

INSPECTION READINESS CHECKLIST

California DMV Dealer License Inspection | 2025 Edition

This comprehensive checklist will help you prepare for your California DMV dealer license inspection and pass on the first try. Whether you're a new dealer applicant or preparing for a renewal inspection, use this guide to ensure your dealership meets all requirements.

FREE RESOURCES FROM CALIFORNIA DEALER ACADEMY

- **Pre-Licensing Course:** CaliforniaDealerAcademy.com/used-car-dealer-license/
- **Dealership Setup Guide:** CaliforniaDealerAcademy.com/set-up-california-used-car-dealer-license/
- **Additional Resources:** CaliforniaDealerAcademy.com/playbook/resources/

PRE-INSPECTION TIMELINE

30 DAYS BEFORE:

- Verify your inspection date in DMV OL Portal
- Confirm business address and contact info are correct
- Review all uploaded photos and documents
- Begin location prep (cleaning, repairs, improvements)

14 DAYS BEFORE:

- Verify permanent signage is installed and visible
- Test all office utilities (electricity, internet, phone)
- Organize all deal jackets and records
- Prepare document binder with copies of key files
- Brief staff on inspection process

3 DAYS BEFORE:

- Deep clean office and display area
- Verify posted hours are current and accurate
- Test lighting (ensure office and display are well-lit)
- Confirm bond and insurance are active
- Review inspector checklist one final time

EXTERIOR & SIGNAGE

SIGNAGE REQUIREMENTS:

- Permanent, professional signage installed
- Business name on sign matches DMV application exactly
- Sign is affixed (not temporary, vinyl banner, or paper)
- Sign is visible from public street
- Sign is in good condition (not faded, damaged, or crooked)
- Letter height is readable from distance
- Lighting available for sign visibility (if needed)

POSTED HOURS:

- Posted at entrance (on or near door)
- Clearly visible and easy to read
- Hours match DMV application
- Hours are current (update if changed)
- Hours shown for all business days/weekends
- Proof that business is open during posted hours

PARKING & DISPLAY AREA (For Retail):

- Display area has minimum 2 parking spaces
- Vehicles displayed are owned by dealership
- Display area is paved (not dirt or gravel)
- Display area is clean and well-maintained
- Accessible from public street or driveway
- Separated from employee/customer parking
- Well-lit, especially if evening inspections possible

EXTERIOR CONDITION:

- Business entrance is clean and accessible
- Parking area is maintained
- Exterior walls/building in good condition
- No debris or non-business items visible
- Adequate lighting at night

OFFICE SETUP

OFFICE SPACE:

- Dedicated office (not shared with other business)
- Private space (not open showroom or lot)
- Accessible during posted hours
- Secured (lockable door)

OFFICE FURNISHINGS & EQUIPMENT:

- Desk (functional, not just a table)
- Chair for business use
- Lockable filing cabinet (for records storage)
- Computer or laptop with internet access
- Phone or VOIP system registered to business
- Printer (for documents and records)
- All equipment is functional and in use

OFFICE ORGANIZATION:

- Professional appearance (neat, not cluttered)
- All business-related items are organized
- No personal items stored excessively
- No clutter or trash
- Flooring is clean
- Walls and furniture are clean

UTILITIES & ACCESSIBILITY:

- Electricity is active and reliable
- Internet service is active
- Phone line or VOIP service is active
- Adequate lighting (overhead and desk)
- Heating/cooling is functional
- Restroom is accessible (if applicable)

RECORD STORAGE & ORGANIZATION

DEAL JACKET FILING SYSTEM:

- Secure, lockable filing cabinet visible
- System organized by date or VIN
- Current month's deals in accessible binder
- Sample deal jackets available for inspector to review
- Each sample jacket contains all required documents:

Required Documents in Deal Jackets:

- Buyer order / contract
- Bill of sale
- Odometer disclosure
- Title and registration
- All applicable disclosures

RECORDS RETENTION DISPLAY:

- Spreadsheet or log showing records system
- Explanation of how to access 4-year history
- Digital backup system visible (external drive, cloud)
- Off-site backup location confirmed

LICENSE & COMPLIANCE DOCUMENTS:

- Current DMV Dealer License posted or available
- Bond certificate available for inspection
- Insurance proof available
- Seller's Permit posted (if required locally)
- DBA registration (if applicable)

BUSINESS DOCUMENTATION:

- Business entity documents (Articles, EIN)
- Lease agreement
- Zoning approval or confirmation
- Proof of address (utility bill, lease)

ADVERTISING & MARKETING

ADVERTISING COMPLIANCE:

- All ads on file display dealer license number
- Business name in ads matches license exactly
- No misleading language or false claims
- Digital copies of online ads available
- Print samples of newspaper/magazine ads
- Social media page screenshots (if advertising online)
- All ads current (no outdated vehicles listed)

SAMPLE ADVERTISING MATERIALS:

- 3–5 recent print ads
- 3–5 recent digital ads or screenshots
- Google Business profile or website listing
- Social media marketing samples (Facebook, Instagram, TikTok, etc.)
- All materials showing dealer license number

DEALER PLATE & VEHICLE COMPLIANCE

DEALER PLATE LOG:

- Current list of all issued dealer plates
- Each plate assigned to specific dealership vehicle
- Log shows: Plate number, Vehicle assigned, Date issued, Authorized users
- No personal-use vehicles listed
- No plates loaned to third parties
- Usage monitored monthly

VEHICLES & INVENTORY:

- All vehicles on lot owned or controlled by dealership
- Vehicle titles are in dealership name or in process
- No inventory from private parties or consignment
- Vehicles are clean and sale-ready
- Price stickers visible (if applicable)
- No safety defects obvious

EMPLOYEE TRAINING & KNOWLEDGE

STAFF BRIEFING:

- All employees know inspection date and time
- Key staff briefed on inspection process
- All staff know where records are stored
- Staff know proper record-keeping procedures
- Staff understand plate usage rules
- Manager or owner will be present

EMPLOYEE KNOWLEDGE:

- Staff can explain record system
- Staff can locate specific deal jacket if asked
- Staff understand compliance requirements
- Staff know not to make unauthorized claims
- Staff trained on plate usage restrictions
- Staff professional and courteous during inspection

BOND & INSURANCE VERIFICATION

DEALER BOND:

- Current \$50,000 bond is active
- Bond shows correct business name
- Bond has not been claimed or in dispute
- Bond renewal date is noted and monitored
- Proof of bond readily available

INSURANCE COVERAGE:

- Current garage liability insurance (\$1M/\$2M)
- Current garage keepers liability coverage
- Current dealer plate coverage
- Insurance policies show correct business name
- No coverage gaps or lapses
- Renewal dates monitored
- Proof of coverage readily available

INSPECTOR EXPECTATIONS & QUESTIONS

INSPECTOR WILL LIKELY:

- ✓ Review your business license and location
- ✓ Inspect signage for accuracy and permanence
- ✓ Review your office setup and utilities
- ✓ Ask about your record-keeping system
- ✓ Review sample deal jackets
- ✓ Check your bond and insurance
- ✓ Ask about advertising compliance
- ✓ Verify employee training and procedures
- ✓ Take photos of signage and office
- ✓ Note any areas of non-compliance

BE PREPARED TO ANSWER:

- ✓ "Walk me through your record-keeping system"
- ✓ "How do you organize deal jackets?"
- ✓ "How long do you keep records?"
- ✓ "What's your process for filing reports of sale?"
- ✓ "How do you verify customer information?"
- ✓ "What training do your employees receive?"
- ✓ "How many vehicles do you typically sell per month?"
- ✓ "Where do you source your inventory?"
- ✓ "How do you handle customer complaints?"
- ✓ "How often do you review your advertising?"

DOCUMENTATION TO HAVE READY

Create an organized binder with the following sections:

Section 1: LICENSE & BOND

- DMV License (current)
- Surety Bond copy
- Insurance proof

Section 2: BUSINESS ENTITY

- Articles of Organization/Incorporation
- EIN confirmation
- Statement of Information
- DBA (if applicable)

Section 3: LOCATION & ZONING

- Lease agreement
- Zoning approval or confirmation
- Proof of address

Section 4: SAMPLE RECORDS

- 5 complete deal jackets (from various dates)
- ROS records (3 months)
- Title transfer documentation

Section 5: ADVERTISING

- Sample ads (print and digital)
- Website/social media screenshots
- Date-labeled files

Section 6: EMPLOYEE & PLATE LOG

- Employee roster
- Dealer plate log
- Training records

Section 7: BUSINESS COMPLIANCE

- Posted hours documentation

- Bond renewal schedule
- Insurance renewal schedule
- Record retention policy

WHAT NOT TO DO DURING INSPECTION

- ✗ Do not argue with the inspector
- ✗ Do not refuse access to records or facilities
- ✗ Do not make promises or guarantees you can't keep
- ✗ Do not alter or hide documents
- ✗ Do not let employees make unauthorized statements
- ✗ Do not dismiss or minimize any concerns raised
- ✗ Do not fail to respond to follow-up questions
- ✗ Do not ignore any "Notice of Correction"

DURING INSPECTION: BEST PRACTICES

- ✓ Be professional and courteous
- ✓ Answer questions honestly and completely
- ✓ Offer to show all relevant systems and records
- ✓ Take notes on any observations or recommendations
- ✓ Ask clarifying questions if needed
- ✓ Request written summary of findings if possible
- ✓ Provide contact information for follow-up
- ✓ Document inspector name, date, and time of inspection
- ✓ Provide any missing documents within requested timeframe

POST-INSPECTION

- Save inspection report documentation
- Address any "Notice of Correction" within deadline
- Submit proof of correction to inspector
- Keep all correspondence on file
- Note inspection date in calendar for future reference
- Review inspection findings with staff
- Make any recommended improvements
- Document proof of improvements

COMMON INSPECTION ISSUES & SOLUTIONS

Issue: Signage is temporary or vinyl banner

Solution: Install permanent, professionally made sign before inspection

Issue: Business hours don't match application

Solution: Update posted hours to match; amend application if needed

Issue: Display area too small or not paved

Solution: Expand display area or secure additional space before inspection

Issue: Office not functional (no desk, chair, etc.)

Solution: Purchase and install proper office furniture immediately

Issue: Records disorganized or incomplete

Solution: Organize all deal jackets by date; ensure all documents included

Issue: Bond or insurance expired

Solution: Renew immediately; keep proof available

Issue: Advertising shows old prices or sold vehicles

Solution: Remove outdated ads from all platforms; update immediately

Issue: Dealer plate misuse documented

Solution: Implement strict plate log; train all employees before inspection

FINAL CHECKLIST (Day Before Inspection)

- Office is clean and organized
- All records are accessible and labeled
- Signage is visible and readable
- Posted hours are current and accurate
- Bond and insurance proof is available
- Document binder is organized and complete
- Staff are briefed and ready
- Key contact info confirmed
- Business will be open during inspection
- Inspection date and time confirmed
- Route to location planned
- Manager or owner will be present

IMPORTANT CONTACTS

DMV Occupational Licensing Portal: <https://ol.dmv.ca.gov>

DMV Phone: 1-888-406-1515

California Dealer Academy:

- Website: CaliforniaDealerAcademy.com
- Pre-Licensing: CaliforniaDealerAcademy.com/used-car-dealer-license/
- Setup Guide: CaliforniaDealerAcademy.com/set-up-california-used-car-dealer-license/
- Resources: CaliforniaDealerAcademy.com/playbook/resources/

DISCLAIMER: This checklist is for educational purposes only and reflects professional experience in California dealer inspections. It is not legal, financial, or tax advice. Always verify current DMV inspection requirements with the California DMV Occupational Licensing Division.

Last Updated: November 2025