

**North Carolina Division of Motor Vehicles**

**License and Theft Bureau**

**MOTOR VEHICLE DEALER  
AND  
MANUFACTURER  
REGULATION MANUAL**



**January 2017**

**STATE OF NORTH CAROLINA CITY OF RALEIGH**

I, Kelly J. Thomas, Commissioner, North Carolina Division of Motor Vehicles, do hereby certify that the "Rules and Regulations Governing the Licensing of Motor Vehicle Dealers, Wholesalers, Distributors, Distributor Branches, Manufacturers, Factory Branches and Sales Representatives" contained herein have been by me adopted pursuant to authority granted by Article 12 and Article 15 of Chapter 20 of the General Statutes of North Carolina and are effective on and after the 31st of March, two-thousand and seventeen.

Witness my hand and the seal of the Division of Motor Vehicles, this the 19th of December, two-thousand and sixteen.

Kelly J. Thomas,  
Commissioner, North Carolina Department  
of Motor Vehicles

## **PREAMBLE**

The General Assembly of North Carolina has declared the distribution of motor vehicles to vitally affect the general economy of the State and the public interest and welfare of its citizens by the enactment of the Motor Vehicle Dealers and Manufacturers Licensing Law (G.S. 20285 through G.S. 20-309)

The Commissioner of Motor Vehicles of North Carolina is authorized by G.S. 20-302 to promulgate necessary rules and regulations for the effective administration of the law.

Effective and uniform administration of the law for the mutual benefit and guidance of motor vehicle dealers and manufacturers as well as the citizens of North Carolina requires that certain rules and regulations be adopted and published so that they may be readily available to all persons concerned. For the above reasons the rules and regulations, contained herein have been adopted.

The Commissioner of Motor Vehicles is anxious to assist the motor vehicle dealers and manufacturers to meet requirements of the law. Inquiries and requests for information should be directed to Colonel, License & Theft Bureau, 3125 Mail Service Center Raleigh, North Carolina 27697-3125.

# **RULES OF THE DIVISION OF MOTOR VEHICLES RELATING TO DEALERS AND MANUFACTURERS**

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A. **STATUTORY DEFINITIONS:** The words and phrases appearing in G. S. 20-286 and G. S. 20-4.01 when used in these regulations shall, for the purpose of these regulations, have the meaning respectively prescribed to them.

B. **ADMINISTRATIVE DEFINITIONS:** The following words and phrases when used in these regulations shall, for the purpose of these regulations, have the meaning respectively prescribed to them in this section except in those instances where the context clearly indicates a different meaning.

- (1) Established Salesroom  
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- (2) Established Office (Wholesaler)  
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- (3) Suspension  
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- (5) "Automobile." Any passenger car or station wagon.

**A. ELIGIBILITY FOR LICENSING:** Any person, firm or corporation who upon proper application meets the qualifications and requirements set out in Article 12 of Chapter 20 of the North Carolina General Statutes, related statutes and regulations contained in Title 19A, Subchapter 3D, Section .0200.

**B. APPLICATION FOR MOTOR VEHICLE DEALERS, MANUFACTURERS, FACTORY BRANCHES, DISTRIBUTORS, DISTRIBUTOR BRANCHES, WHOLESALERS, MOTOR VEHICLE SALES, FACTORY AND DISTRIBUTOR REPRESENTATIVE LICENSE:**

- (1) Applications for all licenses required by the Dealers and Manufacturers Licensing Act shall be made on forms furnished by the Division and signed by the owner, partner or proper officer of a corporation and filed with the Enforcement Section, North Carolina Division of Motor Vehicles, Raleigh, North Carolina, 27697-0001 accompanied by the necessary fees: provided, the Division shall not issue a motor vehicle dealer license to a new motor vehicle dealer unless or until the applicant has satisfied the Division that a distributor or manufacturer has awarded the applicant a franchise to sell new motor vehicles in the relevant market area for which a license is sought.
- (2) The application and renewal for license to do business as a manufacturer, factory branch, distributor, distributor branch, wholesaler or dealer, must be signed by the owner, partner, or an officer of the corporation. The application for license as a motor vehicle sales, distributor, or factory representative must be certified by the owner, partner, or an officer of the corporation.
- (3) Application for all dealer licenses required by the Dealers and Manufacturers Licensing Act must accurately describe the physical location of the business such as: street number, street name, city, state and zip code. If a post office box or rural route is used, the above information must also be included. It is not permissible to have a mailing address different from the actual location of the business. Wholesale applicants must supply the Division with a telephone number at which such business may be contacted by a representative of the Division concerning records and sales transaction.
- (4) Each applicant before being approved for license as a motor vehicle dealer, manufacturer, distributor, distributor branch, wholesaler or factory branch shall furnish a corporate surety bond, cash bond or fixed value equivalent thereof in the amount of fifty thousand dollars (\$50,000) for one established salesroom of the applicant and twenty-five thousand dollars (\$25,000) for each of the applicant's additional established salesrooms. The amount of the bond for other applicants required to furnish a bond is

- fifty thousand dollars (\$50,000) for one place of business of the applicant and twenty-five thousand dollars (\$25,000) for each of the applicant's additional places of business. The bond will not be accepted if any information is incorrect or if it has been altered.
- (5) The Division must have evidence of an assumed name being filed with the Register of Deeds in the county in North Carolina where the business is maintained when such business is operated under any designation, name or style other than the real name of the owner or owners thereof or under its corporate name. After this filing, when there is a change of name and/or ownership, such must be filed with the Register of Deeds and evidence of this change being filed furnished to the Division of Motor Vehicles.
  - (6) A foreign corporation must procure a certificate of authority from the North Carolina Secretary of State before being licensed to operate in this State under the Dealers and Manufacturers Licensing Law and written proof of same provided to the Division.
  - (7) Before a North Carolina corporation can be licensed under the Dealer and Manufacturers Licensing Law, articles of incorporation must have been filed with the North Carolina Secretary of State and written proof of same provided to the Division.
  - (8) Before the Division can issue licenses required by the Dealers and Manufacturers Licensing Act, the established salesroom or established office is required to be in compliance with all county and municipal zoning ordinances or regulations, and written proof of same to the Division.
  - (9) Prior to issuance of licenses required by the Dealers and Manufacturers Licensing Act, the applicant must purchase all required state and local "Traders" licenses, and provide written proof of same to the Division.
  - (10) G. S. 20-289  
Fee; provided no license shall be issued until the fees for license required by G. S. 20-289 have been paid to the Division.  
[20-289](#)
  - (11) Investigation Prior to Licensing: Upon receipt of application for any license required by the Dealers and Manufacturers Licensing Act, the Commissioner shall cause an investigation to be made to determine whether the applicant meets the requirements of law for licensing as a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, wholesaler, sales, factory, or distributor representative, and this shall include the inspection of the proposed location, applications and other required documents by an agent of the License and Theft Bureau.
  - (12) When Approved: When applicant for license under this section is

approved, based upon the application and the results of investigation made, the applicant will be issued license subject to the following limitations;

- a. A license issued under the Motor Vehicle Dealers and Manufacturers Licensing Act shall be valid until suspended, revoked or expired.
- b. License must be at all times conspicuously displayed at the place designated therein. Every motor vehicle manufacturer or motor vehicle dealer shall, on or before the 30th day of June in any calendar year apply for and obtain, upon payment of proper fees, the license and number of plates required by [N.C.G.S 20-79](#)
- c. Location: Any motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, or wholesaler who moves his place of business from the location for which license was issued shall immediately notify the Enforcement Section, North Carolina Division of Motor Vehicles, of such change of location and shall not engage in the business of buying, selling, trading or manufacturing motor vehicles until the new location has been inspected and approved by an agent of the Division and the necessary forms, and additional fees, if any, have been submitted to the Division.
- d. License not Assignable: License issued pursuant to this Article shall not be assignable and shall be valid only for the owner or owners in whose name or names they are issued and for transaction of business only at place designated therein. If individual, partnership or proprietorship should incorporate, new fees are due.

Change of Name: The Division shall be notified when there is a change of name and the licensee shall produce evidence that a bond as required by [G.S. 20-288e](#) is in effect.

(13) When Disapproved: The Commissioner shall deny the application for any license under the Motor Vehicle Dealers and Manufacturers Licensing Act of any applicant who fails to meet the qualifications set out in Article 12 of Chapter 20 of the North Carolina General Statutes. Upon denial, applicant:

- a. Will be notified by certified mail within 30 days from denial of license, directed to the address shown by applicant on application form.
- b. Upon request, will be afforded a hearing by the Commissioner of Motor Vehicles as required under provisions of G. S. 20-295; applicant must file request for hearing allowed by this section within thirty (30) days of denial of license.

(14) CORP. SURETY BONDS: MOBILE/MANUFACTURED HOME

DEALERS-A motor vehicle dealer who is engaged in the principal business of selling mobile or manufactured homes (as defined in G.S. 143-143.9) and who also sells other motor vehicles as an incident to this principal business, shall either:

- a. furnish to the Division a corporate surety bond, cash bond, or fixed equivalent thereof pursuant to G.S. 20-288 (e); or
- b. furnish to the Division a copy of the bond that the dealer has furnished to the North Carolina Manufactured Housing Board, pursuant to G.S. 143-143.12, a corporate surety bond which includes the condition that the obligor will faithfully conform to and abide by the provisions of article 12 of North Carolina General Statutes Chapter 20.

(15) Sales Representative: Every sales representative who engages in business in this State as such must obtain a license. Applicants for a sales representative license shall be subject to the following provisions:

- a. Eligibility: A sales, factory, or distributor representative, must be employed by a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, or wholesaler.
- b. Application: All applications for sales, factory, and distributor representative licenses must be made on forms furnished by the Division. Each application must be signed by the applicant and endorsed by the employer or employers.
- c. Fees: The license fee for a sales representative shall be \$15.00 and for a factory or distributor representative \$15.00. The license fee for a sales, distributor or factory representative shall be \$15.00.
- d. Duration: All sales, factory, and distributor representative licenses shall be valid until suspended, revoked, or expiration, or until employment as a sales, factory or distributor representative is terminated.
- e. Change of Employment: All sales, factory, and distributor representatives shall at the time of changing employment return his license and make application to the Division on forms furnished by the Division designating the name and address of the new employer. Application must be signed by the applicant and endorsed by the employer or employers.

(16) Wholesalers-Must supply the Division with a telephone number at which such business may be contacted by a representative of the Division of Motor Vehicles concerning records and sales transactions.

#### **A. MANNER OF OPERATION**

- (1) Vehicles offered for sale owned by dealership: No vehicle shall be



sold or offered for sale or trade by any motor vehicle dealer, manufacturer, factory branch, distributor or wholesaler has in his Possession a certificate of title or manufacturers certificate of origin, or same is immediately available to complete transfer of ownership to the consumer-purchaser.

- (2) Vehicles offered for sale on consignment.
  - a. Any dealer offering a vehicle for sale that is on consignment from a manufacturer, distributor, factory branch, distributor branch, wholesaler, or an individual shall have in his possession a consignment contract for each vehicle, executed by both parties.
  - b. The consignment contract shall consist of the following:
    - (1) The effective dates of the contract.
    - (2) The complete name, address, and the telephone number, if available, of the owner.
    - (3) A complete description of the vehicle on consignment, including the make, model, body style, year, and vehicle identification number.
    - (4) The listing charges.
    - (5) The percentage of commission or the amount of the commission the dealer is to get if the vehicle is sold.
    - (6) The "after termination" clause shall not exceed 30 days.
  - c. Any dealer offering a vehicle for sale on consignment must tell the prospective customer that the vehicle is on consignment unless the dealer is going to take ownership of the vehicle by completing a re-assignment on the title documents. Any dealer selling a vehicle on consignment from a wholesaler must take ownership of that vehicle prior to the retail sale.
  - d. Dealer plates cannot be used to demonstrate a vehicle on consignment. The owner's plate may be used if liability insurance is effect.
  - e. In addition to a consignment contract, the dealer shall have in his possession an equipment listing of the vehicle, consisting of, but not limited to, the following:
    - (1) Owners name and address.

- (2) Complete description of the vehicle which shall include the year, make, model, body style, color, odometer reading, special or extra equipment, and the disclosure of known defects.
- (3) The vehicle must display a current safety inspection certificate.
- f. The ownership documents of any vehicle on consignment must be made available to any authorized agent of the North Carolina Division of Motor Vehicles on request. The ownership documents must be readily available from the owner.
- g. The owner must execute the ownership documents and deliver them to the purchaser at the time the vehicle is delivered.
- (3) Dealers may not offer for sale vehicles on consignment from other retail dealers.
- (4) Vehicles offered for sale on a floor plan lien.
  - a. Any dealer offering a vehicle for sale that has a "floor plan lien" on it shall at the time of sale, satisfy the floor plan lien and obtain the title from the "floor plan lien holder," execute the title documents and deliver them to the purchaser or the lienholder as required by G. S. 20-72 and G. S. 20-75 at the time the vehicle is delivered.
  - b. Manufacturers Certificate of Origin and titles may be retained by the floor plan lien holder so long as the Manufacturers Certificate of Origin and/or titles are located within the boundaries of North Carolina; provided the dealer has in possession, available for inspection, an invoice from the manufacturer or distributor and a floor plan disclosure form completed, dated and signed by both parties.

Mobile/Manufactured home dealers shall be exempt from the requirement that the MCO and title be located within the boundaries of North Carolina. All other provisions of this Rule shall apply to mobile/manufactured home dealers.

#### (5) BILL OF SALE-WRITTEN DOCUMENTATION

Every motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch or wholesaler at the time of sale or trade shall provide to the buyer in writing the applicable information listed below which may be on a bill of sale, buyer's order, financial statement or combination thereof.

Each form must be completed in duplicate, signed by the buyer and seller, and the original or copy provided to the buyer and a copy of original retained by the dealer for four years. Such documents shall include:

- a. Name and address of person, firm or corporation to whom vehicle sold or traded.
  - b. Date of sale or trade.
  - c. Name and address of motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch or wholesaler selling or trading vehicle.
  - d. Make, body style, vehicle identification number and year model.
  - e. Sale price of vehicle.
  - f. Amount of cash down payment made by the buyer.
  - g. Description of any vehicle used as a trade-in and the amount credited the buyer for said trade-in. [Description of trade-in shall be the same as outlined in (d) of this Rule.]
  - h. Amount of finance charge, if any, and interest.
  - i. The cost of insurance to the buyer, if any, and an explanation of the type and amount of coverage.
  - j. Any investigation charges, service charges or any other charge or charges not included in previous items. The purpose of each charge must be specified.
  - k. Net balance due from the buyer.
  - l. The amount of each payment and the time and schedule of deferred payment and to whom payments are to be made.
  - m. Bill of sale must be signed by both the seller and buyer.
- (6) Odometer Disclosure Statement  
Must comply with Article 15 of Chapter 20 of the North Carolina General Statutes and copies must be retained for a period of five (5) years.
- (7) Conditions for issuing temporary markers by a dealer.
- a. Ownership in the vehicle must pass from the dealer to the purchaser by assigning the title or Manufacturer's Certificate of

Origin and by delivering the vehicle to the buyer.

- b. Dealer has obtained from purchaser an application for registering and titling of the purchased vehicle.
- c. Dealer has collected all prescribed fees for titling and registering the vehicle.
- d. Dealer has certification (Form FR-2) certifying liability insurance in effect.

e. Exception:

The only exception to the above rules b and c is when the dealer is selling the vehicle to an out-of-state purchaser and the vehicle is to be removed from the State of North Carolina to the purchaser's home state prior to the expiration of the 30-day temporary registration marker. Form FR-2 (Insurance Certification) shall be completed and kept by the dealer as part of his records.

f. Issuance of 30-day temporary marker:

- (1) All 30-day temporary markers shall be issued in numerical order, beginning with the lowest number of the set or sets.
- (2) The vehicle identification number, the make, the issuance date, and the expiration date shall be entered clearly and indelibly on the face of the temporary marker.
- (3) A receipt, which corresponds in number with the 30-day temporary marker, shall be issued.
- (4) The receipt shall be completed in duplicate, with pen and ink, and must be readable.
- (5) The white copy of the receipt, with the 30-day marker, shall be delivered to the purchaser. The pink copy is to be retained in the book by the issuing dealer for at least one (1) year.

- (6) All documents necessary to title and register the vehicle shall be presented to a license plate agency or mailed to the North Carolina Division of Motor Vehicles ten (10) working days from the date of issuance. (EXCEPTION): When the purchaser is a nonresident, a 30day temporary marker may be issued to the nonresident for the sole purpose of removing the vehicle to his home state, provided the customer has in effect liability insurance with a company licensed in North Carolina. The dealer is neither required to obtain from such nonresident a written application for North Carolina registration nor to collect the North Carolina registration fees. However, form FR-2 should be completed and kept by the dealer as part of his records. If a plate is to be transferred, a 30-day temporary marker cannot be issued. Record the information on the report sheet in the back of receipt book.
- (7) All 30-day temporary markers and/or receipts that are voided shall be marked "voided" and recorded on the report sheet. The white copy of the receipt and the 30-day temporary marker shall be forwarded to the North Carolina Division of Motor Vehicles Enforcement Section together with the report sheets. Receipts and 30-day temporary markers that do not match shall be returned to the Division after recording on report sheet. The receipt is not to be altered.
- (8) Only one (1) 30-day temporary marker may be issued per vehicle per sale. (Except as provided in G. S. 20-79.1 (h))
- (9) Upon issuance of all receipts (Markers) in each receipt book, the report sheet must be completed in duplicate and the original mailed to the North Carolina Division of Motor Vehicles Enforcement Section. A copy of the report sheet must be retained by the dealer for one (1) year
- (10) All 30-day temporary markers are non-transferrable between dealers.
- (11) Wholesalers may not purchase temporary markers.

NOTE: Failure to comply with the laws and regulations regarding the issuance of 30-day temporary markers may result in the loss of your privilege to purchase and issue such markers.

(8) APPLICATION FOR DEALER REGISTRATION PLATES.

Governed by [N.C.G.S 20-79](#)

(9) USE OF DEALER PLATES

- a. It is illegal to use dealer plates on vehicles operated for any other business that the dealer is engaged. The sale of vehicles not required to be registered, which are part of the inventory of the dealer, is considered another business and delivery of such vehicles by motor transport is not permitted with dealer plates.
- b. Restrictions on Use. A dealer license plate may be displayed only on a motor vehicle that meets all of the following requirements:
  - (1) Is part of the inventory of the dealer.
  - (2) Is not consigned to the dealer.
  - (3) Is covered by liability insurance that meets the requirements of Article 9A of this Chapter.
  - (4) Is not used by the dealer in another business in which the dealer is engaged.
  - (5) Is driven on a highway by a person who carries or can make readily available the registration card for the dealer plates issued to the dealer while driving the motor vehicle and who meets one of the following descriptions:
    - (a) Possesses a demonstration permit to test-drive the motor vehicle and carries the demonstration permit while driving the motor vehicle.
    - (b) Is an officer or sales representative of the dealer and is driving the vehicle for a business purpose of the dealer.
    - (c) Is an employee of the dealer and is driving the vehicle in the course of employment.

A dealer may issue a demonstration permit for a motor vehicle to a person licensed to drive that

type of motor vehicle. A demonstration permit authorizes each person named in the permit to drive the motor vehicle described in the permit for up to 96 hours after the time the permit is issued. A dealer may, for good cause, renew a demonstration permit for one additional 96-hour period.

A dealer may not lend, rent, lease, or otherwise place a dealer license plate at the disposal of a person except as authorized by this subsection c. It is illegal to use dealer plates on wreckers used for general wrecker service or on wreckers which move vehicles on a rotation basis at the request of state or local law enforcement authorities. It is permissible to use a dealer plate on wreckers which tow vehicles for the dealer's customers only.

#### (10) SANCTIONS FOR MISUSE OF DEALER PLATES

The following sanctions apply when a motor vehicle displaying a dealer license plate is operated in an unauthorized manner:

- a. The individual driving the motor vehicle is responsible for an infraction and is subject to a penalty of fifty dollars (\$50.00).
- b. The dealer to whom the plate is issued is subject to a civil penalty of two hundred dollars (\$200.00). Any civil penalty imposed is due in full within thirty (30) days after notice. Any dealer failing to pay, to the Division of Motor Vehicles, any civil penalty within the thirty (30) days shall be canceled by the Division until the penalty is paid in full.
- c. All dealer plates issued to the dealer are subject to be canceled.

#### B. BUSINESS RECORDS

(1) All motor vehicle dealers, manufacturers, factory branches, distributors, distributor branches and wholesalers shall keep a record for at least four (4) years of all vehicles manufactured, received, sold, traded or junked. In addition to these records, a copy of a damage disclosure form, completed with the information required by law from the seller and a copy of a damage disclosure form, completed with the information required by law, given to the purchaser. An odometer disclosure form shall be retained for a period of 5 years in compliance with N.C. G. S. 20-347.1.

(2) Additional records required under this section shall include:

- a. Make, body style, vehicle identification number, and year model.
  - b. Name of person, firm or corporation from whom acquired
  - c. Date vehicle purchased or manufactured.
  - d. Name of person, firm or corporation to who sold or traded. If vehicle junked, date, name and address of person, firm or corporation to who frame, motor, transmission and body sold.
  - e. Date vehicle sold or traded.
  - f. Copy of bill of sale (written statement).
- (3) All records required to be maintained in paragraphs B( 1) and (2) shall be kept and maintained for every vehicle purchased or sold and shall be kept so as to be readily available for inspection upon demand from an authorized agent of the North Carolina Division of Motor Vehicles in order that the ownership of any vehicle purchased or sold can be traced.
- (4) Manufacturer's Certificates of Origin and title for all vehicles owned by a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch or wholesaler must be immediately available to assign to the purchaser.
- (5) Retail installment sales must be made in accordance with G.S. 20-303. Cash sales may be made by proper endorsement and delivery of the title to the purchaser and any other receipt that the purchaser and seller agree upon.
- (6) Pursuant to 16 CFR 455.2 a dealer shall not willfully remove the "Monroney Label" or sticker from a new automobile that is displayed for sale. The "Monroney Label" must be affixed to the automobile at the time of sale to the ultimate purchaser. "Ultimate Purchaser" means the first person, other than a dealer purchasing in his capacity as a dealer, who in good faith purchases a new automobile for purposes other than a resale.
- (7) Pursuant to 15 USC Sec. 1231 every dealer offering used cars for sale shall post buyers guides with warranty information as required by the Federal Trade Commission and same shall be displayed at the time of sale.
- A. The Division may make periodic inspections of premises and records of licensee.
  - B. All bona fide complaints received in writing by the Commissioner about any person, firm or corporation licensed



under Article 12 of Chapter 20 shall be investigated for the purpose of determining whether there has been a violation of that Article, Article 15 or these rules.

- C. The Division shall also conduct an investigation when it has reasonable grounds to believe there has been a violation of Chapter 20 or these rules. The following shall be applicable to hearings requested under G. S. 20-296:
  - (1) No license issued under this article shall be suspended, revoked or renewal refused until a hearing has been held before the Commissioner or a person designated by him and licensee shall have been notified in writing ten (10) days prior to such hearing by certified mail to his last known address as shown by records of the Division. Provided, however, if a licensee fails to maintain a bond as required by G. S. 20-288(e) or fails to purchase dealer license plates as required by G. S. 20-79, the Division shall cancel the dealer's license subject to the provision that the licensee shall be granted a hearing if requested in writing within ten (10) days after the date of cancellation of such license.
  - (2) Hearing shall be held at a place designated by the Commissioner.
  - (3) The licensee shall be advised of the decision of the Commissioner in writing by certified mail within 30 days of the decision to his last known address as shown by records of the Division.
  - (4) The decision of the Commissioner or his duly authorized representative, after hearing, shall be final and appeal therefrom shall be as provided in Chapter 150B of the North Carolina General Statutes. (G S. 20-300).
- D. Except as otherwise provided, the North Carolina Rules of Civil Procedure will be applicable to hearings requested under N.C.G.S. 20-304 through 20-305.4.
  - (1) Action shall be initiated by the filing of a petition with the Commissioner of Motor Vehicles, North Carolina Division of Motor Vehicles, Raleigh, N.C. 27697-0001, who shall serve a copy thereof on the affected manufacturer by certified mail (return receipt requested) with notice that such manufacturer should reply to the subject petition of the dealer within thirty (30) days unless enlargement of time to file a reply is requested and allowed by the Commissioner.

(2) Petitions and replies:

- a. The form of the petition shall be the same as that required for the filing of petitions in the Superior Court and there shall be attached thereto a copy of the franchise agreement between the dealer and manufacturer.
- b. The form of the reply to the petition shall be the same as required for the filing of a reply to a petition in the Superior Court and there shall be attached thereto a copy of the franchise agreement between the manufacturer and dealer.
- c. Exhibits and supporting documents shall be attached to the petition or reply at the time of filing.

(3) The hearing shall be held at a place designated by the Commissioner upon 20 days written notice to both the petitioner and respondent.

- a. It shall be the obligation of the parties involved to have present at any hearing all witnesses which the parties desire to be heard.
- b. The parties shall be advised of the decision of the Commissioner in writing by certified mail to the addresses as shown in the pleadings filed in the action.

(4) The decision of the Commissioner or his duly authorized representative after hearing shall be final and appeal therefrom shall be as provided in Chapter 150B of the North Carolina General Statutes. (G. S. 20-300).

- E. If license is cancelled due to licensee's failure to maintain a bond as required by 20-288(e) or failure to purchase dealer license plates as required by G.S. 20-79, then the licensee may have a hearing if requested in writing within ten (10) days after the license cancellation. Civil Penalties for Violations by Licensee. Pursuant to N.C.G.S.20-287(b) effective July 1, 2002- In addition to any other punishment or remedy under the law for any violation of this section, the Division may levy and collect a

civil penalty, in an amount not to exceed one thousand dollars (\$1,000.00) for each violation, against any person who has obtained a license pursuant to this section, if it finds that the licensee has violated any of the provisions of G.S. 20-285 through 20-303, Article 15 of this Chapter, or any statute or rule adopted by the Division relating to the sale of vehicles, vehicle titling, or vehicle registration.

### **Types of Violations Subject To Civil Penalties**

The civil penalty schedule established in this Section applies to motor vehicle dealers, motor vehicle sales representatives, manufacturers, factory branches, factory representatives, distributors, distributor branches, distributor representatives, and wholesalers. The schedule categorizes violations into three groups: Type I violations (serious), Type II violations (moderate/less serious), and Type III violations (minor). The Civil Penalty Schedule shall be applied by the Division in the following manner:

- Type I Violation- For a first Type I violation within three years by a licensee, the Division will assess a civil penalty of two hundred fifty dollars (\$250.00) in addition to any other punishment or remedy under the law. For a second Type I violation within three years by a licensee, the Division will assess a civil penalty of five hundred dollars (\$500.00) in addition to any other punishment or remedy under the law. For a third or subsequent Type I violation within three years by a licensee, the Division will assess a civil penalty of one thousand dollars (\$1,000.00) in addition to any other punishment or remedy under the law.
- Type II Violation- For a first Type II violation within three years by a licensee, the Division will assess a civil penalty of one hundred dollars (\$100.00) in addition to any other punishment or remedy under the law. For a second Type II violation within three years by a licensee, the Division will assess a civil penalty of two hundred fifty dollars (\$250.00) in addition to any other punishment or remedy under the law. For a third or subsequent Type II violation within three years by a licensee, the Division will assess a civil penalty of five hundred dollars (\$500.00) in addition to any other punishment or remedy under the law.
- Type III Violation- For any Type III violation by a licensee, the Division will assess a civil penalty of fifty dollars in addition to any other punishment or remedy under the law.
  - Multiple Violations- If a licensee commits two or more violations in the course of a single transaction or occurrence, the Division will assess a civil penalty specified for the most significant violation only, based upon the aforementioned schedule.

Payment of Civil Penalties- Any civil penalty imposed under this Section is due in full within thirty (30) days after notice. Failure to pay civil penalty imposed under G.S.20-287, shall be grounds for denying, suspending, or revoking the license of any licensee.

#### **F. Acts That Constitute Type I Violations.**

It is a Type I violation for a licensee to commit any of the following acts:

- [G.S. 20-52.1](#)  
Failure to deliver manufacture's certificate at time of transfer

- [G.S. 20-75](#)  
Failure to deliver certificate of title at time of transfer
- [G.S. 20-71](#)  
Altering or forging certificate of title, registration card, or application
- [G.S. 20-71](#)  
Reproducing or possessing blank certificate of title
- [G.S. 20-71.4](#)  
Failure to disclose damage to a vehicle shall be a misdemeanor.
- [G.S.20-74](#)  
Penalty for making false statement about transfer of vehicle
- [G.S. 20-106](#)  
Receiving or transferring stolen vehicles
- [G.S. 20-107](#)  
Injuring or tampering with vehicles
- [G.S. 20-108](#)  
Vehicles or component parts of vehicles without manufacturer's numbers
- [G.S.20-109](#)  
Altering or changing engine numbers
- [G.S. 20-294\(1\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(2\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(3\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(4\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(5\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S.20-294\(6\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(7\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses

- [G.S.20-294\(8\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(9\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(10\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-294\(11\)](#)  
Grounds for denying, suspending, placing on probation, or revoking licenses
- [G.S. 20-298](#)  
Insurance
- [G.S. 20-303](#)  
Installment sales to be evidenced by written instruments; statement to be delivered to buyer
- G.S.20-340 to 20-350  
Violation of any Statute included in or related to the Vehicle Mileage Act (Article 15).

[G.S. 20-340](#)

Purpose

[G.S. 20-341](#)

Definitions

[G.S. 20-342](#)

Unlawful Definitions

[G.S. 20-343](#)

Unlawful change of mileage

[G.S. 20-344](#)

Operation of vehicle with intent to defraud

[G.S. 20-345](#)

Conspiracy

[G.S. 20-346](#)

Lawful service, repair, or replacement of odometer

[G.S. 20-347](#)

Disclosure requirements

[G.S. 20-347.1](#)

Odometer disclosure record retention

[G.S. 20-348](#)

Private civil action

[G.S. 20-349](#)

Injunctive enforcement

[G.S. 20-350](#)

Criminal Offense

B. Acts That Constitute Type II Violations.

It is a Type II violation for a licensee to commit any of the following acts:

- Failure to maintain in full force and effect a corporate surety bond as required by  
[G.S. 20-288e](#)
- Display motor vehicles for sale at retail at a location other than established salesroom,  
[G.S. 20-292](#)
- Failure to inspect new vehicle prior to retail sale, or failure to inspect a used vehicle before offering for sale.  
[G.S. 20-183.4C](#)
- Failure to maintain/retain a record of all vehicles received and sold, including all documents that the Division requires, and for a period required by the Division.  
[G.S. 20-297](#)
- Improper issuance or use of 30-day temporary markers,  
[G.S. 20-79.1](#)
- Violation of any laws or rules in connection with the sale of vehicles on consignment. [19A NCAC 3D.0226](#)
- Violation of any rule in connection with floor plan lien agreements/disclosures, [19A NCAC 03D .0227](#)
- Violation of any laws concerning conspicuous disclosure of dealer administrative fees, or finance yield charges,

[G.S. 20-101.1](#)

[G.S. 20-101.2](#)

C. Acts That Constitute Type III Violations.

It is a Type III violation for a licensee to commit any of the following acts:

- Failure to maintain a current list of licensed salesman posted in conspicuous manner,  
[G.S. 20-290b](#)

- Failure to include licensee name in any advertisement publications, [G.S. 20-290c](#)
- Failure of sales representative, factory representative, or distributive representative to carry license when engaged in business, and display upon request, [G.S. 20-291](#)
- Failure to post "Buyers Guide" on every used motor vehicle offered for sale with the warranty information as required by the Federal Trade Commission.

D. Other Acts-

The Division may designate other acts in addition to the list in this section as Type I, Type II, or Type III violations.

E. Civil Penalties for Violations by Person without a License. Pursuant to N.C.G.S.20-287(c) effective July 1, 2002-For each violation of selling motor vehicles without a license against any person who is required to obtain a license under this Statute and has not obtained the license, the Division will assess a civil penalty of five-thousand dollars (\$5000.00) in addition to any other punishment under the law.

A. SUSPENSION: Any person, firm or corporation whose license is suspended shall:

- (1) Surrender all licenses and license plates (dealer, manufacturer or temporary marker) to the Division and not engage in the business of buying, selling, trading or manufacturing motor vehicles while license is suspended.
- (2) Reinstatement: At the termination of period of suspension, license, license plates and temporary markers will be returned to licensee upon payment of necessary fees, if any. If no fees are due, license, license plates and temporary markers will be returned to licensee upon request; if fees are due, licensee shall be notified prior to date of termination of suspension.

B. REVOCATION:

- (1) Any person, firm or corporation whose license has been revoked shall surrender all licenses, license plates (dealer, manufacturer and temporary marker) to the Division and not engage in the business of buying, selling, trading, or manufacturing motor vehicles until new license and license plates have been obtained.
- (2) New license required:
  - a. Where a license has been revoked, a new license must be obtained before carrying on any activity covered by Article 12 of Chapter 20.
  - b. The procedure for obtaining a new license after revocation shall be the same as that for obtaining an original license except that application shall have noted on the face thereof by applicant the fact that prior license has been revoked and the date of such revocation.
  - c. Where dealer or manufacturer's license plates have been revoked, the procedure

for obtaining new plates shall be the same as that for obtaining original license plates.

C. RENEWAL REFUSED:

Any person, firm or corporation whose renewal application for license has been refused must surrender all license plates to the Division for cancellation.

Any person, firm or corporation licensed under Article 12 of the North Carolina General Statutes when terminating his business shall surrender to the Division the current license, representatives' license, license plates, registration cards and temporary markers. If any license plates have been lost or stolen, the Division should be notified in writing by the licensee.

[G.S. 14-72.2](#)

Unauthorized use of a motor propelled conveyance

[G.S. 20-109.1](#)

Surrender of titles to salvage vehicles

G. S. 55-131. Authority to transact business required.-

- (a) A foreign corporation may not transact business in this State until it obtains a certificate of authority from the Secretary of State.

[G.S. 66-68](#)

Certificate to be filed; contents; exemption of certain partnerships and limited liability companies engaged in rendering professional services; withdrawal or transfer of assumed

[G.S. 66-71](#)

Violation of Article a misdemeanor; civil penalty

Administrative Procedure Act-Chapter 150B of the North Carolina General Statutes.

[G.S. 150B-43](#)

Right to Judicial Review

[G.S. 150B-44](#)

Right to Judicial Intervention when final decision unreasonably delayed.

[G.S. 150B-45](#)

Procedure for seeking review; waiver.

[G.S. 150B-46](#)

Contents of petition; copies served on all parties; intervention

[G.S. 150B-47](#)

Records filed with clerk of superior court; contents of records; costs.

[G.S. 150B-48](#)

Stay of decision



[G.S. 150B-49](#)

New evidence

[G.S. 150-50](#)

Review by superior court without jury

[G.S. 150B-51](#)

Scope and standard of review

[G.S.150B-52](#)

Appeal; stay of court's decision.

G. S. 150B-53 to 160B-57. Reserved for future codification purposes.

Application for Sales, Factory and Distributor Representative License

Endorsement by one or more employees;

NOTE: Application may be used to apply for sales representative license and for change of employment. Fee for initial Sales Representative License-\$15.00 Fee for change of employment-\$15.00 Application for Lost, Destroyed or Stolen License and Change of Name and/or Address

ALL FORMS AND DOCUMENTS RELATED TO THIS MANUAL ARE PROVIDED ON THE FOLLOWING PAGES.

### [Online Dealer Forms](#)

[Lt-400](#) Dealer Application

[Lt-404](#) Additional Dealer Plate Order Form

[Lt-415](#) Dealer Checklist

[Lt-426](#) Salesman Application

[Lt-430](#) 30 Day Marker Order Form

[Electronic Liens and Title Questions](#)

[Dealer Regulation Manual](#)