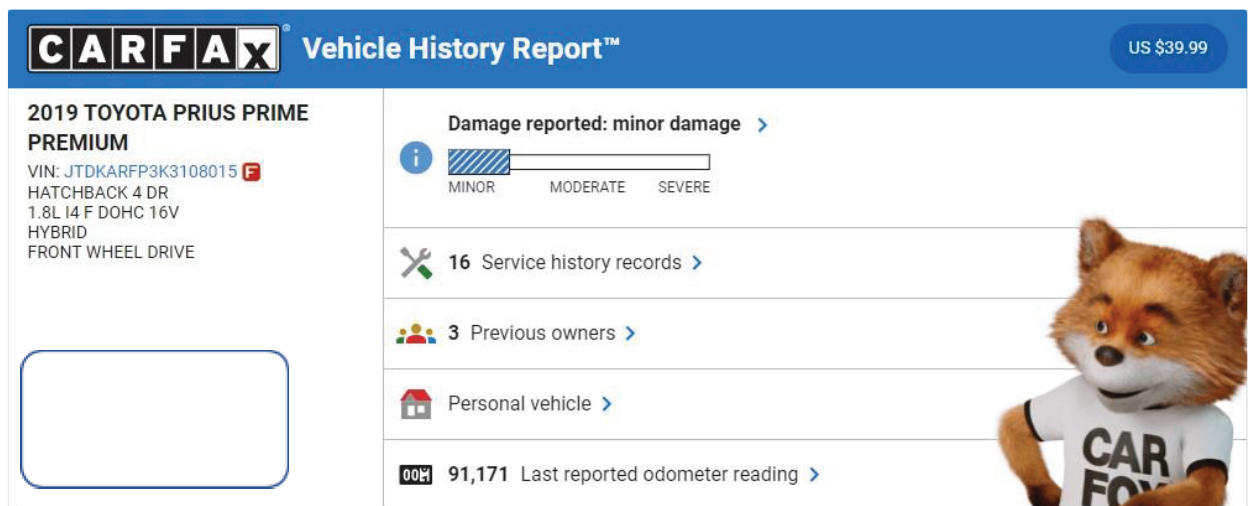
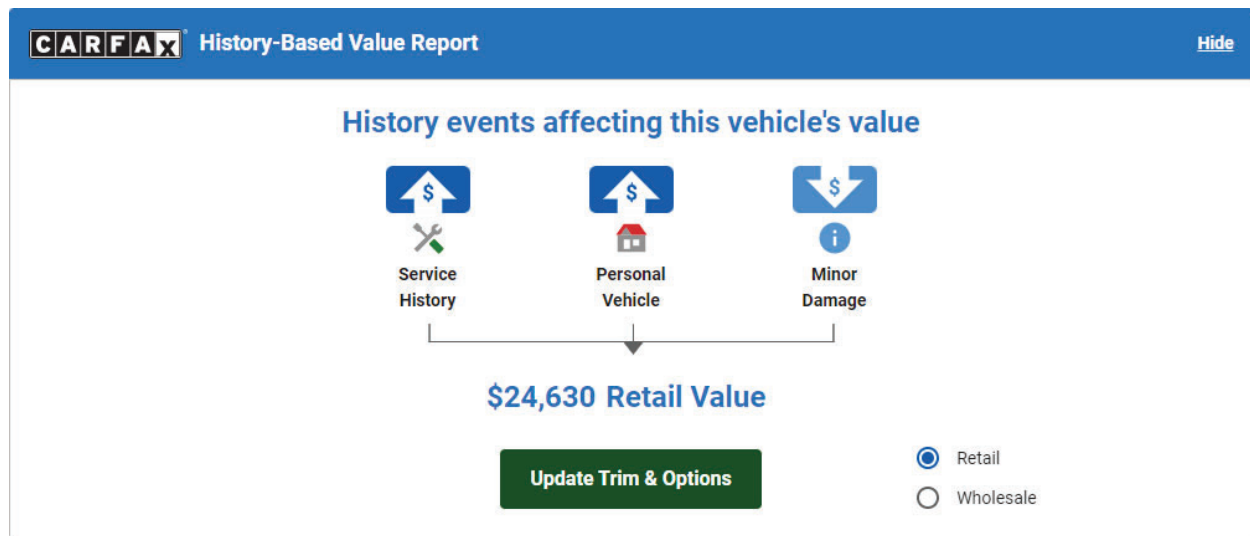
1. Title information: The report can show whether the vehicle has a clean title, a salvage title, or has been reported as stolen.
2. Odometer readings: The report can provide information on the vehicle's odometer readings, which can help to identify potential fraud or odometer tampering.
3. Accident history: The report can provide information on any reported accidents or damage to the vehicle.
4. Service history: The report will show the vehicle's service records, including repairs and maintenance performed over its lifetime.
5. Ownership history: The report can show how many previous owners the vehicle has had, and in some cases, the report can provide information on the length of each ownership period.
6. Recall information: The report can show whether the vehicle has any open recalls that have not been addressed.

Consumers benefit from Carfax by being able to make more informed decisions about the vehicles they are considering purchasing. By reviewing the Carfax report, consumers can identify potential problems or issues with the vehicle's history, which can help them to avoid purchasing a car with a hidden past.

Car dealers benefit from using Carfax by being able to provide more transparent information to their customers. By providing a Carfax report to a potential buyer, dealers can demonstrate that they are selling a vehicle with a clean history and no hidden problems. This can help to build trust with their customers and increase sales.








Carfax offers a range of pricing options, from a single report to a subscription service that provides access to multiple reports. The service is widely used by consumers who are considering purchasing a used car, as well as by car dealerships and other businesses that need to access vehicle history information on a regular basis.

Example of a Carfax:



This CARFAX Vehicle History Report is based only on [information](#) supplied to CARFAX and available as of 3/19/23 at 2:05:20 PM (CDT). Other information about this vehicle, including problems, may not have been reported to CARFAX. Use this report as one important tool, along with a vehicle inspection and test drive, to make a better decision about your next used car.

CARFAX Ownership History The number of owners is estimated	Owner 1	Owner 2	Owner 3
Year purchased	2019	2020	2021
Type of owner	Personal	Personal	Personal
Estimated length of ownership	10 months	1 year	1 yr. 9 mo.
Owned in the following states/provinces	California	California, Arizona	Arizona
Estimated miles driven per year	---	29,872/yr	27,858/yr
Last reported odometer reading	14,190	44,882	91,171

CARFAX Title History CARFAX guarantees the information in this section	Owner 1	Owner 2	Owner 3
Damage Brands ⓘ Salvage Junk Rebuilt Fire Flood Hail Lemon	 Guaranteed No Problem	 Guaranteed No Problem	 Guaranteed No Problem
Odometer Brands ⓘ Not Actual Mileage Exceeds Mechanical Limits	 Guaranteed No Problem	 Guaranteed No Problem	 Guaranteed No Problem
 GUARANTEED - None of these major title problems were reported by a state Department of Motor Vehicles (DMV). If you find that any of these title problems were reported by a DMV and not included in this report, CARFAX will buy this vehicle back. View Terms View Certificate			

CARFAX Additional History ^ Back To Top				Owner 1	Owner 2	Owner 3
Total Loss ⓘ Not all accidents / issues are reported to CARFAX.				✓ No Issues Reported	✓ No Issues Reported	✓ No Issues Reported
Structural Damage ⓘ CARFAX recommends that you have this vehicle inspected by a collision repair specialist.				✓ No Issues Reported	✓ No Issues Reported	✓ No Issues Reported
Airbag Deployment ⓘ No airbag deployment reported to CARFAX.				✓ No Issues Reported	✓ No Issues Reported	✓ No Issues Reported
Odometer Check ⓘ No indication of an odometer rollback.				✓ No Issues Indicated	✓ No Issues Indicated	✓ No Issues Indicated
Accident / Damage ⓘ Damage reported: 04/16/2020.				Minor Damage	No New Issues Reported	No New Issues Reported
Manufacturer Recall ⓘ No open recalls reported to CARFAX. Check with an authorized Toyota dealer for any open recalls. View Toyota disclosure				✓ No Recalls Reported	✓ No Recalls Reported	✓ No Recalls Reported
Basic Warranty ⓘ Original warranty estimated to have expired.				Warranty Expired	Warranty Expired	Warranty Expired


Owner 1

Purchased: 2019

Personal Vehicle

Date	Mileage	Source	Comments
02/11/2019		NICB	Vehicle manufactured and shipped to California
02/25/2019	10	Toyota of Glendora Glendora, CA 909-305-2000 toyotaofglendora.com ★ 4.5 / 5.0 521 Verified Reviews	Vehicle serviced - Pre-delivery inspection completed
05/21/2019	13	Toyota of Glendora Glendora, CA 909-305-2000 toyotaofglendora.com ★ 4.5 / 5.0 521 Verified Reviews	Vehicle serviced
06/07/2019	359	California Motor Vehicle Dept. Claremont, CA	Title issued or updated - First owner reported - Titled or registered as personal vehicle
08/02/2019	5,162	Toyota of Glendora Glendora, CA 909-305-2000 toyotaofglendora.com ★ 4.5 / 5.0 521 Verified Reviews	Vehicle serviced - Maintenance inspection completed - 5,000 mile service performed - Floor mat(s) checked - Wipers/washers checked - Fluids checked - Tires rotated - Tire condition and pressure checked - Oil and filter changed - Brakes checked
12/26/2019	10,338	Toyota of Glendora Glendora, CA 909-305-2000 toyotaofglendora.com ★ 4.5 / 5.0 521 Verified Reviews	Vehicle serviced - Maintenance inspection completed - Oil and filter changed - Tire condition and pressure checked

04/16/2020

Damage Report



Damage reported: minor damage

- Damage to front

This incident was first available for display by CARFAX on 05/08/2020.

**CARFAX HAS THE MOST
ACCIDENT & DAMAGE
INFORMATION**



Minor damage is usually cosmetic, including dents or scratches to the vehicle body.

04/22/2020

14,190

Online Listing

Vehicle offered for sale

04/22/2020

Auto Auction

Vehicle sold






Millions of used vehicles are bought and sold at auction every year.




**Owner 2**

Purchased: 2020

Personal Vehicle

29,872 mi/yr

Date	Mileage	Source	Comments
05/01/2020	14,191	California Motor Vehicle Dept. Temecula, CA	Odometer reading reported
05/07/2020		California Motor Vehicle Dept. Temecula, CA	Title issued or updated - New owner reported - Loan or lien reported
05/18/2020	14,230	Temecula Valley Toyota Temecula, CA 888-695-0786 temeculavalleytoyota.com ★ 4.4 / 5.0 52 Verified Reviews ✓	 Vehicle serviced - Maintenance inspection completed - Tires rotated - Tire condition and pressure checked
06/19/2020		Service Facility	 Inspection performed - Alignment checked
07/28/2020	21,358	Crown Toyota Scion Ontario, CA 909-390-9700 crowntoyota.com ★ 4.6 / 5.0 342 Verified Reviews ✓	 Vehicle serviced - Maintenance inspection completed - Oil and filter changed - Tire condition and pressure checked - Tire(s) replaced

10/21/2020	28,766	Crown Toyota Scion Ontario, CA 909-390-9700 crowntoyota.com ★ 4.6 / 5.0 342 Verified Reviews ✓	 Vehicle serviced - Maintenance inspection completed - Oil and filter changed - Tire condition and pressure checked - Air filter replaced - Cabin air filter replaced/cleaned
02/06/2021	40,070	Walmart Auto Care Center Temecula, CA 951-506-7638 https://www.walmart.com ★ 4.6 / 5.0 57 Verified Reviews ✓	 Vehicle serviced - Oil and filter changed
04/02/2021	44,877	Crown Toyota Scion Ontario, CA 909-390-9700 crowntoyota.com ★ 4.6 / 5.0 342 Verified Reviews ✓	 Vehicle serviced - Oil and filter changed
04/13/2021		California Motor Vehicle Dept. Temecula, CA	Title issued or updated - Loan or lien reported
05/11/2021	44,882	Online Listing	Vehicle offered for sale
05/11/2021		Auto Auction	Vehicle sold

Damage Indicator

Damage can be a result of many different types of events. Examples include contact with objects (other cars, trees, traffic signs, road debris, etc), vandalism, or weather-related events. Not every damage event is reported to CARFAX. As details about the damage event become available, those additional details are added to the CARFAX Vehicle History Report. CARFAX recommends that you have this vehicle inspected by a qualified mechanic.

- This CARFAX Vehicle History Report is based only on information supplied to CARFAX and available as of 3/19/23 at 2:05:20 PM (CDT). Other information about this vehicle, including problems, may not have been reported to CARFAX. Use this report as one important tool, along with a vehicle inspection and test drive, to make a better decision about your next used car.

Damage Severity

Damage events result in one of the following severity levels:

- Minor: Generally, minor damage is cosmetic (including dents or scratches), may only require reconditioning, and typically does not compromise a vehicle's operation and/or safety.
- Moderate: Moderate damage may affect multiple components of the vehicle and may impair the vehicle's operation and/or safety.
- Severe: Severe damage usually affects multiple components of the vehicle and is likely to compromise the vehicle's operation and/or safety.

CARFAX recommends getting a pre-purchase inspection at a certified collision repair facility.

First Owner

When the first owner(s) obtains a title from a Department of Motor Vehicles as proof of ownership.

New Owner Reported

When a vehicle is sold to a new owner, the Title must be transferred to the new owner(s) at a Department of Motor Vehicles.

Ownership History

CARFAX defines an owner as an individual or business that possesses and uses a vehicle. Not all title transactions represent changes in ownership. To provide estimated number of owners, CARFAX proprietary technology analyzes all the events in a vehicle history. Estimated ownership is available for vehicles manufactured after 1991 and titled solely in the US including Puerto Rico. Dealers sometimes opt to take ownership of a vehicle and are required to in the following states: Maine, Massachusetts, New Jersey, Ohio, Oklahoma, Pennsylvania and South Dakota. Please consider this as you review a vehicle's estimated ownership history.

Title Issued

A state issues a title to provide a vehicle owner with proof of ownership. Each title has a unique number. Each title or registration record on a CARFAX report does not necessarily indicate a change in ownership. In Canada, a registration and bill of sale are used as proof of ownership.

Toyota Recall / Service Campaign

Portions of this report have been included under license from Toyota Motor North America, Inc. ("TOYOTA"), License Agreement TMS1013. This data applies only to vehicle marketed or originally sold in Mexico and the United States of America, including Guam, Saipan, American Samoa, Puerto Rico, the U.S. Virgin Islands and the other United States territories and protectorates with currently open safety or emissions recalls, or service campaigns. While TOYOTA provides data to Carfax Inc. on a regular basis, this report may not include very recent activity. For the manufacturer's most current information on recall/campaign activity for any Toyota, Lexus or Scion brand vehicle, you must go to <http://toyota.com/recall> or <http://lexus.com/recall>.

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3/19/23 2:05:20 PM (CDT)

I have reviewed and received a copy of the CARFAX Vehicle History Report for this 2019 TOYOTA PRIUS PRIME vehicle (VIN: **JTDKARFP3K3108015** ) which is based on information supplied to CARFAX and available as of 3/19/23 at 3:05 PM (EDT).

Customer Signature

Date

Dealer Signature

Date

AutoCheck

AutoCheck is a web-based service that provides vehicle history reports to consumers who are considering purchasing a used car. The service is owned and operated by Experian, a global information services company based in Dublin, Ireland. The report is commonly used as a window into auction condition reports along with providing extra guidance for consumers.

The AutoCheck report is important to review before a customer buys a car because it provides a comprehensive view of the vehicle's history, including any accidents, repairs, or other issues that may impact its value or safety. By reviewing the AutoCheck report, consumers can make more informed decisions about the vehicles they are considering and avoid purchasing a car with a hidden past.

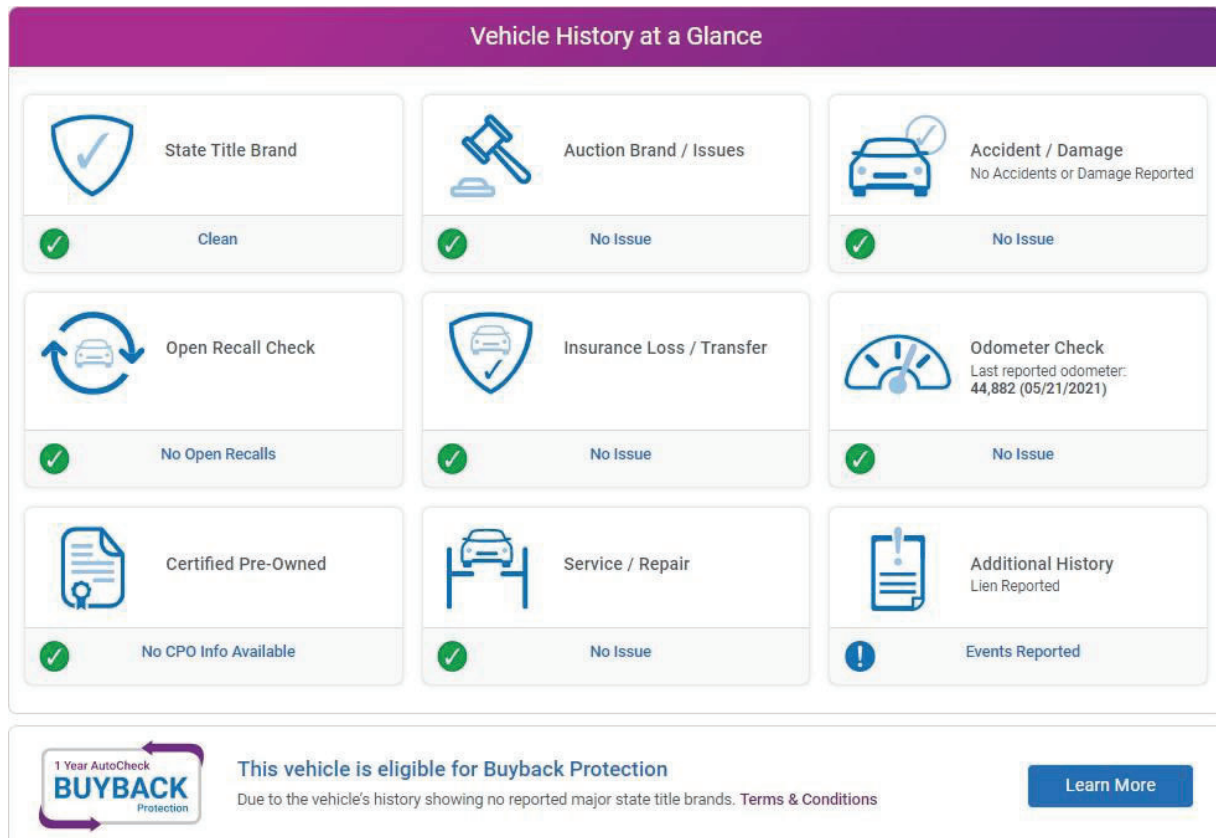
For dealers, the AutoCheck report can be a valuable tool for building trust with customers and increasing sales. By providing a vehicle history report from AutoCheck, dealers can demonstrate that they are selling a car with a clean history and no hidden problems. This can help to build confidence with their customers and increase the likelihood of a successful sale.

The AutoCheck report includes a variety of information about the vehicle's history, including:

1. Title information: The report can show whether the vehicle has a clean title, a salvage title, or has been reported as stolen.
2. Accident history: The report can provide information on any reported accidents or damage to the vehicle.
3. Odometer readings: The report can provide information on the vehicle's odometer readings, which can help to identify potential fraud or odometer tampering.
4. Service history: The report will show the vehicle's service records, including repairs and maintenance performed over its lifetime.
5. Ownership history: The report can show how many previous owners the vehicle has had, and in some cases, the report can provide information on the length of each ownership period.
6. Recall information: The report can show whether the vehicle has any open recalls that have not been addressed.

AutoCheck offers a range of pricing options, from a single report to a subscription service that provides access to multiple reports. The service is widely used by consumers who are considering purchasing a used car, as well as by car dealerships and other businesses that need to access vehicle history information on a regular basis.

Example of an Autocheck Report:



Accident & Damage



Airbag Deployed



Structural Damage



Overturned



No Damage

Your Vehicle Checks Out

AutoCheck has not received any accident or damage-related events from government sources, independent agencies, or auction sources. Not all damage-related events are reported to AutoCheck. It is recommended to have pre-owned vehicles inspected by a third-party prior to purchase.

Odometer Check



Your Vehicle Checks Out

No odometer brands, rollbacks, rollover or tampering has been reported to AutoCheck from state Division of Motor Vehicles (DMV) or auction sources. AutoCheck also examined the sequence of reported odometer readings to determine if there are any potential discrepancies.



State Title Odometer Check

No issues reported



Auction Odometer Check

No issues reported



Odometer Calculation Check

No issues reported

Detailed Vehicle History

Below are the historical events for this vehicle listed in chronological order.

Vehicle: 2019 Toyota Prius Prime Advanced / Plus / Premium (JTDKARFP3K3108015) Report Run Date: 03/19/2023 15:24:03 EDT

2019

Vehicle Prep and Other Pre-Titling Events

Location: CA

Preparation Date: 02/2019

Event Date	Location	Odometer	Data Source	Details
02/11/2019	CA		Independent Source	Vehicle Manufactured and Shipped to Dealer
05/19/2019	CA	359	Motor Vehicle Dept.	Odometer Reading from DMV

2019

Owner 1

Location: CA

Owned From: 06/2019

Usage: Personal

Event Date	Location	Odometer	Data Source	Details
06/07/2019	CLAREMONT, CA		Motor Vehicle Dept.	Title Registration Event/Renewal
05/01/2020	CA	14,191	Motor Vehicle Dept.	Odometer Reading from DMV

2020

Owner 2

Location: CA

Owned From: 05/2020

Usage: Personal

Event Date	Location	Odometer	Data Source	Details
05/07/2020	TEMECULA, CA		Motor Vehicle Dept.	Title(Lien Reported) Registration Event/Renewal
05/11/2020	TEMECULA, CA	14,191	Dealer Record	Vehicle in Dealer Inventory
04/13/2021	TEMECULA, CA		Motor Vehicle Dept.	Title(Lien Reported)
05/21/2021	PHOENIX, AZ	44,882	Motor Vehicle Dept.	Title(Title #A004134477) (Lien Reported)

2021

Owner 3

Location: AZ

Owned From: 05/2021

Usage: Personal

Event Date	Location	Odometer	Data Source	Details
05/23/2021	TEMPE, AZ		Motor Vehicle Dept.	Registration Event/Renewal
06/01/2021	TEMPE, AZ		Motor Vehicle Dept.	Registration Event/Renewal
06/25/2021	TEMPE, AZ		Motor Vehicle Dept.	Title(Title #A004590549) (Lien Reported)
06/01/2022	TEMPE, AZ		Motor Vehicle Dept.	Registration Event/Renewal

This Vehicle's Glossary

Below are the specific definitions for events that appear in this vehicle's report. More information is available in the full [AutoCheck glossary](#).

Term	Section Location	Definition
State Title Brand	Vehicle History at a Glance	A "branded title" is an official designation assigned by a state agency to associate a particular history with a vehicle. The branding system was put in place to warn potential owners about damage or other alterations to a vehicle that they might otherwise have been unaware of. The brands checked in this section are Fire, Hail, Flood, Junk/Scrapped, Lemon, Salvage, Rebuilt/Rebuildable, Odometer Brands (not actual miles, broken odometer, exceeding mechanical limits, mileage discrepancy, or suspect miles). Please note Grey Market and Insurance Loss or Theft brands are not checked in this box and can be found on other corresponding boxes.
Auction Issue	Vehicle History at a Glance	This section summarizes any issues if reported such as damage condition from seller's disclosure or during the inspection process including required structural damage disclosure, title brands, odometer issues, etc. as outlined by the 2021 National Auto Auction Association Policy .

AutoCheck Terms and Conditions

This report, and any reliance upon it, is subject to [AutoCheck Terms and Conditions](#). If you obtained the report from a lender/dealer, the lender/dealer has been provided with these Terms and Conditions and can share them with you. These AutoCheck Terms and Conditions are also available at any time at www.autocheck.com/terms or by writing to Experian: Experian Automotive C/O AutoCheck Customer Service 955 American Lane Schaumburg, IL 60173.

Buyback Protection Terms and Conditions

This vehicle (JTDKARFP3K3108015) qualifies for [AutoCheck Buyback Protection](#). If you obtained the report from a dealer, the dealer has been provided with the terms and can share them with you. These Buyback Protection Terms and Conditions are also available to you at any time at www.autocheck.com/bbptterms or by writing to Experian: Experian Automotive C/O AutoCheck Customer Service 955 American Lane Schaumburg, IL 60173.

About AutoCheck

AutoCheck vehicle history reports by Experian Automotive is the leading vehicle history reporting service. With expert data handling, the Experian Automotive database houses over 4 billion records on a half a billion vehicles. Every AutoCheck vehicle history report will give you confidence when buying or selling your next used vehicle, with superior customer service every step of the way.

Patent Notice

Certain aspects of this vehicle history report may be covered by U.S. Patent 8,005,759.

TrueFrame Report (Vehicle History Enhancement)

TrueFrame is a company that provides independent vehicle inspections and certifications to dealerships, individuals, and other businesses. The company was founded in 2019 by Jeffrey Risch and Tony Leopoldino.

A TrueFrame report is a detailed inspection report that provides a comprehensive view of the vehicle's condition and history. The report includes information on the vehicle's structural integrity, previous damage, and repairs, as well as information on the vehicle's history, including any accidents or other incidents that may have affected its value or safety.


The TrueFrame report is designed to help consumers make more informed decisions when purchasing a used car. By providing a detailed analysis of the vehicle's condition and history, the report can help to identify any potential issues or concerns that may impact its value or safety. This can help consumers to avoid purchasing a car with hidden problems and ensure that they are getting a fair price for the vehicle.

In addition to providing valuable information for consumers, the TrueFrame report can also benefit dealerships and other businesses. By providing a certified inspection report, dealerships can demonstrate that they are selling a vehicle that has been thoroughly inspected and is in good condition. This can help to build trust with customers and increase the likelihood of a successful sale.


Overall, the TrueFrame report is a valuable tool for both consumers and dealerships. By providing a detailed analysis of the vehicle's condition and history, the report can help to ensure that consumers make informed decisions when purchasing a used car, and that dealerships are selling vehicles that meet high standards of quality and safety.

TrueFrame, in addition to the other vehicle history reports, can give true full 360 transparency towards all the issues that have been reported regarding problems with potential vehicles. Keep in mind that these reports are only as good as the data that is being fed to them. It's always in the dealer's best interest to consider these as tools for guidance and trust, but always verify.

Example of a TrueFrame report:




TRUE360°
The Car Inspection Company



TRUE360
Condition Report

COMPREHENSIVE VEHICLE CONDITION REPORT



Cosmetic Body Score	True360 Structural Standards
95	✓

Current Vehicle Condition

No Damage Found

Previous Vehicle History


Minor Cosmetic Repairs

Vehicle Details

VIN	KMHES4L29KA090772
Year	2019
Make	Hyundai
Model	Sonata Plug-in Hybrid Limited
Mileage	75,065

Inspection Details


ID#	1654024848204
Date	5/31/2022
Technician	Lyndon R.



Cosmetic Inspection



The highlighted points on this vehicle diagram indicate the general areas where our inspection found prior repairs. These issues are not structural in nature and are considered to be purely cosmetic.



Please be aware that this diagram may not be identical in appearance to the actual vehicle being inspected.





Exterior Body Inspection (Cosmetic)

Front Bumper Cover	Original
Hood	Original
Left Fender	Refinished
Left Front Door	Original
Left Rear Door	Original
Left Cosmetic Rocker	Original
Left Cab Corner	Not Applicable
Left Quarter Panel	Original
Left Bedside	Not Applicable
Roof	Original
Left Roof Rail	Original
Right Roof Rail	Original
Rear Bumper Cover	Refinished
Decklid/Liftgate/Tailgate	Refinished
Right Fender	Original
Right Front Door	Original
Right Rear Door	Original
Right Cosmetic Rocker	Original
Right Cab Corner	Not Applicable
Right Quarter Panel	Original
Right Bedside	Not Applicable
Cladding/Mirror Housing	Original

TRUE360° reports are engineered to identify prior repairs or existing cosmetic damage to exterior body parts and provide a topside structural inspection for vehicles that have, or have not reported accident history. In addition, when structural components have been identified as potentially damaged, we will document those areas in an area to most clearly identify restoration of the structure. Repairs

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Buyers Guide – Second Page

The second page of the buyer's guide goes over all the major defects on a used vehicle. When a dealer puts all their contact information on the back and both the customer, and the dealer sign it. It is a good idea and recommended to have a buyer sign the first page as well.

Here is a list of some major defects that may occur in used 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 chatters

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 line (DOT spec.)

Hoses

Drum or rotor too thin (Mfr. Specs)
Lining or pad thickness less than 1/32 inch
Power unit not operating or leaking
Structural or mechanical parts damaged

Air Bags

Steering System

Too much free play at steering wheel (DOT spec.)
Free play in linkage more than 1/4 inch
Steering gear binds or jams
Front wheels aligned improperly (DOT spec.)
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
Catalytic Converter

DEALER NAME

French Connection Auto Sales

ADDRESS

28971 Old Town Front St Ste B, Temecula, CA 92590

TELEPHONE

951 297-7477

EMAIL

frenchconnectionautosales@gmail.com

FOR COMPLAINTS AFTER SALE, CONTACT:

N/A

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

BUYER SIGNATURE

DATE

CO-BUYER SIGNATURE

DATE

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

Assembly Bill 68- Used Car Sales Law

AB 68, also known as the Used Car Sales Law, is a California state law that was passed in 1985. The law is designed to protect consumers who purchase used vehicles by requiring dealers to disclose certain information about the vehicle's condition, history, and warranty coverage.

Under the law, car dealers in California are required to provide buyers with a written disclosure document that includes information such as:

- Whether the vehicle has been in any accidents or has been damaged
- Whether the vehicle has been used as a rental or a fleet vehicle
- Whether the vehicle has been salvaged, rebuilt, or had its odometer rolled back
- Whether the vehicle comes with a warranty, and if so, the terms of that warranty

The law also requires dealers to provide buyers with a two-day cooling-off period during which they can return the vehicle for a full refund. Additionally, dealers are required to provide a warranty on certain vehicles, depending on their age and mileage.

The purpose of AB 68 is to give consumers more information and protection when purchasing a used vehicle, as well as to promote fair and honest practices in the used car industry.

To sell a vehicle under AB 68 laws, car dealers in California are required to fill out several forms, including a Vehicle History Report Disclosure form, a Used Vehicle Buyers Guide, and a Warranty Disclosure Statement. These forms are designed to provide buyers with the information they need to make an informed decision about the vehicle they are purchasing.

California Foreign Language Acknowledgement Form

The California Foreign Language Acknowledgment Form is a document that must be included with certain legal documents, such as real estate deeds or powers of attorney, when those documents are signed by individuals who do not speak English. The form is intended to ensure that non-English speakers understand the content of the document they are signing, even if they are not fluent in English.

The California Foreign Language Acknowledgment Form must be provided in the language that the signee understands. If the signee does not understand English, the form must be provided in their native language. If the signee understands English but is more comfortable reading or speaking another language, the form must be provided in that language. There is no specific list of languages that must be included with the form, as it will vary depending on the signee's needs.

The inclusion of the California Foreign Language Acknowledgment Form is beneficial to customers because it ensures that they fully understand the content of the legal document they are signing. This can help to prevent misunderstandings, disputes, or legal issues down the line.

As for the Used Vehicle Buyers Guide, it is required by law that it be provided in both English and Spanish if the dealer conducts sales in Spanish. The Buyers Guide must be displayed on the vehicle, and the Spanish version must be a mirror translation of the English version. This is to ensure that Spanish-speaking buyers have access to the same information as English-speaking buyers and can make informed decisions about the used vehicle they are considering purchasing.

One of the first forms that should be completed out of the AB 68 forms is the California Foreign Language Acknowledgement Form.

TRANSLATED CONTRACT ACKNOWLEDGEMENT

BUYER			CO-BUYER			SELLER		
Garrett Thomas Eddings						French Connection Auto Sales		
ADDRESS			ADDRESS			ADDRESS		
44547 La Paz Rd						28971 Old Town Front St		
ADDRESS			ADDRESS			ADDRESS		
						Ste B		
CITY	STATE	ZIP	CITY	STATE	ZIP	CITY	STATE	ZIP
Temecula	CA	92592				Temecula	CA	92590

The beginning portion of the form is relatively easy to navigate. You need to make sure that the buyer's name and address are listed correctly along with the name of the dealership and their address.

☐ Chinese 中文

您在以下簽字即表示您了解以上有條件銷售合約、分期付款合約或租約（下稱“合約”）主要用以下所註明語言談判而成，而且如果所選語言不是英語，則您在合約上簽字以前，已經收到一份翻譯成所選語言的書面合約文本。

☐ English

By signing below you acknowledge that the conditional sale contract, or retail installment contract or lease identified above (the "Contract") was negotiated primarily in the language checked below and that if the language checked is not English you were given a written translation of the Contract in the language checked before you signed the Contract.

☐ Korean 한국어

아래에 서명함으로써 귀하는 위에 명시된 조건부 판매 계약서, 소매 할부 계약서 또는 리스 계약서(이하 "계약서")를 아래에 체크 표시된 언어로 주로 협상하였으며, 표시된 언어가 영어가 아닌 경우, 계약서에 서명하기 전 표시된 언어로 작성된 계약서 번역본을 제공받았음을 인정합니다.

☐ Spanish, Español

Al firmar a continuación, usted ratifica que el contrato de venta condicional, contrato de venta o contrato de arrendamiento en cuotas que se ha indicado anteriormente (y denominado de ahora en adelante el "Contrato") fue negociado fundamentalmente en el idioma que se marca a continuación, y que si el idioma marcado no es Inglés se le ha entregado una traducción escrita del Contrato en el idioma marcado antes de firmar de Contrato.

☐ Tagalog

Sa pagpirma sa ibaba ipinagbibigay-alam ninyu na ang kontrata sa may - kondisyong pagbebenta, kontrata sa hulugang pagtitingi o kasunduan sa pag-upa na tinukoy sa itaas (ang "Kontrata") ay pinag-usapan pangunahin sa wikang nilagyan ng tsek sa ibaba at kung ang wikang nilagyan ng tsek ay hindi Ingles kayo ay binigyan ng isang nakasulat na salin ng Kontrata sa wikang nilagyan ng tsek bago ninyu pinirmahan ang Kontrata.

☐ Vietnamese Tiếng Việt

Khi ký tên dưới đây, bạn nhận rằng khế ước mua bán có điều kiện, khế ước mua lẻ trả tiền từng đợt hoặc khế ước thuê ghi trên (gọi là khế ước) được thương lượng bằng ngôn ngữ đánh dấu dưới đây và nếu ngôn ngữ đó không phải là Anh Ngữ thì bạn đã được trao một bản dịch khế ước ấy bằng ngôn ngữ có đánh dấu dưới đây trước khi bạn ký vào khế ước.

Next the customer needs to acknowledge which language they'd like to proceed with. Keep in mind, the dealership needs to provide buyers guides, purchase orders and contracts in:

- Chinese
- English
- Korean
- Spanish
- Tagalog
- Vietnamese

Here are some of the situations that arise when it comes to interpreters:

- If the dealership provides the interpreter, they must be a licensed salesperson for the dealership.
- The interpreter must be at least 18 years of age or older to be an interpreter.
 - In the state of California, you must be at least 18 years of age or older to negotiate a contract. Important to keep in mind this also includes test driving a vehicle, which is a part of the negotiation process.
- It is a best practice to have a customer sign a REG 256, a statement of facts, indicating that they read and understand both English and the interpreted language.
- If the negotiations are done in Spanish, a Spanish translation of the Federal Buyers Guide must be on the vehicle in question before negotiations start.

Once the customer has selected which language that they would like to proceed with, both the customer and the dealer will sign and date.

_____	05/01/20
Buyer	Date
_____	05/01/20
Co-Buyer	Date

_____	05/01/20
Seller	Date

This form outlines the buyer's name and address, the co-buyer's name and address and the dealership's name and address. It establishes that, in the language the customer has designated, that the contract, buyers and purchase order has been provided to the customer in the language they have specified that they speak.

If the dealer does not speak the language that the customer is requesting, there are a few steps that must be taken to ensure the process is handled correctly:

1. Provide the customer the form they are requesting, in the language they are requesting, with a line through it. This will act as a translation copy for the customer.
2. The customer will then receive the English copy of the form. This will be the actual document that the customer will sign. The customer will reference the translation copy to read over the documentation.
3. Have the customer sign a REG 256 (Statement of Facts) indicating that the customer has been provided all necessary documentation in both English and the interpreted language.

Contract Cancellation Agreement

A contract cancellation agreement for a used car purchased from a California dealer is a document that allows a buyer to cancel a contract for the purchase of a used car within a specified period of time. This type of agreement is typically offered as part of a dealer's policy to provide customers with additional protection and flexibility in their purchase.

The agreement is beneficial to a customer because it allows them to cancel the contract and return the car for a refund if they are not satisfied with the purchase for any reason. This can provide peace of mind and reduce the risk of purchasing a car that turns out to have hidden issues or problems.

The requirements for the form may vary depending on the dealer, but it should typically include the following information:

- The date of the agreement
- The name and address of the dealer and the buyer
- The make, model, and year of the car being purchased
- The purchase price of the car
- The date by which the buyer must cancel the contract
- The terms and conditions for canceling the contract, including any fees or charges that may apply.
- The procedure for returning the car and obtaining a refund for the vehicle and if the vehicle is subject to restocking fees.
- The specified miles a customer can drive. Minimum requirement is 2 days or 250 miles.

In California, dealers are required to provide a contract cancellation agreement for used car purchases if the car is priced at \$40,000 or less and the buyer's financing was arranged by the dealer. The agreement must be provided in both English and Spanish if the dealer conducts sales in Spanish. The cancellation period must be at least two days and the agreement must include specific language required by California law.

According to the California Vehicle Code, a dealer needs to display a notice that is not less than eight inches high and ten inches wide in each office where numbers are discussed in the dealer's place of business that indicates the following information:

"THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION"

California law does not provide for a "cooling-off" or other cancellation period for vehicle lease or purchase contracts. Therefore, you cannot later cancel such a contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign a motor vehicle purchase or lease contract, it may only be canceled with the agreement of the seller or lessor or for legal cause, such as fraud.

However, California law does require a seller to offer a 2-day contract cancellation option on used vehicles with a purchase price of less than \$40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details.

What does this mean for the dealer?

The dealer must present to the consumer an agreement that the customer signs and contains the following:

- Buyer's name and address
 - Co-buyer's name and address
- Dealership's name and address
- Vehicle description:
 - Year
 - Make
 - Model
 - Vin
- Vehicle delivery date
- Contract cancellation purchase price (Based On the cash price of the vehicle)
 - Vehicle's price is \$5000 or less
 - \$75
 - Vehicle's price is between \$5001 to \$10k
 - \$150
 - Vehicle's price is between \$10001 to \$30k
 - \$250
 - Vehicle's price is between \$30001 to \$39,999
 - 1% of the vehicle's value
- Restocking fee – In the event the customer purchases the contract cancellation option, the dealer has the right to charge a restocking fee.
 - Vehicle's price is \$5000 or less
 - \$175
 - Vehicle's price is between \$5,001 to \$10,000
 - \$350
 - Vehicles price is between \$10,001 to \$39,999
 - \$500

If a customer returns a vehicle

When a vehicle is returned under a contract cancellation agreement, the dealer should conduct a thorough inspection of the vehicle to assess its condition and any changes that may have occurred while it was in the buyer's possession.

The inspection should cover all aspects of the vehicle, including its mechanical, electrical, and safety systems, as well as its appearance and cleanliness. The dealer should look for any signs of damage or wear and tear that were not present at the time of the sale, such as dents, scratches, or stains.

If any issues are identified during the inspection, the dealer should address them before offering the vehicle for sale again. Depending on the nature and extent of the issues, the dealer may need to make repairs, replace parts, or lower the price of the vehicle to reflect its reduced value.

In addition to the inspection, the dealer should also complete any necessary paperwork to transfer ownership of the vehicle back to their possession. This may include updating the vehicle's registration and title, as well as any financing or insurance documents related to the sale.

When is a contract cancellation not required

In California, dealers are not required to provide a contract cancellation agreement for certain types of used car purchases, including:

1. Sales of used cars for \$40,000 or more
2. Sales of used cars that are not primarily intended for personal, family, or household use, such as commercial or fleet vehicles.
3. Wholesale transactions
4. Powersports, motorcycles or RVs

However, even if a contract cancellation agreement is not required by law, some dealers may still offer this type of agreement as part of their sales policy to provide additional protection and flexibility to their customers. Buyers should carefully review their purchase agreement and any other documents provided by the dealer to understand their rights and options in the event of a cancellation.

Contract Cancellation Wrap Up

- You need to offer the customer a 2 day/250-mile contract cancellation option. Failure to do so can be a misdemeanor crime and cause for action against your dealer license.
- You need to have a sign posted at the dealership and any desk where numbers are discussed outlining the customers' rights.
- If a trade is involved, clearly mark it not for sale and make sure it is parked at the dealership until the allotted time has passed.
- Make sure to specify the date and time it can be returned if the customer exercises that right and what the cost of a restocking fee will be.
- Explain the options to the customer, but use this opportunity to also discuss the benefits of a service contract for the customer, and how that may be more beneficial to them than a contract cancellation agreement.

Example of what a Contract Cancellation Option Looks Like

Contract Cancellation Option Agreement - Used Motor Vehicle Only

Buyer Name: Garrett Thomas Eddings		Co-Buyer Name:	
Buyer's Address: 44547 La Paz Rd, Temecula, CA 92592			
Seller's Name: French Connection Auto Sales		Seller's Address: 28971 Old Town Front St Ste B, Temecula, CA 92590	
Vehicle Description	Year: 2019	Make: TOYT	Model: Prius Prime
VIN: JTDKARFP3K3108015		Delivery Date: 05/01/20	
Option Purchase Price: \$	Restocking Fee: \$	Odometer	14,191 miles

CONTRACT CANCELLATION OPTION TERMS AND CONDITIONS

- Who May Purchase the Cancellation Option.** Pursuant to California Law, this Contract Cancellation Option Agreement is available to Buyers who are purchasing a used vehicle having a purchase price of less than \$40,000 primarily for personal, family or household purposes and who have not returned a vehicle to the Dealership pursuant to such an Agreement during the past 30 days.
- Cost of Cancellation Option.** The Contract Cancellation Option Agreement Purchase Price listed above ("Option Purchase Price") is determined, in part, based upon the Cash Price of the Vehicle you are purchasing. **The Contract Purchase Price is non-refundable.**
- Cancellation Option Period.** You must exercise the option to cancel the Retail Purchase Order and/or Conditional Sale Contract on or before _____ am/pm on _____ and the miles driven after delivery of the vehicle to you cannot exceed _____ N/A Miles.
- Restocking Fee.** The amount of the Restocking Fee is determined, in part, based on the Cash Price of the Vehicle you are purchasing. Our Dealership will apply toward the Restocking Fee, the Optional Purchase Price paid by you for this Contract Cancellation Option. If you are exercising your right to purchase a vehicle that you were leasing, the amount of the Restocking Fee will be increased to include the amounts you would have been obligated to pay to the lessor pursuant to the lease contract upon termination of the lease. For excess mileage, unrepaid damage and excess wear and tear charges as follows: Excess Mileage Charge \$ _____ Unrepaid Damage \$ _____ Excess Wear and Tear \$ _____.
- How to Exercise Your Right to Cancel.** In order to exercise the right to cancel the Retail Purchase Order and/or Conditional Sale Contract, you must personally deliver the following items to our Dealership within the Cancellation Option Period:
 - A written notice signed by you exercising the right to cancel;
 - An original of this Contract Cancellation Option Agreement, the Vehicle Purchase Order and/or Conditional Sale Contract, and all related documents; All original vehicle titling and registration documents you received; The Restocking Fee listed above; and
 - The vehicle, which must be free of all liens and encumbrances (other than any lien or encumbrance created by or incidental to the Conditional Sale Contract or a loan arranged by our Dealership, or any purchase money loan obtained by you from a third party). In the same condition as when it was delivered to you, except for reasonable wear and tear and any mechanical problem that manifests or becomes evident after delivery that was not caused by you.
- Your Rights Upon Cancellation.** If you exercise your right to cancel the Retail Purchase Order and/or Conditional Sale Contract in accordance with the terms of this Agreement, the Dealership will provide a full refund of any amounts you have paid to the Dealership, less the purchase price for this Contract Cancellation Option Agreement, and return your trade-in vehicle to you.
- Condition of Vehicle at Delivery.** In order to avoid any misunderstandings concerning the condition of the vehicle should you exercise your right to cancel pursuant to this Agreement, please take a moment to inspect both the interior and exterior of the vehicle and ensure that any visible damage, cosmetic defect, and/or problem with a vehicle component is noted below. Please place your initials beside the appropriate statement.

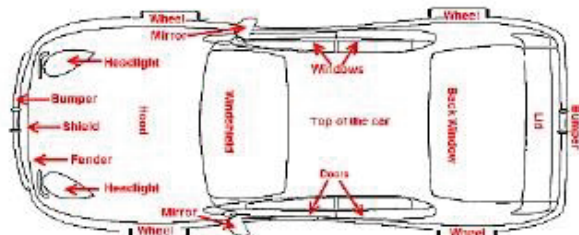
☐ Based upon my inspection of vehicle, I did not find any visible damage or cosmetic defect or problem with any of the vehicle components.

☐ Based upon my inspection of the vehicle, the following damage and/or cosmetic defects or problems with vehicle components existed prior to delivery:

Vehicle Damage Report

C - Chips
T - Tear
D - Dent
S - Scratch
M - Missing
G - Glass Damage

Additional Notes:



CUSTOMER ACKNOWLEDGEMENT AND AGREEMENT

By signing below, you acknowledge that you have read and understand the terms of this Contract Cancellation Option Agreement and you:

☐ Elect to purchase the contract cancellation option.

☐ Decline to purchase the contract cancellation option.

☒ Are not entitled to purchase the contract cancellation:

☐ The vehicle is being leased.

☒ The vehicle is being purchased primarily for business or commercial purposes.

☐ You have exercised your right to return a vehicle to this Dealership within the past 30 days.

☐ The vehicle is classified as a recreational vehicle under Health and Safety Code Section 18010.

☒ The vehicle is classified as a motorcycle under CA Vehicle Code Section 400.

Request to cancel purchase must be exercise before _____ on _____ and the Odometer Reading Cannot exceed _____ N/A miles. By signing below, I elect to exercise my right to cancel the purchase of the vehicle described in this Contract Cancellation Option Agreement.

Cancellation Date: _____ Time: _____ Vehicle Odometer Reading: _____ Miles

Buyer's Signature: _____

Co-Buyer's Signature: _____

Contract Cancellation Option Agreement

Cash Price of Vehicle	Maximum Price
\$5,000 or less;	\$75
More than \$5,000 not more than \$10,000	\$150
More than \$10,000, not more than \$30,000	\$250
More than \$30,000, less than \$40,000	1% of Cash Price
\$40,000 or more; no requirement to offer option	

Restocking Fee

Cash Price of Vehicle	Maximum Price
\$5,000 or less;	\$175
More than \$5,000, less than \$10,000	\$350
\$10,000 or more	\$500

Supplemental Form – Contract Cancellation Option Refused

Pro Tip:

I am a firm believer in supporting documentation when it comes to retail and that's why this form, although not required, is a great addition to what a car dealer should have when retailing a vehicle.

It allows your customer the opportunity to read and sign again understanding that they were offered this but have refused to purchase the contract cancellation option. Remember, customers get a copy of everything that they sign at the dealership.

CONTRACT CANCELLATION OPTION REFUSED OR UNAVAILABLE (Used Vehicle Priced Under \$40,000)

BUYER NAME(S) Garrett Thomas Eddings			DATE 05/01/2020	
ADDRESS 44547 La Paz Rd		CITY Temecula	STATE CA	ZIP 92592
YEAR 2019	MAKE TOYT	MODEL Prius Prime	VIN JTDKARFP3K3108015	

I/We, the undersigned, acknowledge the following

☐
Initial

I/We was/were offered, but choose not to purchase a contract cancellation option agreement. I/We understand that California law does not provide for a "cooling off" or other cancellation period for used vehicle purchases unless I/we obtain a contract cancellation option.

☐
Initial

I/We am/are not entitled to purchase a contract cancellation option agreement because I/we have previously exercised my/our right to return a vehicle to this selling dealership within the last 30 days.

OR

The above described used vehicle does not qualify for a contract cancellation option for the following reason(s):

- ☐ The vehicle is being leased.
- ☐ The vehicle is being purchased primarily for business or commercial purposes.
- ☐ The vehicle is classified as a recreational vehicle pursuant to Health and Safety Code section 18010.
- ☐ The vehicle is classified as a motorcycle pursuant to Vehicle Code section 400.

Buyer Signature: _____ Date: _____

Co-Buyer Signature: _____

Pre-Contract Disclosure/Optional Products and Services Disclosure

An Optional Products and Service Disclosure form is a document that California car dealers are required to provide to customers to disclose any optional products or services that are being offered for sale in connection with the purchase or lease of a vehicle. This form is required under California law to ensure that consumers have a clear understanding of the cost and value of any additional products or services that they may be purchasing.

The disclosure form is beneficial to consumers because it allows them to make informed decisions about their purchase and avoid any unexpected or unnecessary costs. The form lists the optional products and services that are available for purchase, along with the cost of each item and a brief description of what it covers.

The following items are required to be listed on the Optional Products and Service Disclosure:

1. GAP Waiver or similar debt cancellation agreement
2. Service contract or extended warranty
3. Prepaid maintenance plan
4. Appearance protection product
5. Theft deterrent product
6. Vehicle protection product
7. Contract cancellation agreement
8. Key replacement product
9. Etching product
10. Tire and wheel protection product

If a customer does not receive an Optional Products and Service Disclosure form from the dealer, they may be able to cancel any optional products or services that they were charged for. The customer may also be able to take legal action against the dealer for failing to provide the required disclosure.

Let's look more in depth to each of these items:

GAP Insurance

GAP insurance is an optional type of auto insurance that covers the difference, or "gap," between the amount that a driver owes on their car loan or lease and the actual cash value of the vehicle if it is totaled or stolen. GAP is short for Guaranteed Asset Protection, and it can be a great item for customers to purchase at your dealership. Let's look at both sides.

The pros of GAP insurance are:

1. Protects against financial loss: If a car is totaled or stolen, the insurance payout may not cover the full amount owed on the loan or lease. GAP insurance protects against this financial loss.
2. Affordable: GAP insurance is often relatively inexpensive compared to other types of auto insurance.
3. Provides peace of mind: Knowing that you have gap insurance can give you peace of mind, especially if you have a large car loan or lease.

The cons of GAP insurance are:

1. Limited coverage: GAP insurance only covers the difference between the loan or lease amount and the actual cash value of the vehicle. It does not cover other expenses, such as repairs or medical bills.
2. Not always necessary: GAP insurance may not be necessary if you have a small loan or lease, or if you have a large down payment on the vehicle.

GAP insurance is beneficial for car dealers to offer to their clients because it can help protect the dealership's financial interests. If a customer's vehicle is totaled or stolen and they owe more on their loan or lease than the car is worth, the dealership may not be able to recoup the full amount owed. By offering GAP insurance, dealerships can help ensure that they receive the full amount owed, which can reduce their financial risk and help them stay in business. Additionally, offering GAP insurance can be a selling point for customers who are looking for added protection and peace of mind.

Service Contracts

We talked about service contracts earlier in class, however, let's do another brief overview.

A service contract, also known as an extended warranty, is an optional contract offered by car dealerships that provides additional coverage for certain repairs and services beyond the manufacturer's warranty. Service contracts typically cover major vehicle components, such as the engine, transmission, and electrical systems, and may include additional benefits like roadside assistance and rental car reimbursement.

Customers who buy used cars should consider service contracts because they provide added protection and peace of mind against unexpected repair costs. Used cars are more likely to require repairs than new cars, and the cost of these repairs can add up quickly. A service contract can help mitigate these costs and provide customers with assurance that their vehicle is covered if something goes wrong.

For dealerships, selling service contracts is beneficial because it can help increase revenue and customer satisfaction. Service contracts are typically sold at a markup, meaning that dealerships can earn additional profit on each sale. Additionally, offering service contracts can help build trust and loyalty with customers by providing them with added value and protection. This can lead to repeat business and positive word-of-mouth referrals.

It's important for customers to carefully review the terms and conditions of a service contract before purchasing, as not all service contracts are created equal. Some contracts may have restrictions or exclusions that limit the coverage or only cover certain types of repairs. Customers should also be aware of the length of coverage, the deductible amount, and any other fees or costs associated with the contract.

Pre-Paid Maintenance Plan

A prepaid maintenance plan is an optional service offered by car dealerships that provides customers with scheduled maintenance services at a discounted rate. Typically, customers pay upfront for a set number of maintenance visits or a specified time period, such as three years or 30,000 miles. Maintenance services may include oil changes, tire rotations, brake inspections, and other routine services.

There are several benefits for customers to purchase a prepaid maintenance plan when they buy a used car from a dealer:

1. **Convenience:** Prepaid maintenance plans provide customers with a convenient way to keep their car in good condition, without having to worry about scheduling and paying for individual services as they come up.
2. **Cost savings:** Prepaid maintenance plans typically offer a discounted rate compared to paying for each service individually, which can save customers money over time.
3. **Peace of mind:** By purchasing a prepaid maintenance plan, customers can have peace of mind knowing that their car is receiving regular maintenance and that any potential issues will be caught early.
4. **Increased resale value:** A car with a documented history of regular maintenance may have a higher resale value than one that does not, making a prepaid maintenance plan a good investment for customers who plan to resell their car in the future.

Overall, a prepaid maintenance plan can be a smart investment for customers who want to keep their used car in good condition and save money on routine maintenance services. It can also provide peace of mind and potentially increase the resale value of the vehicle. If a dealership offers repairs of any kind, even going so far as to refer a customer for work at another shop, the dealership must have a BAR License.

BAR License

In California, if a dealership performs repairs, they must have a valid Automotive Repair Dealer license issued by the Bureau of Automotive Repair (BAR). This license is required for businesses that perform any type of repair work on vehicles, including mechanical, electrical, or body repairs.

To obtain a BAR license in California, there are several requirements that must be met. These include:

1. **Completing a BAR-approved training program:** All individuals who perform repairs for the dealership must complete a BAR-approved training program in automotive repair.
2. **Passing a written examination:** All individuals who perform repairs for the dealership must pass a written examination administered by the BAR.
3. **Meeting business requirements:** The dealership must meet all business requirements set forth by the BAR, including having a valid business license, insurance, and a properly equipped repair facility.
4. **Paying applicable fees:** The dealership must pay all applicable fees associated with obtaining and maintaining a BAR license.

A BAR license is beneficial for a dealership in California because it demonstrates to customers that the dealership is licensed, trained, and qualified to perform repairs on their vehicles. It also provides customers with the assurance that their vehicle is being repaired by professionals who are accountable to the state regulatory agency. Additionally, having a BAR license can help a dealership stand out from its competitors and attract more customers who value quality repairs and professional service.

Vehicle Appearance/ Protection Plan

A vehicle appearance/protection plan is an optional service that dealerships may offer to customers to protect the appearance of their vehicle. This can include various services such as paint and fabric protection, rustproofing, windshield protection, and more. These plans typically come at an additional cost and can be added to a customer's purchase price or financed into their auto loan.

The benefits of a vehicle appearance/protection plan for a customer include:

1. **Maintaining the appearance of the vehicle:** By protecting the exterior and interior of the vehicle, customers can help to preserve its appearance and protect its resale value.
2. **Ease of maintenance:** By protecting the vehicle's surfaces, it can make cleaning and maintenance easier, saving the customer time and effort.
3. **Protection from environmental factors:** Services such as rustproofing and paint protection can help to protect the vehicle from environmental factors such as salt, moisture, and UV rays, which can cause damage over time.
4. **Potential cost savings:** By preventing damage from occurring, a vehicle appearance/protection plan can potentially save the customer money on costly repairs or replacements.

Overall, a vehicle appearance/protection plan can be a good investment for customers who want to protect their investment and keep their vehicle looking its best. It can potentially save the customer money on repairs and maintenance while also helping to preserve the resale value of the vehicle.

Vehicle Etching/ Key, Wheel, Tire Replacement

Vehicle etching is a process where a unique identification number is etched onto the windows of a vehicle, making it more difficult for thieves to steal and sell the vehicle. This process can deter thieves and may help to recover the vehicle if it is stolen.

Key, wheel, and tire replacement plans are optional services that dealerships may offer to customers to protect their investment in the vehicle. Key replacement plans offer coverage for lost or damaged keys, while wheel and tire replacement plans offer coverage for damage to wheels and tires caused by road hazards.

The benefits of purchasing these optional items when buying a used car from a dealership include:

1. **Theft prevention:** Vehicle etching can deter thieves and may make the vehicle less attractive to steal.
2. **Peace of mind:** Key, wheel, and tire replacement plans can offer customers peace of mind knowing that they are protected from unexpected and costly repairs.
3. **Cost savings:** By purchasing these optional plans, customers can potentially save money on repair and replacement costs over the life of the vehicle.
4. **Convenience:** Key, wheel, and tire replacement plans can offer customers convenient solutions for unexpected issues that may arise with their vehicle.

Overall, while these optional plans come at an additional cost, they can provide customers with added protection and peace of mind knowing that their investment is safeguarded. It is important for customers to carefully consider these options and weigh the costs and benefits before making a decision.

Optional Products and Services Disclosure forms provide transparency to a used car deal that allow the customer to know exactly what they are paying for an itemized list of those products and lets the customer know what it would cost with or without the products being offered.

Some of the benefits to dealerships that offer services like this, beyond an increase in revenue, can be offsetting some of the costs that come with financing a customer that has subprime credit. Customers with subprime credit will often lead to discount fees that are extended to a dealership on behalf of the financial institution that they use during the financing process. In the next section, we'll talk about financing and what forms are involved with that.

In addition to the optional goods and services, the form also outlines other miscellaneous charges that are included with the deal that aren't options. Things like:

- Cash Price of Additional Accessories
- Electronic Vehicle Registration or Transfer Charge
- Document Processing Charge (Doc Fees)
- Emissions Testing Charge
- Prior Credit or Lease Balance

This form must be signed and dated by the customer and the customer must receive a copy.

Example of an Optional Products and Services Disclosure Form

Pre-Contract Disclosure – Retail Installment Sale Contract

Buyer's Name: Garrett Thomas Eddings Co-Buyer's Name: Contract Date: 05/01/2020
Buyer's Address: 44547
Vehicle Description Year: 2019 Make: TOYT Model: Prius Prime VIN: JTDKARFP3K3108015

OPTIONAL GOODS AND SERVICES

<input type="checkbox"/> Optional Service Contract(s):		
1.		\$ N/A
2.		\$ N/A
3.		\$ N/A
4.		\$ N/A
5.		\$ N/A
<input type="checkbox"/> Optional Debit Cancellation Agreement (GAP):		
1.		\$ N/A
<input type="checkbox"/> Optional Theft Deterrent Device(s):		
1.		\$ N/A
2.		\$ N/A
3.		\$ N/A
<input type="checkbox"/> Optional Surface Protection Products(s):		
1.		\$ N/A
2.		\$ N/A
<input type="checkbox"/> Optional Vehicle Contract Cancellation Option Agreement:		
1.		\$ N/A
<input type="checkbox"/> Optional Insurance Product:		
1.		\$ N/A
Total		\$ N/A
Installment Payment Excluding Listed Items		\$ 334.92
Installment Payment Including Listed Items		\$ 334.96

The above installment payments include the items described above, the price of the vehicle, government fees and taxes, finance charges, and the following additional charges:

OTHER GOODS, SERVICES AND MISCELLANEOUS CHARGES

<input type="checkbox"/> Cash Price of Additional Accessories	\$ N/A	<input checked="" type="checkbox"/> Document Processing Charge	\$ 70.00
<input checked="" type="checkbox"/> Electronic Vehicle Registration or Transfer Charge	\$ 338.00	<input type="checkbox"/> Emissions Testing Charge	\$ N/A
<input type="checkbox"/> Other (Nontaxable)		<input type="checkbox"/> Prior Credit or Lease Balance	\$ N/A
1.	\$	<input type="checkbox"/> Other (to whom paid)	\$
2.	\$	For:	

BY SIGNING BELOW, YOU ACKNOWLEDGE:

- All of the charges described above will be included in the retail installment sale contract accompanying the purchase of the above described vehicle.
- The goods and services are not required as a condition to obtaining financing terms.
- This document was presented to you prior to signing the retail installment sale contract and you consent to including all the above charges in the retail installment sale contract.

Buyer's Signature: Co-Buyer's Signature: Date: 05/01/2020

Privacy Policy

The Gramm-Leach-Bliley Act (GLBA), also known as the Financial Services Modernization Act, is a federal law that regulates the collection, use, and disclosure of personal financial information by financial institutions, including car dealerships that provide financing and insurance products to their customers.

The Safeguards Rule is a part of the GLBA that requires financial institutions to develop, implement, and maintain a comprehensive information security program to protect customer information. The Safeguards Rule requires financial institutions to assess risks to customer information, design and implement a safeguard program to mitigate those risks, and regularly monitor and test the effectiveness of those safeguards.

Car dealerships in California are subject to the GLBA and the Safeguards Rule if they provide financing or insurance products to their customers. This means that dealerships must have a comprehensive information security program in place to protect customer information, including physical, administrative, and technical safeguards to prevent unauthorized access to customer information.

Under the Safeguards Rule, car dealerships must:

1. Designate one or more employees to coordinate the information security program.
2. Conduct a risk assessment to identify potential risks to customer information.
3. Develop and implement a written information security program that includes administrative, technical, and physical safeguards to protect customer information.
4. Regularly monitor and test the effectiveness of the safeguards and make necessary changes to the program.

Overall, car dealerships in California must comply with the GLBA and the Safeguards Rule to protect their customers' personal and financial information. This includes developing and maintaining a comprehensive information security program that addresses potential risks and safeguards customer information.

Example of a Privacy Policy

FACTS WHAT DOES French Connection Auto Sales DO WITH YOUR PERSONAL INFORMATION?		
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ■ Social Security number and income ■ account balances and payment history ■ credit history and credit scores 	
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the dealership chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does the dealership share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<input type="checkbox"/>	<input type="checkbox"/>
For our marketing purposes—to offer our products and services to you	<input type="checkbox"/>	<input type="checkbox"/>
For joint marketing with other financial companies	<input type="checkbox"/>	<input type="checkbox"/>
For our affiliates' everyday business purposes—information about your transactions and experiences	<input type="checkbox"/>	<input type="checkbox"/>
For our affiliates' everyday business purposes—information about your creditworthiness	<input type="checkbox"/>	<input type="checkbox"/>
For our affiliates to market to you	<input type="checkbox"/>	<input type="checkbox"/>
For nonaffiliates to market to you	<input type="checkbox"/>	<input type="checkbox"/>
To limit our sharing	<ul style="list-style-type: none"> ■ Call: (951) 297-7477 ■ Visit us online: https://frenchconnectionauto.com ■ Mail the form below <p>Please note:</p> <p>If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit our sharing.</p>	
Questions?	Call (951) 297-7477 or go to https://frenchconnectionauto.com	

Mail-In Form		
Leave Blank OR If you have a joint account, your choice(s) will apply to everyone on your account unless you mark below. <input type="checkbox"/> Apply my choices only to me	Mark any/all you want to limit: <input type="checkbox"/> Do not share information about my creditworthiness with your affiliates for their everyday business purposes. <input type="checkbox"/> Do not allow your affiliates to use my personal information to market to me. <input type="checkbox"/> Do not share my personal information with nonaffiliates to market their products and services to me.	
	Name	Garrett Thomas Eddings
	Address	44547 La Paz Rd
	City, State, Zip	Temecula, CA 92592
		Temecula, CA 92590
	Mail to:	French Connection Auto Sales
		28971 Old Town Front St
		Temecula, CA 92590

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Who we are

Who is providing this notice? French Connection Auto Sales

What we do

How does the dealership protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does the dealership collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ Contact us ■ Purchase a vehicle <p>We also collect your personal information from other companies. OR We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	<p>Your choices will apply to everyone on your account. OR Your choices will apply to everyone on your account—unless you tell us otherwise.</p>

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

Other important information

Used Vehicle History Disclosure Form

The Used Vehicle History Disclosure form is a document required for used car sales by dealerships in California. The form is designed to provide customers with information about the vehicle's history, such as whether it has been involved in any accidents, if it has any liens, if it has ever been salvaged or rebuilt, or if it has had any major repairs.

The Used Vehicle History Disclosure form is required by law to be provided to customers before they purchase a used vehicle from a dealership in California. The purpose of this requirement is to ensure that customers are fully informed about the condition and history of the vehicle they are purchasing, and to protect them from any misrepresentation or fraud by the dealership.

By providing customers with a comprehensive history of the used vehicle they are considering purchasing, the Used Vehicle History Disclosure form allows customers to make an informed decision about whether to proceed with the purchase or not. It also helps customers to identify potential problems with the vehicle that may affect its value or safety.

Overall, the Used Vehicle History Disclosure form is an important tool for protecting customers and promoting transparency in the used car sales process. It allows customers to make informed decisions about their purchases and helps to prevent fraud and misrepresentation by dealerships.

VEHICLE HISTORY DISCLOSURE			
Dealership Name: French Connection Auto Sales		Customer Name: Garrett Thomas Eddings	
Vehicle Description:	Year: 2019	Make: TOYT	Model: Prius Prime
			VIN: JTDKARFP3K3108015
The purpose of this Vehicle History Disclosure is to ensure that you have been advised about the prior use, title and/or damage history of the above-described vehicle. Our Dealership understands that this is information you want to know in making your decision to purchase/lease a vehicle. We also want to make sure that there are no misunderstandings between us regarding the vehicle of your purchase/lease transaction. Please ask us if you have any questions regarding the information provided below.			
Section I: Prior Use Disclosure - The vehicle you are purchasing/leasing was previously used as a:			
<input type="checkbox"/> Unregistered Dealer Demonstrator	<input type="checkbox"/> Dealer Service Vehicle	<input type="checkbox"/> Dealer Rental Vehicle	
<input type="checkbox"/> Dealer Registered Vehicle	<input type="checkbox"/> Dealer Loaner Vehicle	<input type="checkbox"/> Publicly Owned Vehicle	
<input type="checkbox"/> Prior Rental Vehicle	<input type="checkbox"/> Prior Lease Vehicle	<input type="checkbox"/> Unregistered Factory Executive Vehicle	
<input type="checkbox"/> Previous Delivery. Part or all of the mileage on the odometer of this vehicle resulted from previous delivery to a retail purchaser/lessee who never took title to the vehicle.			
Section II: Certificate of Title Brands/Notations - Title Brands vary from state to state and provide important information about the history of a vehicle. The Certificate of Title for the above-described vehicle contains the following brand or notation:			
<input type="checkbox"/> Original Police or Prior Police	<input type="checkbox"/> Original Taxi or Prior Taxi	<input type="checkbox"/> Remanufactured	
The vehicle was used "For Hire" and may have high mileage.	The vehicle was used by law enforcement and may have high mileage.	This vehicle was constructed by a licensed remanufacturer and consists of used or reconditioned parts.	
<input type="checkbox"/> Lemon Law Buyback	<input type="checkbox"/> Gross Polluter	<input type="checkbox"/> NON-USA	
This vehicle was repurchased by its manufacturer due to a defect in the vehicle pursuant to consumer warranty laws. The title to this vehicle has been permanently branded with the notification "Lemon Law Buyback".	This vehicle has been classified as a "Gross Polluter." The vehicle's emission control system must be tested annually for up to five years by a State "Test-Only" facility. Annual testing and the cost of necessary repairs, if any, will be your responsibility.	This means the vehicle was manufactured for use and sale outside the United States and has been converted to meet Federal and California safety and emissions standards.	
<input type="checkbox"/> Junk/Salvage/Insurance Salvage	<input type="checkbox"/> Revived Salvage Vehicle	<input type="checkbox"/> Other	
This means the vehicle was involved in an accident or incurred considerable damage from another source, such as a flood or vandalism.	This means a salvage vehicle has been repaired and registered with the Department of Motor Vehicles.	N/A	
Section III: Prior Damage: It is our policy to advise you if a vehicle has sustained "material damage" of which we have knowledge before you enter into a contract to purchase or lease the vehicle. In the case of a new vehicle, "Material Damage" has the meaning set forth in California Vehicle Code Section 9990. The above-described vehicle has sustained the following material damage, which has been repaired and does not affect any warranties unless otherwise indicated in Section IV.			
N/A			
Section IV: Status of Warranty: The title, prior use and/or damage history described in this Disclosure does not affect any warranties provided in connection with the vehicle unless otherwise indicated in this Section IV.			
N/A			
If this box is marked, the balance of the Manufacturer's Limited Warranty applies. The In-service date for this vehicle was This means that the Manufacturer's Limited Warranty began to run on this date. You will receive the balance of the Manufacturer's Limited Warranty remains.			
By signing below, you acknowledge that you read this Vehicle History Disclosure before you entered into the Retail Purchase Agreement/Retail Lease Agreement and accepted delivery of the vehicle. You further acknowledge that all of your questions regarding the vehicle's history and its effect on any warranty provided by our Dealership or the Manufacturer of the vehicle have been answered.			
Customer Signature:	Date:	Authorized Dealership:	Date:

Chapter 5

Part 2

Forms Required for Finance Deals and Consignment



Disclosures of Consumer Credit and Notice to Vehicle Credit Applicant

NOTICE TO VEHICLE CREDIT APPLICANT

If the dealer obtains and uses your credit score from a credit reporting agency in correlation with your application to finance the purchase of a vehicle, the dealer must disclose the score to you.

The credit score is a computer generated report, calculated by a credit reporting agency, at the time the dealer requests the score, and is based on information the credit reporting agency has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used in determining whether to offer credit. The score may also be used to determine the annual percentage rate you may be offered. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change. Credit scores may differ from one credit reporting agency to another.

If you have questions regarding your credit score, please contact the credit reporting agency at the address or telephone provided. The credit reporting agency does not participate in the decision to take any action on your application for credit. They will be unable to provide you with specific reasons for any decision made on your credit application.

If you have questions concerning credit terms relative to your purchase or lease of a vehicle, ask the dealer.

Your credit score was obtained from the credit reporting agency or agencies marked below:

Garrett Thomas Eddings

Applicant's Name

French Connection Auto Sales

Dealership Name

When offering credit or financing at a dealership, it is important to remember that a dealership cannot give a customer a copy of their credit report. Instead, you give the customer a notice to the applicant going over their credit report. Here are some of the items that must be included in this report.

- The name of the consumer
- The name of the dealership
- The customer's credit score
- How is that score utilized at the dealership?
- How do you receive a copy of that credit report?
- How can you get in contact with the credit bureau if you have questions or need to address problems with the information in the report.

<input type="radio"/> Equifax P.O. Box 2104 Allen, TX 75013 (888) 397-3742 www.experian.com	<input type="radio"/> Experian P.O. Box 2104 Allen, TX 75013 (888) 397-3742 www.experian.com	<input type="radio"/> TransUnion P.O. Box 2104 Allen, TX 75013 (888) 397-3742 www.experian.com
Applicant's credit score obtained from this credit reporting agency: N/A	Applicant's credit score obtained from this credit reporting agency: N/A	Applicant's credit score obtained from this credit reporting agency: N/A
Range of possible scores from this credit reporting agency: 200 to 900	Range of possible scores from this credit reporting agency: 200 to 900	Range of possible scores from this credit reporting agency: 200 to 900

By signing, you acknowledge that before signing a vehicle purchase contract or lease agreement, you received a completely filled-in copy of this disclosure document. This document is provided only for purposes of complying with statutory requirements.

Oct 18, 2021

Date

Applicant's Signature

Red Flags Rule

The Federal Trade Commission's Identity Red Flags Rule is a set of regulations designed to protect consumers and businesses from identity theft. The rule requires financial institutions and creditors, including car dealerships, to develop and implement an identity theft prevention program that is tailored to their particular business and risks.

The Identity Red Flags Rule is important because identity theft can have serious financial and personal consequences for individuals and businesses. By implementing an effective identity theft prevention program, car dealerships can help to safeguard their customers' personal and financial information, reduce the risk of fraud and identity theft, and comply with federal regulations.

The Identity Red Flags Rule program requires car dealerships to identify, detect, and respond to warning signs, or "red flags," that may indicate the possibility of identity theft. Some examples of red flags in the automotive industry may include:

- Suspicious identification documents, such as a driver's license that appears to be altered or fake.
- An unusual or suspicious pattern of vehicle purchases or financing.
- Requests to use a different address or phone number than those on file.
- Alerts or notifications from credit reporting agencies or other sources indicating possible fraud or identity theft.

To comply with the Identity Red Flags Rule, car dealerships must create a written identity theft prevention program that includes:

- A program administrator who is responsible for overseeing the program.
- A risk assessment to identify potential red flags and assess the dealership's level of risk.
- Policies and procedures for detecting, preventing, and responding to red flags.
- Training for employees on how to identify and respond to red flags.
- Oversight of third-party service providers who may have access to customer information.

Overall, the Identity Red Flags Rule is an important program for car dealerships in California and across the country. By implementing effective identity theft prevention programs, car dealerships can help to protect their customers' personal and financial information, reduce the risk of fraud and identity theft, and comply with federal regulations.

Truth In Lending Act & Key Elements Car Dealers Need to Be Aware Of

- The Truth in Lending Act (TILA) is a federal law that requires lenders to disclose the terms and conditions of a loan or credit transaction, including the annual percentage rate (APR) and other associated costs, to consumers. This law applies to all forms of consumer credit, including conditional sales contracts for used vehicles purchased from California car dealers.
- A conditional sales contract is a type of financing agreement where the buyer takes possession of the vehicle but pays for it over time, typically with interest. Under TILA, car dealers must provide buyers with a clear and accurate disclosure of the financing terms and the total cost of the vehicle, including any fees or charges associated with the loan.
- Closed-end credit refers to a loan with a fixed term and a set number of payments, such as a car loan. Open-end credit, on the other hand, refers to a line of credit that can be used repeatedly up to a certain limit, such as a credit card.
- Prime credit refers to borrowers with a high credit score and a good credit history, while subprime credit refers to borrowers with a lower credit score or a history of delinquencies or defaults.
- The Equal Credit Opportunity Act (ECOA) is another federal law that prohibits lenders from discriminating against borrowers on the basis of race, color, religion, national origin, sex, marital status, age, or receipt of public assistance.
- Regulation Z is a set of regulations issued by the Federal Reserve Board under the Truth in Lending Act. It requires lenders to provide borrowers with clear and accurate disclosures of the terms and costs of credit transactions, including loans for the purchase of vehicles.
- The Federal Consumer Credit Protection Act is a federal law passed in 1968 that provides various protections to consumers regarding credit and debt. The law includes several titles, including the Truth in Lending Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, and the Fair Debt Collection Practices Act, among others. These titles provide regulations and guidelines for creditors, credit bureaus, and debt collectors, and aim to ensure that consumers are treated fairly and provided with accurate information regarding credit and debt. The law is enforced by the Consumer Financial Protection Bureau and the Federal Trade Commission.

It is important to note that ALL these forms lead up to breaking down the conditional sales contract into more compartmentalized sections that make it easier for customers to understand.

Consignment

A consignment agreement for a used car dealer is a contract between the dealer and an individual (the "consignor") who wants to sell their vehicle through the dealer. Under this agreement, the consignor entrusts the dealer to sell their vehicle on their behalf, with the dealer receiving a commission or fee for their services.

A typical consignment agreement for a used car dealer should include the following items:

1. **Description of the vehicle:** This should include the year, make, model, and VIN number of the vehicle, as well as any other important details such as the mileage and condition of the vehicle.
2. **Selling price:** The agreement should specify the minimum price that the consignor is willing to accept for the vehicle, as well as the commission or fee that the dealer will receive for selling the vehicle.
3. **Term of the agreement:** The agreement should specify the length of time that the vehicle will be listed for sale with the dealer, as well as any renewal options or termination provisions.
4. **Responsibilities of the parties:** The agreement should specify the responsibilities of the dealer and the consignor, such as who will be responsible for preparing the vehicle for sale, marketing the vehicle, and handling any paperwork related to the sale.
5. **Payment terms:** The agreement should specify when and how the consignor will be paid for the sale of their vehicle, as well as any other fees or expenses that may be deducted from the sale proceeds.

In California, there is a 20-day timeline for a dealer to pay a consignor after the sale of their vehicle. The consignment agreement should specify the payment terms, such as when the consignor can expect to receive payment and how the payment will be made. It is important for dealers to honor the terms of the consignment agreement and make timely payments to consignors to maintain a good reputation and avoid legal disputes.

Chapter 5

Part 3

Conditional Sales Contract



Conditional Sales Contract

A conditional sales contract, in reference to used car sales at a dealership is a legal agreement between a buyer and a dealership, where the buyer agrees to purchase a vehicle on credit and makes payments over a period of time. This type of contract is commonly used in car financing, where the buyer does not pay the full purchase price upfront but rather makes payments over time.

The contract typically includes the terms of the sale, the vehicle information, the purchase price, the down payment amount, the interest rate, and the payment schedule. It may also include information about any warranties or service plans, as well as details about the buyer's credit history and financing options.

A conditional sales contract is required to protect both the buyer and the dealership. The contract ensures that the buyer understands the terms of the sale and the financial obligations associated with purchasing the vehicle. It also protects the dealership by ensuring that the buyer is committed to making payments on time and that the dealership has legal recourse if the buyer defaults on the loan.

The detailed list of information on a conditional sales contract typically includes:

- Buyer and dealership information: Names, addresses, and contact information for both parties.
- Vehicle information: Make, model, year, mileage, VIN number, and any relevant features or options.
- Purchase price: The agreed-upon price for the vehicle.
- Down payment: The amount of money the buyer will pay upfront.
- Interest rate: The rate at which the loan will accrue interest.
- Payment schedule: The amount and frequency of payments.
- Total cost of credit: The total amount of interest and fees the buyer will pay over the life of the loan.
- Warranties and service plans: Details about any warranties or service plans that come with the vehicle.
- Credit information: Information about the buyer's credit history and financing options.
- Default and repossession: Information about what happens if the buyer defaults on the loan or fails to make payments on time.

Page 1 of the Conditional Sales Contract

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RETAIL INSTALLMENT SALE CONTRACT – SIMPLE FINANCE CHARGE (WITH ARBITRATION PROVISION)

Dealer Number 95904 Contract Number N/A R.O.S. Number N/A Stock Number 108015

Buyer Name and Address (Including County and Zip Code) Garrett Thomas Eddings (760) 681-1757 44547 La Paz Rd Temecula, CA 92592	Co-Buyer Name and Address (Including County and Zip Code)	Seller-Creditor (Name and Address) French Connection Auto Sales (951) 297-7477 28971 Old Town Front St Ste B Temecula, CA 92590
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You, the Buyer (and Co-Buyer, if any), may buy the vehicle below for cash or on credit. By signing this contract, you choose to buy the vehicle on credit under the agreements on all pages of this contract. You agree to pay the Seller - Creditor (sometimes "we" or "us" in this contract) the Amount Financed and Finance Charge in U.S. funds according to the payment schedule below. We will figure your finance charge on a daily basis. The Truth-In-Lending Disclosures below are part of this contract.

New Used	Year	Make and Model	Odometer	Vehicle Identification Number	Primary Use For Which Purchased
USED	2019	Toyota Prius Prime	14,191	JTDKARFP3K3108015	Personal, family or household unless otherwise indicated below. <input type="checkbox"/> business or commercial

FEDERAL TRUTH-IN-LENDING DISCLOSURES					STATEMENT OF INSURANCE NOTICE. No person is required as a condition of financing the purchase of a motor vehicle to purchase or negotiate any insurance through a particular insurance company, agent or broker. You are not required to buy any other insurance to obtain credit. Your decision to buy or not buy other insurance will not be a factor in the credit approval process.
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your down payment of	

Vehicle Insurance

Disclosed on the front portion of the title, the contract needs to have a box outlined in red at least 1 inch squared. Here is the determining factor for a new or used vehicle:

A used vehicle, by definition, is any vehicle that has already been operated and titled.

According to the California Vehicle Code,

"A 'used vehicle' is a vehicle that has been sold, or has been registered with the department, or has been sold and operated upon the highways, or has been registered with the appropriate agency of authority, of any other state, District of Columbia, territory or possession of the United States or foreign state, province or country, or unregistered vehicles regularly used or operated as demonstrators in the sales work of a dealer or unregistered vehicles regularly used or operated by a manufacturer in the sales or distribution work of such manufacturer." (Find Law Staff, 2019)

A new motor vehicle is a vehicle that is sold with a MSO (Manufacturer's Statement of Origin) or MCO (Manufacturer's Certificate of Origin)

According to the California Vehicle Code,

"A 'new vehicle' is a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign state, province, or country." (Find Law Staff, 2019)

FEDERAL TRUTH-IN-LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your down payment of
3.65% %	\$ 2,107.36 (e)	\$ 20,000.00 (e)	\$ 22,107.36 (e)	\$ 3,795.38 is \$ 25,902.74 (e)
(e) means an estimate				
YOUR PAYMENT SCHEDULE WILL BE:				
Number of Payments:		Amount of Payments:		When Payments Are Due:
One Payment of N/A		N/A		N/A
One Payment of N/A		N/A		N/A
One Payment of N/A		N/A		N/A
65	334.96	Monthly beginning Jun 1, 2020		
N/A	N/A	N/A		
One final payment	334.96	Nov 1, 2025		
Late Charge. If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late. Prepayment. If you pay early, you may be charged a minimum finance charge. Security Interest. You are giving a security interest in the vehicle being purchased. Additional Information: See this contract for more information including information about nonpayment, default, any required repayment in full before the scheduled date, minimum finance charges, and security interest.				

Federal Truth-In-Lending Disclosures

Important elements of the truth in lending disclosures are:

- Annual Percentage Rate
 - The cost of the customer's interest on an annual basis.
- Finance Charge
 - The total cost of the credit arrangement.
- Amount Financed
 - The amount of money that the creditor will provide to the customer by the financial institution.
- Total Payments
 - The combined amount of money a customer will have to pay when all the payments have been satisfied.
- Total Sale Price
 - The total cost of the transaction including the customer's down payment and what the total cost of credit will be.

(e) means an estimate

YOUR PAYMENT SCHEDULE WILL BE:		
Number of Payments:	Amount of Payments:	When Payments Are Due:
One Payment of N/A	N/A	N/A
One Payment of N/A	N/A	N/A
One Payment of N/A	N/A	N/A
65	334.96	Monthly beginning Jun 1, 2020
N/A	N/A	N/A
One final payment	334.96	Nov 1, 2025
Late Charge. If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late. Prepayment. If you pay early, you may be charged a minimum finance charge. Security Interest. You are giving a security interest in the vehicle being purchased. Additional Information: See this contract for more information including information about nonpayment, default, any required repayment in full before the scheduled date, minimum finance charges, and security interest.		

Breaking out the payment schedule

It is important to list out the number of payments, what that total amount of the payment will be and when those payments will be due. It also needs to outline any kind of:

- Late charges – Late charges occur if the monthly payment isn't paid on time or within the designated grace period, a percentage of the payment will be due to make up for it.
- Pre-payment penalty – It is important to indicate on the contract if there will be any payment for paying the vehicle off early.
- Security Interest and defaults on contract– Customer needs to understand that a lien holder will be added to the title and registration to protect the bank or institution loaning the money. If the consumer defaults on the loan, the vehicle is then leveraged and sold off to go towards satisfying the lien. If the sale doesn't cover the total due on the loan, the registered owner is still responsible to pay the difference to lien holder.

Dealer Carrying Contract

Beyond the traditional lending practices, dealers can also carry the contract as well. The same disclosures are required, and the dealer must set the same standards, payment schedule and APR as well.

Repossession

Repossession occurs when the customer defaults on a contract and the lender goes through the process of repossession. It is important to note that if a dealer regularly collects debts, or repossesses on a regular basis, the Debt Collectors Licensing Act comes into play for Buy Here Pay Here dealers and finance companies that offer financing to automotive dealers.

Statement of Insurance

A statement of insurance on a conditional sales contract is a document that outlines the insurance requirements for a vehicle that is being sold on credit. This statement of insurance typically includes information such as the type of insurance required, the amount of coverage needed, and the name of the insurance company.

It is important to include a statement of insurance on a conditional sales contract because it helps protect both the buyer and the dealership in the event of an accident or other incident involving the vehicle. Specifically, it helps ensure that the vehicle is adequately insured so that any damages or losses can be covered by the insurance company, rather than being the responsibility of the buyer or the dealership.

In many cases, the dealership will require the buyer to provide proof of insurance before they can take possession of the vehicle. This helps ensure that the buyer is complying with the insurance requirements outlined in the contract and that the vehicle is adequately protected.

Ultimately, a statement of insurance on a conditional sales contract is an important part of the overall agreement between the buyer and the dealership. By clearly outlining the insurance requirements for the vehicle, it helps ensure that both parties are protected and that there are no misunderstandings or disputes down the line.

STATEMENT OF INSURANCE			
<small>NOTICE: No person is required as a condition of financing the purchase of a motor vehicle to purchase or negotiate any insurance through a particular insurance company, agent or broker. You are not required to buy any other insurance to obtain credit. Your decision to buy or not buy other insurance will not be a factor in the credit approval process.</small>			
Vehicle Insurance			
		Term	Premium
\$ <u>N/A</u>	Ded. Comp., Fire & Theft	<u>N/A</u> Mos.	\$ <u>N/A</u>
\$ <u>N/A</u>	Ded. Collision	<u>N/A</u> Mos.	\$ <u>N/A</u>
Bodily Injury \$ <u>N/A</u>	Limits	<u>N/A</u> Mos.	\$ <u>N/A</u>
Property Damage \$ <u>N/A</u>	Limits	<u>N/A</u> Mos.	\$ <u>N/A</u>
Medical		<u>N/A</u> Mos.	\$ <u>N/A</u>
Other		<u>N/A</u> Mos.	\$ <u>N/A</u>
Total Vehicle Insurance Premiums			\$ <u>N/A</u>
<small>UNLESS A CHARGE IS INCLUDED IN THIS AGREEMENT FOR PUBLIC LIABILITY OR PROPERTY DAMAGE INSURANCE, PAYMENT FOR SUCH COVERAGE IS NOT PROVIDED BY THIS AGREEMENT.</small>			
<small>You may buy the physical damage insurance this contract requires from anyone you choose who is acceptable to us. You are not required to buy any other insurance to obtain credit.</small>			
Buyer <u>X</u>			
Co-Buyer <u>X</u>			
Seller <u>X</u>			

Agreement to Arbitrate

An agreement to arbitrate on a conditional sales contract is a clause that stipulates that any disputes arising from the contract will be resolved through arbitration rather than through the court system. Arbitration is a form of dispute resolution that involves a neutral third party, known as an arbitrator, who listens to both sides of the dispute and makes a final, binding decision.

Agreement to Arbitrate: By signing below, you agree that, pursuant to the Arbitration Provision on page 7 of this contract, you or we may elect to resolve any dispute by neutral, binding arbitration and not by a court action. See the Arbitration Provision for additional information concerning the agreement to arbitrate. Buyer Signs X _____ Co-Buyer Signs X _____

The agreement to arbitrate is important because it helps provide a faster, more efficient, and less expensive way to resolve disputes between the buyer and the dealership. Rather than going through the court system, which can be time-consuming and costly, arbitration allows both parties to resolve their differences in a more streamlined and informal process.

Another important benefit of an agreement to arbitrate is that it provides more privacy and confidentiality than a court proceeding. Arbitration hearings are typically held in private, and the arbitrator's decision is not a matter of public record, which can be beneficial for both the buyer and the dealership.

It's worth noting that while an agreement to arbitrate can be beneficial in many ways, it also has some potential drawbacks. For example, the arbitrator's decision is final and binding, which means that there is no option to appeal the decision, even if one of the parties feels that the decision was unfair or unreasonable. Additionally, arbitration clauses may limit the buyer's ability to participate in class action lawsuits, which can be an important tool for consumers in some cases.

Overall, an agreement to arbitrate on a conditional sales contract is an important legal provision that helps provide a more efficient and streamlined way to resolve disputes between the buyer and the dealership. However, it's important for both parties to carefully consider the potential benefits and drawbacks of this approach before signing the contract.

AUTO BROKER FEE DISCLOSURE If this contract reflects the retail sale of a new motor vehicle, the sale is not subject to a fee received by an autobroker from us unless the following box is checked: <input type="checkbox"/> Name of autobroker receiving fee, if applicable: _____

Buyer Signs X _____ Co-Buyer Signs X _____

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In this example, the conditional sales contract is broken out over 7 pages, so the page number needs to be indicated in the lower right-hand corner. The customer will also be required to sign and date each page of the conditional sales contract as well.

If an Auto Broker is used in the transaction, as we talked about earlier in class, it needs to be disclosed on the face of the contract.

Example of the 1st page

LAW 553-CA-ARB-eps 7/16

RETAIL INSTALLMENT SALE CONTRACT – SIMPLE FINANCE CHARGE (WITH ARBITRATION PROVISION)

Dealer Number 95904 Contract Number N/A R.O.S. Number N/A Stock Number 108015

Buyer Name and Address (Including County and Zip Code) Garrett Thomas Eddings (760) 881-1757 44547 La Paz Rd Temecula, CA 92592	Co-Buyer Name and Address (Including County and Zip Code)	Seller-Creditor (Name and Address) French Connection Auto Sales (951) 297-7477 28971 Old Town Front St Ste B Temecula, CA 92590
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You, the Buyer (and Co-Buyer, if any), may buy the vehicle below for cash or on credit. By signing this contract, you choose to buy the vehicle on credit under the agreements on all pages of this contract. You agree to pay the Seller - Creditor (sometimes "we" or "us" in this contract) the Amount Financed and Finance Charge in U.S. funds according to the payment schedule below. We will figure your finance charge on a daily basis. The Truth-in-Lending Disclosures below are part of this contract.

New Used	Year	Make and Model	Odometer	Vehicle Identification Number	Primary Use For Which Purchased Personal, family or household unless otherwise indicated below. <input type="checkbox"/> business or commercial
USED	2019	Toyota Prius Prime	14,191	JTDKARFP3K3108015	

FEDERAL TRUTH-IN-LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have paid after you have made all payments as scheduled.	Total Sale Price The total cost of your purchase on credit, including your down payment of \$ 3,795.38 is
3.65%	\$ 2,107.36 (e)	\$ 20,000.00 (e)	\$ 22,107.36 (e)	\$ 25,902.74 (e)
(e) means an estimate				

YOUR PAYMENT SCHEDULE WILL BE:		
Number of Payments:	Amount of Payments:	When Payments Are Due:
One Payment of N/A	N/A	N/A
One Payment of N/A	N/A	N/A
One Payment of N/A	N/A	N/A
65	334.96	Monthly beginning Jun 1, 2020
N/A	N/A	N/A
One final payment	334.96	Nov 1, 2025

Late Charge. If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late.
Prepayment. If you pay early, you may be charged a minimum finance charge.
Security Interest. You are giving a security interest in the vehicle being purchased.
Additional Information: See this contract for more information including information about nonpayment, default, any required repayment in full before the scheduled date, minimum finance charges, and security interest.

STATEMENT OF INSURANCE
 NOTICE: No person is required as a condition of financing the purchase of a motor vehicle to purchase or negotiate any insurance through a particular insurance company, agent or broker. You are not required to buy any other insurance to obtain credit. Your decision to buy or not buy other insurance will not be a factor in the credit approval process.

Vehicle Insurance		
	Term	Premium
\$ N/A Ded. Comp., Fire & Theft	N/A Mos.	\$ N/A
\$ N/A Ded. Collision	N/A Mos.	\$ N/A
Bodily Injury \$ N/A Limits	N/A Mos.	\$ N/A
Property Damage \$ N/A Limits	N/A Mos.	\$ N/A
Medical	N/A Mos.	\$ N/A
Other	N/A Mos.	\$ N/A
Total Vehicle Insurance Premiums		\$ N/A

UNLESS A CHARGE IS INCLUDED IN THIS AGREEMENT FOR PUBLIC LIABILITY OR PROPERTY DAMAGE INSURANCE, PAYMENT FOR SUCH COVERAGE IS NOT PROVIDED BY THIS AGREEMENT.

You may buy the physical damage insurance this contract requires from anyone you choose who is acceptable to us. You are not required to buy any other insurance to obtain credit.

Buyer X
 Co-Buyer X
 Seller X

Agreement to Arbitrate: By signing below, you agree that, pursuant to the Arbitration Provision on page 7 of this contract, you or we may elect to resolve any dispute by neutral, binding arbitration and not by a court action. See the Arbitration Provision for additional information concerning the agreement to arbitrate.

Buyer Signs X
 Co-Buyer Signs X

AUTO BROKER FEE DISCLOSURE

If this contract reflects the retail sale of a new motor vehicle, the sale is not subject to a fee received by an autobroker from us unless the following box is checked:

☐ Name of autobroker receiving fee, if applicable: _____

Buyer Signs X Co-Buyer Signs X

Page 2 of the Conditional Sales Contract

Itemized breakdown of Cost

On the conditional sales contract, every cost needs to be broken down, so it is easy to understand for the customer. Starting with the cash price for the vehicle and accessories without any addons.

Documentation Fee {Doc Fee}

Doc fees vary across the United States, however in California it is capped at the following breakdown:

- \$70 if you are a standard dealership
- \$85 if you are a BPA provider (Process registrations at your dealership)

Important to note that a doc fee is optional, but if you charge one customer with a doc fee, you must charge all your customers.

A doc fee is important because it can offset some of the ancillary fees that dealers face with each deal. Some examples of these costs are things like registration services and vehicle history reports etc.

The DMV has not modified their test to correct the true amount so on the DMV test, the correct answer is \$50 to pass the test. The doc fees listed above are the correct charges for practical use at your dealership.

Sales tax is broken down as well, we will review later in class how sales tax is calculated.

Then comes the optional products and services for the vehicle are broken out and finalized as a sub total.

Next are the registration fees. Keep in mind that the basic transfer fee for any vehicle is always \$15. This will be the minimum amount due. A KSR will be needed to get the exact amount needed for the registration total for the vehicle.

Pro Tip: It is always better to overcharge the registration and cut the customer back a check for the difference after the fact. If you don't charge enough for the registration fees, you still have to process the title and registration and the dealer is required to pay all fees and seek restitution.

Then the totals are brought down below. Important to remember how much is paid as a down payment and how much is financed. Most DMS programs will break this down for you but in the event the dealer isn't using a computer, the dealer will have to do the breakdown by hand.

ITEMIZATION OF THE AMOUNT FINANCED (Seller may keep part of the amounts paid to others.)	
1. Total Cash Price	
A. Cash Price of Motor Vehicle and Accessories	\$ 21,500.00 (A)
1. Cash Price Vehicle	\$ 21,500.00
2. Cash Price Accessories	\$ N/A
3. Other (Nontaxable)	\$ N/A
Describe _____	\$ N/A
Describe _____	\$ N/A
B. Document Processing Charge (not a governmental fee)	\$ 70.00 (B)
C. Emissions Testing Charge (not a governmental fee)	\$ N/A (C)
D. (Optional) Theft Deterrent Device(s)	\$ N/A (D1)
1. (paid to) _____	\$ N/A (D2)
2. (paid to) _____	\$ N/A (D3)
3. (paid to) _____	\$ N/A (D3)
E. (Optional) Surface Protection Product(s)	\$ N/A (E1)
1. (paid to) _____	\$ N/A (E2)
2. (paid to) _____	\$ N/A (E2)
F. EV Charging Station (paid to) _____	\$ N/A (F)
G. Sales Tax (on taxable items in A through F)	\$ 1,887.38 (G)
H. Electronic Vehicle Registration or Transfer Charge (not a governmental fee) (paid to) _____	\$ N/A (H)
I. (Optional) Service Contract(s)	\$ N/A (I1)
1. (paid to) _____	\$ N/A (I2)
2. (paid to) _____	\$ N/A (I3)
3. (paid to) _____	\$ N/A (I4)
4. (paid to) _____	\$ N/A (I5)
5. (paid to) _____	\$ N/A (I5)
J. Prior Credit or Lease Balance (e) paid by Seller to Vehicle 1 _____ Vehicle 2 _____ (see downpayment and trade-in calculation)	\$ N/A (J)
K. (Optional) Debt Cancellation Agreement	\$ N/A (K)
L. (Optional) Used Vehicle Contract Cancellation Option Agreement	\$ N/A (L)
M. Other (paid to) _____ For _____	\$ N/A (M)
N. Other (paid to) _____ For _____	\$ N/A (N)
Total Cash Price (A through N)	\$ 23,457.38 (1)
2. Amounts Paid to Public Officials	
A. Vehicle License Fees	\$ 15.00 (A)
B. Registration/Transfer/Titling Fees	\$ 323.00 (B)
C. California Title Fees	\$ N/A (C)
D. Other _____	\$ N/A (D)
Total Official Fees (A through D)	\$ 338.00 (2)
3. Amount Paid to Insurance Companies (Total premiums from Statement of Insurance)	
State Emissions Certification Fee or State Emissions Exemption Fee	\$ N/A (3)
Subtotal (1 through 4)	\$ 23,795.38 (5)
6. Total Downpayment	
A. Total Agreed Value of Property Being Traded-In (see Trade-In Vehicle(s)):	\$ N/A (A)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	\$ N/A (A)
B. Total Less Prior Credit or Lease Balance (e)	\$ N/A (B)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	\$ N/A (B)
C. Total Net Trade-In (A-B) (Indicate if negative number)	\$ N/A (C)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	\$ N/A (C)
D. Deferred Downpayment Payable to Seller	\$ N/A (D)
E. Manufacturer's Rebate	\$ N/A (E)
F. Other _____	\$ N/A (F)
G. Cash, Cash Equivalent, Check, Credit Card, or Debit Card	\$ 3,795.38 (G)
Total Downpayment (C through G)	\$ 3,795.38 (6)
(If negative, enter zero on line 6 and enter the amount less than zero as a positive number on line 1J above)	
7. Amount Financed (5 less 6)	\$ 20,000.00 (7)

Service Contracts and Debt Cancellation Agreement

OPTIONAL SERVICE CONTRACT(S) You want to purchase the service contract(s) written with the following company(ies) for the term(s) shown below for the charge(s) shown in item 11.	
I1 Company	N/A
Term	N/A Mos. or Miles
I2 Company	N/A
Term	N/A Mos. or N/A Miles
I3 Company	N/A

An optional service contract and debt cancellation agreement are often listed out on a conditional sales contract for a used vehicle purchase from a car dealer to provide the buyer with additional options for protecting their investment and mitigating risk.

An optional service contract is a type of agreement that can be purchased in addition to the vehicle itself, which provides coverage for certain repairs and maintenance services over a specified period of time. These contracts are often referred to as extended warranties, and they can help provide buyers with peace of mind knowing that certain repairs or maintenance services will be covered if they arise.

A debt cancellation agreement, on the other hand, is an agreement that can be purchased to cancel or forgive the remaining balance on a loan if certain unforeseen events occur, such as the buyer's death, disability, or involuntary unemployment. This type of agreement can help protect the buyer from the financial burden of repaying a loan in the event of an unexpected hardship.

Including these optional service contract and debt cancellation agreement options on a conditional sales contract for a used vehicle purchase from a car dealer provides buyers with the opportunity to consider additional protection options that may be valuable to them. By including these options in the contract, the dealership can make buyers aware of these options and provide them with the opportunity to purchase them if desired.

Ultimately, these types of optional agreements can help provide buyers with greater peace of mind and protection, and including them on a conditional sales contract is a way to make them more accessible and transparent to buyers.

Trade In Vehicles

Trade-in vehicles are typically listed on a conditional sales contract when buying a used vehicle from a dealer, in order to document the value of the trade-in and how it impacts the overall transaction. This information is important because it affects the final price that the buyer will pay for the vehicle.

Trade-In Vehicle(s)	
1. Vehicle 1	
Year	N/A
Make	N/A
Model	N/A
Odometer	N/A
VIN	N/A
a. Agreed Value of Property	\$
b. Buyer/Co-Buyer Retained Trade Equity	\$
c. Agreed Value of Property Being Traded-In (a-b)	\$ N/A
d. Prior Credit or Lease Balance	\$ N/A
e. Net Trade-In (c-d) (must be ≥ 0 for buyer/co-buyer to retain equity)	\$ N/A
2. Vehicle 2	
Year	N/A
Make	N/A
Model	N/A
Odometer	N/A
VIN	N/A
a. Agreed Value of Property	\$
b. Buyer/Co-Buyer Retained Trade Equity	\$
c. Agreed Value of Property	

When a buyer trades in a vehicle, the value of the trade-in is typically credited toward the purchase price of the new vehicle. The amount of the credit is determined by the value of the trade-in, which is typically assessed by the dealership using industry-standard appraisal methods.

Listing the trade-in vehicle on the conditional sales contract helps ensure that both the buyer and the dealership are in agreement about the value of the trade-in and how it is being credited toward the purchase price of the new vehicle. This information is also important for tax and regulatory purposes, as it helps document the overall value of the transaction.

Additionally, listing the trade-in vehicle on the conditional sales contract can be helpful for the buyer when it comes to financing the purchase. Including the trade-in value as part of the transaction can reduce the amount that the buyer needs to finance, which can help lower the overall cost of the transaction and potentially make it easier to obtain financing.

Example of Page 2:

ITEMIZATION OF THE AMOUNT FINANCED (Seller may keep part of the amounts paid to others.)	
1. Total Cash Price	
A. Cash Price of Motor Vehicle and Accessories	\$ 21,500.00 (A)
1. Cash Price Vehicle	\$ 21,500.00
2. Cash Price Accessories	\$ N/A
3. Other (Nontransferable)	\$ N/A
Describe	\$ N/A
B. Document Processing Charge (not a governmental fee)	\$ 70.00 (B)
C. Emissions Testing Charge (not a governmental fee)	\$ N/A (C)
D. (Optional) Theft Deterrent Device(s)	\$ N/A (D1)
1. (paid to)	\$ N/A (D2)
2. (paid to)	\$ N/A (D3)
3. (paid to)	\$ N/A (D4)
E. (Optional) Surface Protection Product(s)	\$ N/A (E1)
1. (paid to)	\$ N/A (E2)
2. (paid to)	\$ N/A (E3)
F. EV Charging Station (paid to)	\$ N/A (F)
G. Sales Tax (on transferable items in A through F)	\$ 1,887.38 (G)
H. Electronic Vehicle Registration or Transfer Charge (not a governmental fee) (paid to)	\$ N/A (H)
I. (Optional) Service Contract(s)	\$ N/A (I1)
1. (paid to)	\$ N/A (I2)
2. (paid to)	\$ N/A (I3)
3. (paid to)	\$ N/A (I4)
4. (paid to)	\$ N/A (I5)
J. Prior Credit or Lease Balance (if paid by Seller to Vehicle 1 _____ Vehicle 2 _____)	\$ N/A (J)
(see downpayment and trade-in calculation)	
K. (Optional) Debt Cancellation Agreement	\$ N/A (K)
L. (Optional) Used Vehicle Contract Cancellation Option Agreement	\$ N/A (L)
M. Other (paid to)	\$ N/A (M)
N. Other (paid to)	\$ N/A (N)
For	
Total Cash Price (A through N)	\$ 23,457.38 (1)
2. Amounts Paid to Public Officials	
A. Vehicle License Fees	\$ 15.00 (A)
B. Registration/Transfer/Titling Fees	\$ 323.00 (B)
C. Customs/Tire Fees	\$ N/A (C)
D. Other	\$ N/A (D)
Total Official Fees (A through D)	\$ 338.00 (2)
3. Amount Paid to Insurance Companies	
(Total premiums from Statement of Insurance)	\$ N/A (3)
4. () State Emissions Certification Fee or () State Emissions Exemption Fee	\$ N/A (4)
Subtotal (1 through 4)	\$ 23,795.38 (5)
6. Total Downpayment	
A. Total Agreed Value of Property Being Traded-In (see Trade-In Vehicle(s))	\$ N/A (A)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	
B. Total Less Prior Credit or Lease Balance (6)	\$ N/A (B)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	
C. Total Net Trade-In (A-B) (Indicate if negative number)	\$ N/A (C)
Vehicle 1 \$ _____ Vehicle 2 \$ _____	
D. Deferred Downpayment Payable to Seller	\$ N/A (D)
E. Manufacturer's Rebate	\$ N/A (E)
F. Other	\$ N/A (F)
G. Cash, Cash Equivalent, Check, Credit Card, or Debit Card	\$ 3,795.38 (G)
Total Downpayment (C through G)	\$ 3,795.38 (6)
(If negative, enter zero on line 6 and enter the amount less than zero as a positive number on line 1 above)	
7. Amount Financed (5 less 6)	\$ 20,000.00 (7)

OPTIONAL SERVICE CONTRACT(S) You want to purchase the service contract(s) with the following company(ies) for the term(s) shown below for the charge(s) shown in Item 11.	
11 Company	N/A
Term	N/A Mos. or _____ Miles
12 Company	N/A
Term	N/A Mos. or _____ Miles
13 Company	N/A
Term	N/A Mos. or _____ Miles
14 Company	N/A
Term	N/A Mos. or _____ Miles
15 Company	N/A
Term	N/A Mos. or _____ Miles
Buyer X	N/A

OPTIONAL DEBT CANCELLATION AGREEMENT A debt cancellation agreement is not required to obtain credit and will not be provided unless you sign below and agree to pay the extra charge. If you choose to buy debt cancellation, the charge is shown in Item 1K of the Itemization of Amount Financed. See your debt cancellation agreement for details on the terms and conditions it provides. It is a part of this contract.	
Term	Mos. _____
I want to buy a debt cancellation agreement.	
Buyer Signs X _____	

TRADE-IN VEHICLE(S)	
1. Vehicle 1	
Year	N/A
Make	N/A
Model	N/A
VIN	N/A
Odometer	N/A
a. Agreed Value of Property	\$ _____
b. Buyer/Co-Buyer Retained Trade Equity	\$ _____
c. Agreed Value of Property Being Traded-In (a-b)	\$ N/A
d. Prior Credit or Lease Balance	\$ N/A
e. Net Trade-In (c-d) (must be ≥ 0 for buyer/co-buyer to retain equity)	\$ N/A
2. Vehicle 2	
Year	N/A
Make	N/A
Model	N/A
VIN	N/A
Odometer	N/A
a. Agreed Value of Property	\$ _____
b. Buyer/Co-Buyer Retained Trade Equity	\$ _____
c. Agreed Value of Property Being Traded-In (a-b)	\$ N/A
d. Prior Credit or Lease Balance	\$ N/A
e. Net Trade-In (c-d) (must be ≥ 0 for buyer/co-buyer to retain equity)	\$ N/A
Total Agreed Value of Property Being Traded-In (1c+2c)	
Total Prior Credit or Lease Balance (1d+2d)	\$ N/A
Total Net Trade-In (1e+2e)	\$ N/A
(*See Item 6A-6C in the Itemization of Amount Financed)	

OPTION: <input type="checkbox"/> You pay no finance charge if the Amount Financed, Item 7, is paid in full on or before _____, Year _____.	
SELLER'S INITIALS _____	

Buyer Signs X _____ Co-Buyer Signs X _____

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Page 3 of the Conditional Sale Contract

The customer will then read and sign a series of paragraphs which include:

- A trade payoff agreement is a provision that may be included in a conditional sales contract when a buyer is trading in a vehicle that still has an outstanding loan or balance. In this case, the trade payoff agreement specifies that the dealership will pay off the remaining balance on the trade-in vehicle's loan, up to a certain amount, as part of the overall transaction.
 - The trade payoff agreement is important because it helps ensure that the buyer is not held responsible for paying off the remaining balance on the trade-in vehicle's loan. Instead, the dealership takes on this responsibility, up to the amount specified in the agreement.
- Contract modifications - It's important to note that any modifications or changes to a conditional sales contract should be made in writing and should be signed by both parties. This helps ensure that both parties are in agreement about the changes and helps protect both parties in the event of a dispute or disagreement. Additionally, any changes to the contract should be made in accordance with any applicable laws and regulations to ensure that they are legally valid.

- Sellers right to cancel- the seller has the right to cancel if financing cannot be obtained. This is a 10-day letter that needs to be sent out and is indicated as a breach of the conditional sales contract.
 - All forms of down payment must be returned to the customer in the event the customer cannot get financed.
- Minimum Insurance Requirements- The customer must maintain minimum liability insurance on the vehicle at all times.

Trade-In Payoff Agreement: Seller relied on information from you and/or the lienholder or lessor of your trade-in vehicle(s) to arrive at the payoff amount shown as the Prior Credit or Lease Balance in Trade-In Vehicle(s). You understand that the amount quoted is an estimate.

Seller agrees to pay the payoff amount shown as the Prior Credit or Lease Balance in Trade-In Vehicle(s) to the lienholder or lessor of the trade-in vehicle(s), or its designee. If the actual payoff amount is more than the amount shown as the Prior Credit or Lease Balance in Trade-In Vehicle(s), you must pay the Seller the excess on demand. If the actual payoff amount is less than the amount shown as the Prior Credit or Lease Balance in Trade-In Vehicle(s), Seller will refund to you any overage Seller receives from your prior lienholder or lessor. Except as stated in the "NOTICE" on page 5 of this contract, any assignee of this contract will not be obligated to pay the Prior Credit or Lease Balance shown in Trade-In Vehicle(s) or any refund.

Buyer Signature X _____ Co-Buyer Signature X _____

HOW THIS CONTRACT CAN BE CHANGED. This contract contains the entire agreement between you and us relating to this contract. Any change to the contract must be in writing and both you and we must sign it. No oral changes are binding.

Buyer Signs X _____ Co-Buyer Signs X _____

SELLER'S RIGHT TO CANCEL If Buyer and Co-Buyer sign here, the provisions of the Seller's Right to Cancel section on page 5 of this contract giving the Seller the right to cancel if Seller is unable to assign this contract to a financial institution will apply.

Buyer X _____ Co-Buyer X _____

THE MINIMUM PUBLIC LIABILITY INSURANCE LIMITS PROVIDED IN LAW MUST BE MET BY EVERY PERSON WHO PURCHASES A VEHICLE. IF YOU ARE UNSURE WHETHER OR NOT YOUR CURRENT INSURANCE POLICY WILL COVER YOUR NEWLY ACQUIRED VEHICLE IN THE EVENT OF AN ACCIDENT, YOU SHOULD CONTACT YOUR INSURANCE AGENT.

WARNING:
YOUR PRESENT POLICY MAY NOT COVER COLLISION DAMAGE OR MAY NOT PROVIDE FOR FULL REPLACEMENT COSTS FOR THE VEHICLE BEING PURCHASED. IF YOU DO NOT HAVE FULL COVERAGE, SUPPLEMENTAL COVERAGE FOR COLLISION DAMAGE MAY BE AVAILABLE TO YOU THROUGH YOUR INSURANCE AGENT OR THROUGH THE SELLING DEALER, HOWEVER, UNLESS OTHERWISE SPECIFIED, THE COVERAGE YOU OBTAIN THROUGH THE DEALER PROTECTS ONLY THE DEALER, USUALLY UP TO THE AMOUNT OF THE UNPAID BALANCE REMAINING AFTER THE VEHICLE HAS BEEN REPOSSESSED AND SOLD.
FOR ADVICE ON FULL COVERAGE THAT WILL PROTECT YOU IN THE EVENT OF LOSS OR DAMAGE TO YOUR VEHICLE, YOU SHOULD CONTACT YOUR INSURANCE AGENT.
THE BUYER SHALL SIGN TO ACKNOWLEDGE THAT HE/SHE UNDERSTANDS THESE PUBLIC LIABILITY TERMS AND CONDITIONS.

S/S X _____ X _____

**CREDIT DISABILITY INSURANCE NOTICE
CLAIM PROCEDURE**

If you become disabled, you must tell us right away. (You are advised to send this information to the same address to which you are normally required to send your payments, unless a different address or telephone number is given to you in writing by us as the location where we would like to be notified.) We will tell you where to get claim forms. You must send in the completed form to the insurance company as soon as possible and tell us as soon as you do.

If your disability insurance covers all of your missed payment(s), WE CANNOT TRY TO COLLECT WHAT YOU OWE OR FORECLOSE UPON OR REPOSSESS ANY COLLATERAL UNTIL THREE CALENDAR MONTHS AFTER your first missed payment is due or until the insurance company pays or rejects your claim, whichever comes first. We can, however, try to collect, foreclose, or repossess if you have any money due and owing us or are otherwise in default when your disability claim is made or if a senior mortgage or lien holder is foreclosing.

If the insurance company pays the claim within the three calendar months, we must accept the money as though you paid on time. If the insurance company rejects the claim within the three calendar months or accepts the claim within the three calendar months on a partial disability and pays less than for a total disability, you will have 35 days from the date that the rejection or the acceptance of the partial disability claim is sent to pay past due payments, or the difference between the past due payments and what the insurance company pays for the partial disability, plus late charges. You can contact us, and we will tell you how much you owe. After that time, we can take action to collect or foreclose or repossess any collateral you may have given.

If the insurance company accepts your claim but requires that you send in additional forms to remain eligible for continued payments, you should send in these completed additional forms no later than required. If you do not send in these forms on time, the insurance company may stop paying, and we will then be able to take action to collect or foreclose or repossess any collateral you may have given.

Pages 4 through 7 of the Conditional Sales Contract

OTHER IMPORTANT AGREEMENTS

1. FINANCE CHARGE AND PAYMENTS

- How we will figure Finance Charge.** We will figure the Finance Charge on a daily basis at the Annual Percentage Rate on the unpaid part of the Amount Financed. Seller-Creditor may receive part of the Finance Charge.
- How we will apply payments.** We may apply each payment to the earned and unpaid part of the Finance Charge, to the unpaid part of the Amount Financed and to other amounts you owe under this contract in any order we choose.
- How late payments or early payments change what you must pay.** We based the Finance Charge, Total of Payments, and Total Sale Price shown on page 1 of this contract on the assumption that you will make every payment on the day it is due. Your Finance Charge, Total of Payments, and Total Sale Price will be more if you pay late and less if you pay early. Changes may take the form of a larger or smaller final payment or, at our option, more or fewer payments of the same amount as your scheduled payment with a smaller final payment. We will send you a notice telling you about these changes before the final scheduled payment is due.
- You may prepay.** You may prepay all or part of the unpaid part of the Amount Financed at any time. If you do so, you must pay the earned and unpaid part of the Finance Charge and all other amounts due up to the date of your payment. As of the date of your payment, if the minimum finance charge is greater than the earned Finance Charge, you may be charged the difference; the minimum finance charge is as follows: (1) \$25 if the original Amount Financed does not exceed \$1,000, (2) \$50 if the original Amount Financed is more than \$1,000 but not more than \$2,000, or (3) \$75 if the original Amount Financed is more than \$2,000.

2. YOUR OTHER PROMISES TO US

- If the vehicle is damaged, destroyed, or missing.** You agree to pay us all you owe under this contract even if the vehicle is damaged, destroyed, or missing.

GAP LIABILITY NOTICE
In the event of theft or damage to your vehicle that results in a total loss, there may be a gap between the amount you owe under this contract and the proceeds of your insurance settlement and deductible. THIS CONTRACT PROVIDES THAT YOU ARE LIABLE FOR THE GAP AMOUNT. An optional debt cancellation agreement for coverage of the gap amount may be

d. Insurance you must have on the vehicle.

You agree to have physical damage insurance covering loss of or damage to the vehicle for the term of this contract. The insurance must cover our interest in the vehicle. If you do not have this insurance, we may, if we choose, buy physical damage insurance. If we decide to buy physical damage insurance, we may either buy insurance that covers your interest and our interest in the vehicle, or buy insurance that covers only our interest. If we buy either type of insurance, we will tell you which type and the charge you must pay. The charge will be the premium for the insurance and a finance charge computed at the Annual Percentage Rate shown on page 1 of this contract or, at our option, the highest rate the law permits. If the vehicle is lost or damaged, you agree that we may use any insurance settlement to reduce what you owe or repair the vehicle.

3. IF YOU PAY LATE OR BREAK YOUR OTHER PROMISES

- You may owe late charges.** You will pay a late charge on each late payment as shown on page 1 of this contract. Acceptance of a late payment or late charge does not excuse your late payment or mean that you may keep making late payments. If you pay late, we may also take the steps described below.
- You may have to pay all you owe at once.** If you break your promises (default), we may demand that you pay all you owe on this contract at once, subject to any right the law gives you to reinstate this contract.
Default means:
 - You do not pay any payment on time;
 - You give false, incomplete, or misleading information on a credit application;
 - You start a proceeding in bankruptcy or one is started against you or your property;
 - The vehicle is lost, damaged or destroyed; or
 - You break any agreements in this contract.
 The amount you will owe will be the unpaid part of the Amount Financed plus the earned and unpaid part of the Finance Charge, any late charges, and any amounts due because you defaulted.
- You may have to pay collection costs.** You will pay

- We will sell the vehicle if you do not get it back.** If you do not redeem, we will sell the vehicle. We will send you a written notice of sale before selling the vehicle. We will apply the money from the sale, less allowed expenses, to the amount you owe. Allowed expenses are expenses we pay as a direct result of taking the vehicle, holding it, preparing it for sale, and selling it. Attorney fees and court costs the law permits are also allowed expenses. If any money is left (surplus), we will pay it to you unless the law requires us to pay it to someone else. If money from the sale is not enough to pay the amount you owe, you must pay the rest to us. If you do not pay this amount when we ask, we may charge you interest at the Annual Percentage Rate shown on page 1 of this contract, not to exceed the highest rate permitted by law, until you pay.
- What we may do about optional insurance, maintenance, service, or other contracts.** This contract may contain charges for optional insurance, maintenance, service, or other contracts. If we demand that you pay all you owe at once or we repossess the vehicle, you agree that we may claim benefits under these contracts and cancel them to obtain refunds of unearned charges to reduce what you owe or repair the vehicle. If the vehicle is a total loss because it is confiscated, damaged, or stolen, we may claim benefits under these contracts and cancel them to obtain refunds of unearned charges to reduce what you owe.

4. WARRANTIES SELLER DISCLAIMS

If you do not get a written warranty, and the Seller does not enter into a service contract within 90 days from the date of this contract, the Seller makes no warranties, express or implied, on the vehicle, and there will be no implied warranties of merchantability or of fitness for a particular purpose.

This provision does not affect any warranties covering the vehicle that the vehicle manufacturer may provide. If the Seller has sold you a certified used vehicle, the warranty of merchantability is not disclaimed.

5. Used Car Buyers Guide. 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.

Spanish Translation: Guía para compradores de vehículos usados. La información que ve en el formulario de la ventanilla para este vehículo forma parte del presente contrato. La información del formulario de la ventanilla

6. SERVICING AND COLLECTION CONTACTS

You agree that we may try to contact you in writing, by e-mail, or using prerecorded/artificial voice messages, text messages, and automatic telephone dialing systems, as the law allows. You also agree that we may try to contact you in these and other ways at any address or telephone number you provide us, even if the telephone number is a cell phone number or the contact results in a charge to you. You agree that you will within a reasonable time notify us of any change in your name, address, or employment.

7. APPLICABLE LAW

Federal law and California law apply to this contract. If any part of this contract is not valid, all other parts stay valid. We may delay or refrain from enforcing any of our rights under this contract without losing them. For example, we may extend the time for making some payments without extending the time for making others.

8. WARRANTIES OF BUYER

You promise you have given true and correct information in your application for credit, and you have no knowledge that will make that information untrue in the future. We have relied on the truth and accuracy of that information in entering into this contract. Upon request, you will provide us with documents and other information necessary to verify any item contained in your credit application.

You waive the provisions of Calif. Vehicle Code Section 1808.21 and authorize the California Department of Motor Vehicles to furnish your residence address to us.

Seller's Right to Cancel

Seller agrees to deliver the vehicle to you on the date this contract is signed by Seller and you. You understand that it may take some time for Seller to verify your credit and assign the contract. You agree that if Seller is unable to assign the contract to any one of the financial institutions with whom Seller regularly does business under an assignment acceptable to Seller, Seller may cancel the contract.

Seller shall give you written notice (or in any other manner in which actual notice is given to you) within 10 days of the date this contract is signed if Seller elects to cancel. Upon receipt of such notice, you must immediately return the vehicle to Seller in the same condition as when sold, reasonable wear and tear excepted. Seller must give back to you all consideration received by Seller, including any trade-in vehicle.

Chapter 6

Sales Tax



Sales Tax

A used car dealer in California can obtain a seller's permit from the California Department of Tax and Fee Administration (CDTFA) by completing an application and submitting it to the CDTFA. The application can be completed online, by mail, or in person at a CDTFA office.

To apply for a seller's permit, the dealer will need to provide information about their business, such as the business name, address, type of ownership, and tax identification number. They will also need to provide information about the types of products they will be selling and how they will be conducting sales, such as at a physical location or through online sales.

Once the application is submitted, the CDTFA will review it and may request additional information if needed. If the application is approved, the CDTFA will issue a seller's permit to the dealer, which allows them to legally sell and collect sales tax on their products in California.

You can visit cdtfa.ca.gov for more information.

How to Calculate Sales Tax

In California, the sales tax on a used car is calculated based on the following:

- The selling price of the vehicle including any addons that the dealer included at the time of the sale.
- The smog fee
- The documentation fee

The current sales tax rate in California is 7.25%, but the actual tax rate will vary slightly depending on the city and county where the sale takes place. Sales tax is calculated based on the California zip code that the customer is purchasing from. If a customer is registering the vehicle out of state, the sales tax is calculated based on where the dealership is located.

To calculate the sales tax, the dealer multiplies the selling price of the vehicle by the current tax rate. For example, if the selling price of a used car is \$10,000, the sales tax would be \$725 ($10,000 \times 0.0725 = 725$).

Special Circumstances Collecting Sales Tax

Car dealers in California need to be aware of several special circumstances regarding sales tax:

- Trade-in allowance: When a buyer trades in a vehicle, the value of the trade-in can be applied toward the purchase price of the new vehicle, and sales tax is only due on the difference.
- Nonresident military personnel: If a nonresident member of the military stationed in California buys a car, they may be exempt from paying California sales tax. However, they must provide proof of their military status and provide documentation showing that the vehicle will be registered in another state.
- Out-of-state buyers: If an out-of-state buyer purchases a car in California and takes delivery of the vehicle outside of California, they are not required to pay California sales tax.
- California residents buying out-of-state: If a California resident purchases a car from an out-of-state dealer and takes delivery of the vehicle in California, they are required to pay California use tax, which is calculated based on the purchase price of the vehicle.
- Gift transfers: If a car is given as a gift, the recipient may be exempt from paying sales tax if certain conditions are met, such as if the vehicle is transferred between family members.
- Lease buyouts: If a lessee decides to purchase the vehicle that they were leasing, they may be required to pay sales tax on the purchase price, depending on the terms of the lease agreement.

It is important for car dealers in California to be aware of these special circumstances and to ensure that sales tax is collected and remitted appropriately.

Chapter 7

Division 12 Safety and Odometers



Division 12 Safety Inspection

Division 12 safety outlines various vehicle safety regulations that car dealers must comply with when selling cars in California. Here are some of the key safety requirements:

1. **Lights:** All vehicles sold by dealers in California must be equipped with appropriate headlights, taillights, brake lights, and turn signals. These lights must be in good working order and meet state safety standards.
2. **Brakes:** All vehicles must have a braking system that is in good working order and meets state safety standards. The braking system must be capable of bringing the vehicle to a stop within a reasonable distance.
3. **Tires:** All vehicles must be equipped with tires that are in good condition and meet state safety standards. The tires must have sufficient tread depth and be free from cuts, punctures, or other damage that could affect their performance.
4. **Windshield and mirrors:** All vehicles must have a windshield that is in good condition and free from cracks or other damage that could impair visibility. Vehicles must also have functioning mirrors that provide a clear view of the road behind the vehicle.
5. **Seat belts:** All vehicles sold by dealers in California must be equipped with functioning seat belts that meet state safety standards. The seat belts must be in good working order and free from damage.
6. **Airbags:** All vehicles must be equipped with functioning airbags that meet state safety standards. The airbags must be in good working order and free from damage.

Dealers must also comply with other safety regulations outlined in the California Vehicle Code, such as those related to emissions control and vehicle registration. It is important for dealers to take these safety requirements seriously and ensure that all vehicles they sell meet state safety standards. Failure to do so can result in legal liability and damages for the dealer, as well as potentially criminal penalties.

This means that anything that would be considered a safety item on a vehicle must be in good working condition at the time of sale. One best practice is making sure that when a vehicle is purchased, that the vehicle either runs through the shop on site at the dealership or runs through an independent third-party repair shop that is licensed by the bar. This will ensure that there is an impartial, second pair of eyes on the vehicle to ensure that all the safety items are in good working order.

One of the biggest safety items that are sited in most potential law suits that dealers are involved with is unannounced frame or structural damage. This can be done by a mechanical shop or a body shop that has been trained in properly identifying frame or structural damage. Part of the problem is that frame or structural damage is subjective when it comes to what is considered damage on the wholesale and retail market.

Most dealers in the wholesale market forgive certain items on wholesale front, such as a rear body panel being replaced. This would be according to NAAA guidelines that most physical auction houses go off, however, in a retail environment a rear body panel is considered structural damage because it is a physical welded component that is a part of the frame. That is why there are some reports that are designed to take the mystery out of the history when it comes to the inspection of vehicles. It's a report called a True 360 report. Although it doesn't cover all the potential structural issues on a vehicle such as underbody, mechanical or the interior of the vehicle, it is one of the most comprehensive ways to identify prior repairs and any existing damage to the exterior of the vehicle to provide a structural inspection. This is also an important blueprint of items that need to be covered in the inspection process such as:

- Bumpers
- Hood
- Doors
- Cosmetic Rockers
- Cab Corners
- Quarter Panels
- Bedsides
- Roof
- Roof Rails
- Deck lids/ Tailgates
- Cladding/ Mirror Housing

This is a tangible report that you can give your customers in addition to a safety inspection form that will be given to you by the mechanic or body shop of your choice. The more detailed you can be about your inspection process with your vehicles, the better off the daily operations of your dealership can be. This helps build consumer confidence in your dealership, but it also establishes operational procedures that occur on the vehicles that are offered for sale at your dealership.

What is considered Division 12 safety equipment?

According to CVC 24007:

"No dealer or person holding a retail seller's permit shall sell a new or used vehicle that is not in compliance with this code and departmental regulations adopted pursuant to this code, unless the vehicle is sold to another dealer, sold for the purpose of being legally wrecked or dismantled, or sold exclusively for off-highway use."

This is including, but not limited to:

- ☐ Odometers
- ☐ Horns
- ☐ Windows, Windshields, and their components
 - Windshield wipers
 - Aftermarket tint
- ☐ Mirrors
- ☐ Airbags
- ☐ Internal and external structural components
- ☐ Muffler and Exhaust system
- ☐ Lighting
- ☐ Tires, shocks, and brakes
- ☐ Smog inspection/Certification
- ☐ Heater/Defroster

The short answer is anything that could be considered a functional item on a vehicle that should be in good working order at the time of sale can be considered Division 12 safety. In no way, shape or form can a dealer sell a vehicle that is not in compliance with Division 12 safety unless it's for wholesale or is being sold to a dismantler.

Public Auctions and listing problems without addressing them

Division 12 safety specifically states that public auctions cannot sell a vehicle at a public auction that is not in compliance with this code.

Retail dealers may not sell any vehicle to the public that has safety issues that have not been addressed. Regardless of if they are listed on the Buyers Guide, disclosed to the customer or any form of attempts of waiving liabilities. The California Vehicle Code clearly states that the dealers know, or should know, about the condition of any of the vehicles that are offered for sale at their dealership.

Odometers

In California, car dealers are required to comply with federal and state laws regarding odometers. The main federal law that governs odometer requirements is the Motor Vehicle Information and Cost Savings Act, also known as the Odometer Disclosure Act. California also has specific laws that regulate odometer disclosures, which are outlined in the California Vehicle Code.

Under federal law, car dealers must provide a written odometer disclosure statement to the buyer of any vehicle that is less than 10 years old. This statement must include the vehicle's odometer reading at the time of sale, as well as any known history of the odometer being rolled back or otherwise tampered with. The seller must also certify that the odometer reading is accurate to the best of their knowledge.

Although it isn't required to disclose the odometer reading if the vehicle is older than the first 10 model years, the information is readily available through vehicle history reports and by running a KSR. It is best practice to disclose all information when it is known about the vehicle.

The odometer is recorded on either the title or on a REG 262 form to show the changes of the odometer as the vehicle is operated on the highway.

If a vehicle has exceeded the mechanical limits, the title must be marked TMU or True Mileage Unknown.

If an odometer stops working, the vehicle needs to be taken to a licensed repair shop and either fixed to reflect the current mileage being read from the vehicles computer or if the mileage cannot be reestablished from the computer then a new cluster will need to be installed, set to 0 and a sticker then needs to be indicated on the door jamb when the vehicle was serviced and that the true mileage on the vehicle is now unknown.

It is important to look at as many vehicle history reports as possible when reviewing the prior history of a vehicle and to help gain insight on any potential issues regarding the vehicle. Often on vehicle history reports, there will be a notation of possible odometer discrepancies that will either need to be cleared up with the service center or DMV that reported the adjustments. Either that, or the customer will need to be notified that there is a possible odometer discrepancy at the time of selling the vehicle.

If the vehicle has been repossessed, it is required to be disclosed that the odometer is true and correct to the best of their knowledge.

Chapter 8

Smog, ASF Fees and Dealer Plates



Smog Requirements For Car Dealers

California car dealers must comply with certain smog requirements when selling vehicles in the state. The requirements are enforced by the California Department of Motor Vehicles (DMV) and the California Air Resources Board (CARB).

Some of the key smog requirements for California car dealers include:

1. Smog inspections: In most cases, dealers are required to have vehicles undergo a smog inspection prior to selling them. The smog inspection must be conducted at a licensed smog station and the vehicle must pass the inspection before it can be sold.
2. Smog certificates: If a vehicle passes a smog inspection, the dealer must obtain a smog certificate from the smog station. The smog certificate must be provided to the buyer at the time of sale.
3. Smog exemptions: Some vehicles are exempt from smog requirements in California.
 1. Vehicles that are four model years old or newer are generally exempt from smog inspections as long as they are California vehicles.
 1. If a vehicle is being brought into California, 1976 and newer, it must be smogged upon initial registration.
 2. Additionally, certain types of vehicles:
 - Electric vehicles
 - Natural gas vehicles of a certain weight
 - Powersports
4. Smog testing fees: Dealers may charge customers for the cost of a smog inspection and certificate, but the fee cannot exceed the amount charged by the licensed smog station. As of 2021, the maximum smog inspection fee that a licensed smog station can charge is \$50.

It is important for California car dealers to comply with smog requirements to avoid legal liability and ensure that vehicles are safe and environmentally friendly. Dealers should be aware of the specific smog requirements for the vehicles they sell, as well as any exemptions that may apply.

When a vehicle is smogged in California and it stays in the dealer's inventory, the smog certification is good for two years. It is also important to understand a vehicle does not have to pass smog to be sold in a wholesale transaction, however if a vehicle doesn't pass smog, it will not be able to get top dollar at a wholesale marketplace.

Administrative Service Fees

Administrative Service Fees or ASF's are penalties that car dealers may incur in California who do not do their job correctly or in the allotted amount of time. Examples of this would be:

- Failure to post fees within a 30-day time period of the sale of a used vehicle.
- Failure to clear an application (ensuring both money and paperwork) are to the DMV within a 50-day time period as well.

The DMV will issue the dealership an invoice if ASF fees are due and the dealer will be responsible for paying the invoice within a 30-day time period.

Pro Tip:

Retain a copy of your invoice and payment method and make sure to keep it on file in the event that the DMV misplaces it.

If the invoice isn't paid in a timely manner, the DMV can put a claim against your bond that will need to be resolved before the dealer can continue to conduct business.

Dealer Plates

In California, dealer plates are special license plates issued to car dealerships by the California Department of Motor Vehicles (DMV). These plates are used for testing and demonstrating vehicles, transporting vehicles to and from auction or repair facilities, and for general dealership operations.

The following are some key facts about dealer plates in California:

- Only authorized employees of a licensed car dealership can operate a vehicle with dealer plates.
 - It is important to note that anyone outside of the ownership structure may only operate a dealer plated vehicle while conducting business.
- If the owner is using a dealer plate, the owner can drive anytime, anywhere, for whatever reason.
- Vehicles with dealer plates are exempt from registration fees and are not required to display registration stickers.

To obtain dealer plates in California, a car dealership must first obtain a Dealer License from the DMV. Once the dealership is licensed, it can apply for dealer plates by applying and paying the required fees.

The cost of dealer plates in California varies depending on the type of plate and the length of time for which it is issued. As of 2023, the fees for a single set of standard dealer plates are:

- \$92 for each passenger vehicle dealer plate
- \$94 for each motorcycle dealer plate
 - Important to note that this does not include the county fees depending on where the dealership is located.

It's important to note that dealer plates are not intended for personal use and using them for non-business purposes can result in fines and other penalties. Car dealerships must keep accurate records of all vehicles using dealer plates and ensure that the plates are used in compliance with all applicable laws and regulations.

Always remember that a dealer plate must be firmly attached to the back of the vehicle.

Chapter 9

Advertising, Common Dealership Mistakes and Salesperson Licensing



Advertising

In California, used car dealerships are subject to specific rules and regulations when it comes to advertising. The following are some key rules that used car dealerships must follow when advertising in California:

1. **Truth in Advertising:** Dealers must ensure that their advertising is truthful and not misleading. Any claims made in the advertising must be substantiated and must not deceive or mislead potential buyers.
2. **Disclosures:** Dealers must make certain disclosures in their advertising, including the vehicle's year, make, model, and VIN, as well as the price and any applicable fees or charges. If the vehicle has previously been used as a rental or a taxi, this must be disclosed as well.
3. **Terms and Conditions:** Dealers must include any relevant terms and conditions in their advertising, including any financing or lease terms, warranties, or return policies.
4. **Fees and Charges:** Any fees or charges associated with the sale of the vehicle must be clearly disclosed in the advertisement.
5. **License Number:** All advertising must include the dealer's license number, as issued by the California Department of Motor Vehicles.
6. **Prohibited Practices:** Certain advertising practices are prohibited, including using false, deceptive, or misleading advertising, advertising vehicles for sale without disclosing that they are not available for immediate delivery, and advertising prices or terms that are not available to all customers.
7. **Electronic Advertising:** When advertising online or through other electronic means, dealers must comply with additional rules and regulations, including providing clear and conspicuous disclosures and obtaining the consumer's express consent before contacting them via email or text message.

Failure to comply with these rules and regulations can result in fines, penalties, and even the suspension or revocation of the dealership's license.

Advertising at a used car dealership is vital to the success of the dealership. Especially since most smaller dealerships are not on major streets that have a bunch of traffic. All media methods are forms of advertising. It is important to ensure that in all advertising has the proper disclosures:

- Name of the dealership
- The address of the dealership
- Which vehicle is for sale including:
 - Year
 - Make
 - Model
 - Vin

The main reason to ensure that each advertisement has a specific vin number associated with it is to substantiate that each vehicle has its own unique identifier.

All terms of the sale must be specified in the ad as well.

IMPORTANT – Do not specify that a vehicle is “certified” unless it has gone through a rigorous inspection process and does not have any of the following stipulations:

- The odometer has not been altered, changed, or modified in any way.
- The vehicle is free of recalls
- There are no title brands on the vehicle
- There have been no structural alterations or frame damage on the vehicle.
- The vehicle cannot be sold as is

In general, unless you are a franchise store, it is a recommended practice to avoid the term “certified” in any way, shape, or form unless there is a detailed outline of what the used dealer is going to clarify as a certified vehicle.

A gift or giveaway cannot be conducive to a sale. Any promotional items must be extended to all guests, regardless of whether they end up purchasing a vehicle.

The advertising price of a vehicle must be honored, even if the customer has agreed to a higher price and has no knowledge of the advertised sales price. This is an area that many dealerships get in trouble with on a regular basis.

Recommended Areas to Start With Advertising

DMS software- DMS software, or Dealer Management Software, allows the dealership to help bring their brand and vehicles to the market in a way that customers can interact with on a regular basis. It is important to select a DMS software that also helps with the marketing needs of the dealership as well.

One of the best, low-cost ways of getting the dealership’s initial brand out to the public is making sure that you have a good website. A website is the number one way that customers are going to be able to find your inventory and interact with your business. There are some very specific things that you need to make sure your website accomplishes:

- Make your website mobile compliant- The programming of your website needs to be able to cleanly interact with all devices that your customers are looking for inventory such as phones, tablets, computers etc.
- Website privacy policy – CA Civ. Code 1798.102 Indicates that California customers of any website have the means to control the information that is shared and sold. This includes, but is not limited to, California dealership websites.

Building a Better Website

As a business owner, you will hear a lot of information about SEO and marketing companies advertising that they can increase your Google ranking. SEO or Search Engine Optimization can be a great way to help increase the amount of traffic to your website, but it is something that takes time and good, organic content. Since many dealers don’t want to take the time to do this, focusing on local SEO can be far more beneficial for more immediate returns.

Google Business Profile

Formerly Google my Business, has led the way for a long period of time and is vital to the success of your online presence for customers to help find you. The great thing about it is it's free as well, all it takes is your time. It is important that when you create a listing that all the information on your Google Business Profile is the same across all listings on the internet. Also, a key to success will be adding as much content including pictures, videos etc. that can help enhance the Google profile as well.

Facebook Business Page

Facebook and Google are interchangeable for a lot of local marketing campaigns. Making sure that all the information on Facebook matches what you have listed on all the local directory listings.

Important test reminder:

Remember as a general practice for all dealerships, a listing or means of advertising needs to be removed from any advertising medium within 48 hours of selling the vehicle.

There are several effective ways for used car dealerships in California to advertise their vehicles electronically. Here are some of the preferred methods:

1. **Online Classifieds:** Popular online classifieds sites such as Craigslist, Autotrader, and Cars.com allow dealers to post listings of their inventory for free or for a fee. These sites often have a wide reach and can attract many potential buyers.
2. **Social Media:** Used car dealerships can also use social media platforms like Facebook, Twitter, and Instagram to promote their inventory. By posting pictures and descriptions of their vehicles and using relevant hashtags, dealers can reach a large audience of potential buyers.
3. **Dealer Websites:** A well-designed and informative dealer website can be an effective tool for promoting inventory. Websites can include detailed information about each vehicle, including photos, specifications, and pricing, as well as information about the dealership's location, hours, and services.
4. **Email Marketing:** Dealerships can use email marketing campaigns to reach out to potential buyers with targeted promotions and special offers. By collecting email addresses from interested buyers, dealers can build a list of qualified leads and nurture those relationships over time.
5. **Online Marketplaces:** Platforms like CarGurus and Carvana provide a digital marketplace for dealerships to sell their vehicles online. These sites often offer tools and resources to help dealerships manage their inventory, pricing, and promotions more effectively.

By using these electronic advertising methods, used car dealerships in California can reach a wider audience of potential buyers and increase their chances of making a sale.

Common Dealer Issues

Here is a detailed list of some unlawful car dealer activities in California:

1. Failure to disclose material information about the vehicle: California law requires car dealerships to disclose certain information about the vehicles they sell, such as previous accidents, repairs, or other damage. Failing to disclose this information can be considered fraud.
2. Advertising violations: Car dealerships must comply with advertising laws in California. This includes disclosing the total price of the vehicle, any additional fees, and any conditions or limitations on the sale.
3. Unlicensed sales activities: It is illegal for anyone who is not a licensed salesperson to conduct sales activities on behalf of a car dealership.
4. Title fraud: Car dealerships must be honest about the vehicle's title history and cannot engage in title fraud, such as "title washing" or "salvage fraud."
5. Odometer fraud: Car dealerships cannot tamper with or roll back the odometer of a vehicle to make it appear to have fewer miles.
6. Unlawful finance and insurance practices: Car dealerships cannot engage in unlawful practices related to financing or insurance, such as charging excessive interest rates, misrepresenting the terms of a loan or lease, or selling unnecessary insurance products.
7. Unlawful repossessions: Car dealerships cannot engage in unlawful repossession practices, such as taking a vehicle without providing proper notice or without a court order.
8. Discrimination: Car dealerships cannot engage in discriminatory practices based on race, ethnicity, gender, or other protected characteristics.

These are just a few examples of unlawful car dealer activities in California. If you believe you have been a victim of illegal car dealership practices, you can file a complaint with the California Department of Motor Vehicles or seek legal advice from an attorney.

Selling vehicles from an unlicensed location is a serious offense in California and can result in penalties for both the dealer and the individuals involved. The specific penalties will depend on the circumstances of the case, but they may include fines, license suspension or revocation, and even criminal charges.

If a car dealer allows someone else to use their license, they may be subject to penalties as well. Allowing an unlicensed individual to conduct sales activities on behalf of the dealership is a violation of California law and can result in fines, license suspension or revocation, and criminal charges.

In addition to these penalties, both actions can also harm the dealer's reputation and result in a loss of business. It is important for car dealerships in California to comply with all licensing and regulatory requirements to avoid these potential consequences.

Stolen Vehicles

Here are some helpful tips to prevent buying a stolen vehicle:

1. **Check the Vehicle History Report:** A vehicle history report can provide important information about the car, including any previous accidents or ownership changes. If the report shows that the vehicle has a salvage title, it could be a sign that it was stolen at some point.
2. **Verify the Vehicle Identification Number (VIN):** The VIN is a unique identifier for each vehicle, and checking it can help ensure that the car is not stolen. You can use online VIN check services to verify the number against government databases and other records.
3. **Ask for Proof of Ownership:** When buying a car from a private seller, ask to see the title or registration documents to ensure that they are the rightful owner. If the seller can't provide this information, it could be a red flag that the vehicle is stolen.
4. **Check the License Plates:** Make sure the license plates on the vehicle match the registration documents and that they haven't been altered or tampered with. If the plates don't match, it could be a sign that the car has been stolen.
5. **Be Cautious of Deals that are Too Good to Be True:** If a deal seems too good to be true, it probably is. Be cautious of sellers who are offering a vehicle at a significantly lower price than other similar vehicles on the market.
6. **Trust Your Instincts:** If something doesn't feel right about the transaction, trust your instincts and walk away. It's better to be safe than sorry when it comes to buying a potentially stolen vehicle.

By following these tips, you can help protect yourself from buying a stolen vehicle and ensure that you are getting a legitimate and legal car.

Pro Tip:

If you can, run a KSR to verify the legal owner, outstanding fees due on the vehicle or if there is already some kind of registration process that has already been started. Also, keep a watchful eye for a REG 227, which is an application for a duplicate title.

Salesperson License

In California, an OL 16S is a form that is used to apply for a Salesperson License. It is a form that must be completed and submitted to the California Department of Motor Vehicles (DMV) by anyone who wishes to become a licensed salesperson for a car dealership in California. The OL 16S form requires personal and contact information, as well as employment history, education, and criminal history.

The OL 16S is helpful for salespeople in California because it is a necessary step to obtain a salesperson license. Without a license, salespeople cannot legally conduct sales activities on behalf of a car dealership. A salesperson license can help increase a salesperson's credibility and trustworthiness with customers, as it indicates that they have met certain requirements and standards set by the state.

An OL 16A is a form that dealers use for existing salespeople to notify the DMV of a change of employment involving either hiring or firing.

It is important to note that all these items are now handled electronically via DMV and the forms have been converted to questions through the online DMV portal.

Keep in mind that a salesperson will also have to complete a DMV 8016 form to complete their background check as well.

Unlicensed Salespeople

"Bird dog fees" typically refer to payments made to unlicensed individuals who refer customers to a car dealership. These individuals may be friends, family members, or acquaintances of the dealer, and they are not licensed salespeople. Bird dogs are not authorized to conduct sales or negotiate deals on behalf of the dealership, and they cannot earn a commission or fee for bringing in new business.

In California, an unlicensed salesperson is someone who works for a car dealership in a sales capacity but does not hold a valid salesperson's license. Unlicensed salespeople are not authorized to conduct sales or negotiate deals on behalf of the dealership, and they cannot earn a commission or fee for their sales activities.

It is illegal in California for an unlicensed individual to engage in sales activities on behalf of a car dealership. Only licensed salespeople can legally conduct sales and negotiate deals.

Chapter 10

Vehicle History List and Forms Needed for Registration and Transfer



Vehicle History Information

Possible Title Brands

The specific title brands that a vehicle could have may vary depending on the state or country where it is registered, as well as the specific circumstances of the vehicle's history. However, here is a list of some of the most common title brands that a vehicle could have:

1. Salvage
2. Rebuilt
3. Lemon Law Buyback
4. Flood Damage
5. Non-repairable
6. Junk
7. Hail Damage
8. Prior Taxi
9. Prior Police
10. Prior Government
11. Prior Rental
12. Prior Fleet
13. Not Actual Mileage
14. Repossessed
15. Stolen
16. Grey Market
17. Reconstructed
18. Replica
19. Bonded
20. Total Loss

It's important to note that some of these title brands may have different names or variations depending on the state or country, and there may be other less common title brands that are not included in this list. It's always a good idea to research the specific title brands in your area before purchasing a used vehicle.

Here is a more detailed description of some of the most common ones out in the field:

Salvage, Junk, Total Loss and Rebuilt Title

Vehicles with salvage, junk, or rebuilt titles are typically those that have been significantly damaged or declared a total loss by an insurance company but have been repaired or rebuilt to be drivable again. The types of vehicles that may have these titles can vary widely, but they may include:

1. Cars
2. Trucks
3. SUVs
4. Motorcycles
5. Boats
6. RVs
7. Commercial vehicles

Salvage, junk, and rebuilt title vehicles are typically sold at auction, through private sellers, or at specialized dealerships that specialize in selling these types of vehicles.

When selling a salvage, junk, or rebuilt title vehicle, the seller is typically required to disclose the nature of the title to the buyer. This may include a written statement or disclosure form that outlines the history of the vehicle, the type of damage it sustained, and any repairs that were made to make it drivable again. The specific disclosure requirements may vary depending on the state or country where the vehicle is being sold, so it's important to research the specific laws and regulations in your area.

In general, buyers should exercise caution when purchasing a salvage, junk, or rebuilt title vehicle, as these vehicles may have hidden damage or other issues that can affect their safety and performance. It's important to thoroughly inspect the vehicle and obtain a vehicle history report before making a purchase.

Prior Rental and Fleet Vehicles

In California, dealers are required by law to disclose if a vehicle was previously used as a rental vehicle to potential buyers. The disclosure must be made in writing and provided to the buyer before the sale of the vehicle.

A prior rental vehicle is a vehicle that was previously owned and operated by a rental car company, such as Hertz or Enterprise. Rental car companies typically sell their used vehicles after a certain amount of time or mileage has been reached, and these vehicles may end up on the used car market.

When buying a used vehicle that has a prior rental history, customers should be cautious of several things, including:

1. **Wear and tear:** Rental cars are often subject to a lot of wear and tear, as they are frequently driven by different people with varying driving styles. This can result in more rapid wear and tear on the vehicle's components, such as the brakes and tires.
2. **Maintenance:** Rental cars may not have received the same level of maintenance and care as a privately owned vehicle, which can lead to mechanical issues and other problems.

3. **Accident history:** Rental cars are often involved in accidents, which can affect their safety and performance. Buyers should obtain a vehicle history report to check for any accidents or damage that may have occurred.
4. **Value:** Rental cars generally have lower resale value than comparable privately owned vehicles, so buyers should be cautious of paying too much for a vehicle that has been used as a rental.
5. **Warranty:** Some manufacturers may not provide the same level of warranty coverage for vehicles that have been used as rentals, so buyers should check the manufacturer's warranty policy before making a purchase.

In general, buyers of used vehicles with a prior rental history should take extra care to inspect the vehicle thoroughly, obtain a vehicle history report, and consider having the vehicle inspected by a mechanic before making a purchase.

Lemon Law Buy Back

A lemon law buyback vehicle is a vehicle that has been bought back by the manufacturer from the original owner under the state's lemon law. The lemon law is a consumer protection law that requires manufacturers to replace or repurchase vehicles that have significant defects that cannot be repaired after a reasonable number of attempts. Lemon law buyback vehicles are typically those that were found to have significant defects that could not be fixed, and the manufacturer repurchased the vehicle from the owner.

In California, dealers are required to provide written disclosure to potential buyers if a vehicle has been bought back by the manufacturer under the state's lemon law. The disclosure must include the nature of the defect that led to the buyback, as well as any repairs that were made to the vehicle.

When purchasing a used vehicle that has a lemon law buyback history, buyers should be cautious of several things, including:

1. **Potential for recurring issues:** Lemon law buyback vehicles may have recurring issues that cannot be fixed, which can result in continued mechanical problems and a potentially unsafe vehicle.
2. **Resale value:** Lemon law buyback vehicles may have lower resale value than comparable vehicles, due to their history of significant defects.
3. **Warranty:** Lemon law buyback vehicles may have limited warranty coverage, as manufacturers may only provide a limited warranty for vehicles that have been bought back under the lemon law.
4. **Difficulty obtaining financing:** Some lenders may be reluctant to finance a lemon law buyback vehicle, which can make it more difficult for buyers to obtain financing.

In general, buyers of used vehicles with a lemon law buyback history should take extra care to inspect the vehicle thoroughly, obtain a vehicle history report, and consider having the vehicle inspected by a mechanic before making a purchase. Buyers should also consider the potential for recurring issues and the impact on the vehicle's resale value before making a purchase decision.

Flood & Hail Damage Vehicles

A flood-damaged vehicle is a vehicle that has been damaged by water, typically because of a natural disaster such as a flood or hurricane. A hail-damaged vehicle is a vehicle that has been damaged by hail, typically because of a severe thunderstorm. Both types of damage can have significant effects on the vehicle's mechanical components and overall condition.

When purchasing a used vehicle from a dealer, it's important for customers to be aware of the possibility of flood or hail damage. Flood or hail damage can cause corrosion, electrical problems, and other issues that can affect the vehicle's safety and reliability. These issues may not be immediately apparent, but can show up later and cause expensive repairs or even make the vehicle unsafe to drive.

Some unscrupulous dealers may attempt to sell flood or hail damaged vehicles without disclosing the damage to potential buyers. This is illegal in many states and can put buyers at risk of purchasing a damaged vehicle that may have hidden problems.

Buyers should take steps to protect themselves when purchasing a used vehicle, including obtaining a vehicle history report to check for flood or hail damage, thoroughly inspecting the vehicle for signs of damage or corrosion, and having the vehicle inspected by a mechanic before making a purchase. Buyers should also be wary of deals that seem too good to be true, as flood or hail damaged vehicles may be sold at a lower price to try to offload the damaged vehicle quickly. Overall, it's important for buyers to be aware of the risks associated with flood or hail damaged vehicles and take steps to protect themselves before making a purchase.

Prior Taxi, Police and Government Vehicles

A prior taxi vehicle is a vehicle that was previously used as a taxicab. A prior police vehicle is a vehicle that was previously used by a law enforcement agency. A prior government vehicle is a vehicle that was previously used by a government agency, such as a city or state department.

In California, dealers are required to disclose to potential buyers if a vehicle has been previously used as a taxicab, police vehicle, or government vehicle. This is because these types of vehicles may have higher mileage and may have been subjected to more wear and tear than a typical personal use vehicle. They may also have been driven in harsher conditions, such as high-speed pursuits or heavy stop-and-go traffic, which can result in accelerated wear on the vehicle's mechanical components.

Disclosing this information to potential buyers is important so that they can make an informed decision about whether to purchase the vehicle or not. Buyers should be aware that prior taxi, police, or government vehicles may have different maintenance requirements and may have been subject to more abuse or neglect than a typical personal use vehicle. They may also have been modified for their previous use, such as having heavy-duty suspension or specialized equipment, which can affect the vehicle's performance or handling.

Overall, buyers should take extra care when purchasing a prior taxi, police, or government vehicle, including thoroughly inspecting the vehicle for signs of wear or damage and considering any potential maintenance or repair costs associated with the vehicle's prior use. By being aware of the vehicle's history and condition, buyers can make an informed decision about whether or not the vehicle is the right choice for them.

Items Needed to Transfer a Title

In California, when a car dealer sells a used vehicle to a customer, there are several forms that need to be completed to transfer ownership and register the vehicle. These forms include:

1. Report of Sale: When selling a used vehicle, a REG 51 will be necessary to complete.
2. Vehicle Transfer and Reassignment Form (REG 262): This form is used to transfer ownership of the vehicle from the dealer to the customer. The dealer will need to complete the "Dealer Reassignment" section and the customer will need to complete the "New Registered Owner" section. A REG 262 can also act as a limited power of attorney and an odometer statement as well.
3. Application for Title or Registration (REG 343): This form is used to apply for a new title and registration for the vehicle. The customer will need to complete this form and submit it to the California Department of Motor Vehicles (DMV).
4. Smog Check Certificate (if applicable): If the vehicle is more than four years old, it will need to pass a smog check before it can be registered. The dealer should provide the customer with a valid smog check certificate.

Once these forms are completed, the customer will need to take them to the DMV, along with any applicable fees, to complete the transfer and registration process.

Wholesale Transactions

In California, a Wholesale Report of Sale is a document that records the sale of a used vehicle from one dealer to another dealer. This report is used to document the transfer of ownership of the vehicle and is required by the California Department of Motor Vehicles (DMV).

A Wholesale Report of Sale is necessary because it allows the DMV to track the transfer of ownership of used vehicles between dealers. The report includes information such as the names and addresses of the buyer and seller, the date of the sale, the vehicle identification number (VIN), the make and model of the vehicle, and the purchase price.

Dealers are required to submit a Wholesale Report of Sale to the DMV and the report must be completed accurately and signed by both the buyer and the seller. The DMV uses this information to maintain accurate records of vehicle ownership and to prevent fraud and other illegal activities related to the sale of used vehicles.

There are two different types of wholesale reports of sale:

- REG 396 – This is a wholesale report of sale between two dealers.
- REG 398 – This is a wholesale report of sale between two dealers where a licensed auction facilitates the sale.

The company we recommend for your wholesale transactions is Fairfax Imaging. Please take a moment to review these training videos so you can see how to prepare and utilize various reports of sale at your dealership.