

**MAKE**THE**SHIFT**

# YOUR INDUSTRY IS CHANGING



**IDS** INDEPENDENT  
DEALER SOLUTIONS

## *From the Desk of the President*



As we look back on 2009 most dealers would consider this year one of our most challenging in a long time. The economy has been difficult and has affected all aspects of our industry. The lending requirements, for both retail customers as well as commercial loans, for dealers have changed dramatically, and we have had huge swings in used car values throughout the year. The lower number of new car sales have created a lack of used car availability nationwide.

Several other factors have affected all dealers; one of the most important being legislative issues. This is the time of year that, as an association, we are trying to get ready for the legislative session coming up this month. There are very important issues such as primary-secondary insurance and insurance notification to lien holders that we are working on. We would appreciate any input from you on these topics as soon as possible.

We also feel strongly that the self-regulation of our industry will bring more credibility to all dealers. There are many different ideas that we are working on to accomplish this. This pamphlet outlines some of these issues and your opinions and ideas regarding them are important to us. Every dealer should take an interest in these proposed changes and should become involved in the process because we are all directly affected by them. IADA and Independent Dealer Solutions have put together some feedback tools that dealers can use to ask questions, and give opinions. Please use these tools; we want to accurately represent you and the interests of the industry.

If any of you has any questions about these issues please contact the association; either through the tools referenced in this pamphlet or call the association office.

Thank you for your continued participation in our industry and good luck in the year to come.

Mike Peterson, President, Utah IADA



*“We have a broad base of support from existing dealers and those who have a vested interest.”*

## Motor Vehicle and Dealer Licensing Amendments

The Independent Auto Dealers have been reviewing the statute for licensure for dealers in Utah. Over the past year or so we know we must increase the professional level that a dealer must operate in the State of Utah. We need to better protect the public from those who operate outside the scope of good business practices. These same dealers give our industry a bad reputation because there are not adequate laws in place so enforcement can protect the industry and consumers alike.

We have worked with the Tax Commission and Motor Vehicle Enforcement Division and everyone we can think of, to resolve some of the problems that exist. This legislation addresses the issues we feel need changing. We have a broad base of support from existing dealers and those who have a vested interest. We are happy to address any concerns that any party of interest may want us to consider.

Voice Your Opinion Now!

[www.UtahDealers.org/Legislation.html](http://www.UtahDealers.org/Legislation.html)

*“...dealers who have been convicted of past motor vehicle violations may not participate in a dealership in any way...”*



## Licensing Amendments

Provides for dealers who have been convicted of past motor vehicle violations may not participate in a dealership in any way including sales, finance and insurance or even through passive participation.

Provides that a dealer’s lot shall not be in a residentially zoned location, vacant or temporary lots. Signs must be visible from the roadway, permanent office structures, and working phone on sight.

Provides for the application for any license issued by the Division must include:

- References and Personal History
- Declaration as full or part time dealer
- Copy of Federal ID number
- State Sales Tax License
- Department of Financial Institutions Registration
- Copy of Insurance Coverage
- Business History of Ethical Practices
- Sign and verify by oath as to compliance
- Active and in good standing in the community
- Good Moral Character
- Dealer must sign and verify by oath as to compliance.



Increases licensing fees for 1st time applicants to fund any additional cost to the Division and dedicate the increased amount to MVED (option)

Provides that any person who applies to become a licensed used motor vehicle dealer, to have a minimum of 2 years experience in sales or automotive Finance & Insurance by at least one or more of the owners, partners or members before a license is issued.

A dealer is considered a newly licensed dealer if their license has expired for more than 120 days.

Provides that the licensure exemptions for Banks and Credit Unions are maintained. Pawn shops and title loan businesses will no longer be exempt.

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***“A dealer is considered a newly licensed dealer if their license has expired for more than 120 days.”***



## Secondary Locations

This bill will amend the requirements for a dealer to open a second location. The new requirements will include:

- A separate dealer bond for each location – Dealers may not operate multiple dealerships under one bond. Having one bond for multiple dealerships dilutes the protection for consumers and dealers and may not provide enough protection. There are some who have as many dealership locations under one bond.
- This bill will also provide that all the same requirements for a secondary location must be the same as the primary location. This includes items such as record keeping, signs, zoning, facilities, display space, fees, bonds etc must be met.
- Language still allows for temporary off site sales that are short term in nature (10 days or less) such as an off site weekend sale. It still allows for trade shows where 5 or more dealers participate such as an RV show or the New Car Auto Show.

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***“Having one bond for multiple dealerships dilutes the protection for consumers and dealers...”***



## Salesperson Requirements

Salesperson definition clarification is needed to include any person involved in the sales process including Finance and Insurance or any compensation to any person in excess of \$150.

Salesperson may not own any vehicles in dealer inventory and act as a dealer by operating independently.

Submit copy of IRS forms for employment i.e. 1099 or W-2 to the Division with the application.

Application must include:

- Past business and work history
- Business/Personal references
- Sign and verify by oath as to compliance

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***“Salesperson may not own any vehicles in dealer inventory and act as a dealer by operating independently.”***





## Education Requirements (New Applicants)

The required 8 hour class curriculum will be required to include:

- Ethics Training
- MVED Policies & Procedures
- Motor Vehicle Title and Registration Requirements
- Department of Commerce Fair Practices Act relating to motor vehicles
- Department of Public Safety Inspection relating to motor vehicles
- Federal Requirements as determined by the Division. (These would typically include FTC Buyers Guide Requirements, Red Flag Rule, Safeguards Rule, Fact Act Disposal Rule, Patriot Act, Fair Credit Reporting Act, Adverse Action Notice Rule etc.)
- Disclosure Compliance as determined by the Division. These are the currently required disclosures for a typical retail transaction of a used vehicle.

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