North Carolina Department of Transportation
Division of Motor Vehicles
LICENSE AND THEFT BUREAU

MOTOR VEHICLE DEALER AND MANUFACTURER REGULATION MANUAL

Revised March 2009
I, Michael D. Robertson, 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 nine.

Witness my hand and the seal of the Division of Motor Vehicles, this the 31st of March, two-thousand and nine.

Michael D. Robertson, Commissioner
North Carolina Division 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 Director, License & Theft Bureau, 3125 Mail Service Center Raleigh, North Carolina 27697-3125.
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MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSING LAW

Regulation of motor-vehicle distribution in public interest.

The General Assembly finds and declares that the distribution of motor vehicles in the state of North Carolina vitally affects the general economy of the State and the public interest and public welfare, and in the exercise of its police power, it is necessary to regulate and license motor vehicle manufacturers, distributors, dealers, salesmen, and their representatives doing business in North Carolina, in order to prevent frauds, impositions and other abuses upon its citizens and to protect and preserve the investments and properties of the citizens of this State.

G.S. 20-286.
Definitions.

The following definitions apply in this Article: (1),(2) Repealed by Session Laws 1973, c. 1330, s. 39.

(2a) Dealership facilities.-The real estate, buildings, fixtures and improvements devoted to the conduct of business under a franchise.

(2b) Designated family member.-The spouse, child, grandchild, parent, brother, or sister of a dealer, who, in the case of a deceased dealer, is entitled to inherit the dealer's ownership interest in the dealership under the terms of the dealer's will; or who has otherwise been designated in writing by a deceased dealer to succeed him in the motor vehicle dealership; or who under the laws of intestate succession of this State is entitled to inherit the interest; or who, in the case of an incapacitated dealer, has been appointed by a court as the legal representative of the dealer's property. The term includes the appointed and qualified personal representative and testamentary trustee of a deceased dealer.

(3) Distributor.-A person, resident or nonresident of this State, who sells or distributes new motor vehicles to new motor vehicle dealers in this State, maintains a distributor representative in this State, controls any person, resident or nonresident, who in whole or in part offers for sale, sells or distributes any new motor vehicle to any motor vehicle dealer in this State.

(4) Distributor branch.-A branch office maintained by a distributor for the sale of new motor vehicles to new motor vehicle dealers, or for directing or supervising the distributor's representatives in this State.
(5) Distributor representative.-A person employed by a distributor or a distributor branch for the purpose of selling or promoting the sale of new motor vehicles or otherwise conducting the business of the distributor or distributor branch.

(5a) Established office.-An office that meets the following requirements: 
Contains at least 96 square feet of floor space in a permanent enclosed building. 
Is a place where the books, records, and files required by the Division under this Article are kept.

(6) Established salesroom.-A salesroom that meets the following requirements:

a. Contains at least 96 square feet of floor space in a permanent enclosed building.

b. Displays, or is located immediately adjacent to, a sign having block letters not less than three inches in height on contrasting background, clearly and distinctly designating the trade name of the business.

c. Is a place at which a permanent business of bartering, trading and selling motor vehicles will be carried on in good faith on an ongoing basis whereby the dealer can be contacted by the public at reasonable times.

d. Is a place where the books, records, and files required by the Division under this Article are kept. The term includes the area contiguous to or located within 500 feet of the premises on which the salesroom is located. The term does not include a tent, a temporary stand, or other temporary quarters. The minimum area requirement does not apply to any place of business lawfully in existence and duly licensed on or before January 1, 1978.

(7) Factory branch.-A branch office, maintained for the sale of new motor vehicles to new motor vehicle dealers, or for directing or supervising the factory branch's representatives in this State.

(8) Factory representative.-A person employed by a manufacturer or a factory branch for the purpose of selling or promoting the sale of the manufacturer's motor vehicles or otherwise conducting the business of the manufacturer or factory branch.

(8a) Franchise.-A written agreement or contract between any new motor vehicle manufacturer, and any new motor vehicle dealer which purports to fix the legal rights and liabilities of the parties to such agreement or contract, and pursuant to which the dealer purchases and resells the franchised product or leases or rents the dealership premises.
(8b) Franchised motor vehicle dealer - A dealer who holds a currently valid franchise as defined in G.S. 20-286(8a) with a manufacturer or distributor of new motor vehicles, trailers, or semitrailers.

(8c) Good faith.-Honest in fact and the observation of reasonable commercial standards of fair dealing in the trade as defined and interpreted in G.S. 25-2103(1)(b).

(8d) Independent motor vehicle dealer - A dealer in used motor vehicles.

(8e) Manufacturer-A person, resident or nonresident, who manufactures or assembles motor vehicles or who imports new motor vehicles for distribution through a distributor, including any person who acts for and is under the control of the manufacturer or assembler in connection with the distribution of the motor vehicles. Additionally, the term "manufacturer" shall include the terms "distributor" and "factory branch".

(9) Repealed by Session Law 1973, c. 1330, s. 39.

(10) Motor vehicle.-Any motor propelled vehicle, trailer or semitrailer, required to be registered under the laws of this State.

a. "New motor vehicle" means a motor vehicle which has never been the subject of a sale other than between new motor vehicle dealers, or between manufacturer and dealer of the same franchise.

b. "Used motor vehicle" means a motor vehicle other than described in paragraph (10)a above.

(11) Motor vehicle dealer or dealer.

a. A person, who does any of the following:

1. For commission, money, or other thing of value, buys, sells or exchanges, whether outright or on conditional sale, bailment lease, chattel mortgage, or otherwise, five or more motor vehicles within any 12 consecutive months, regardless of who owns the motor vehicles.

2. On behalf of another and for commission, money, or other thing of value, arranges, offers, attempts to solicit, or attempts to negotiate the sale, purchase, or exchange of an interest in five or more motor vehicles within any 12 consecutive months, regardless of who owns the motor vehicles.

3. Engages, wholly or in part, in the business of selling new motor vehicles or new or used motor vehicles, or used motor vehicles only, whether or not
the motor vehicles are owned by that person, and sells five or more motor vehicles within any 12 consecutive months.

4. Offers to sell, displays, or permits the display for sale for any form of compensation five or more motor vehicles within any 12 consecutive months.

5. Primarily engages in the leasing or renting of motor vehicles to others and sells or offers to sell those vehicles at retail.

b. The term "motor vehicle dealer" or "dealer" does not include any of the following:

1. Receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under the judgment or order of any court

2. Public officers while performing their official duties.

3. Persons disposing of motor vehicles acquired for their own use or the use of a family member, and actually so used, when the vehicles have been acquired and used in good faith and not for the purpose of avoiding the provisions of this Article.

4. Persons who sell motor vehicles as an incident to their principal business but who are not engaged primarily in the selling of motor vehicles. This category includes financial institutions who sell repossessed motor vehicles and insurance companies who sell motor vehicles to which they have taken title as an incident of payments made under policies of insurance, and auctioneers who sell motor vehicles for the owners or the heirs of the owners of those vehicles as part of an auction of other personal or real property or for the purpose of settling an estate or closing a business or who sell motor vehicles on behalf of a government entity, and who do not maintain a used car lot or building with one or more employed motor vehicle sales representatives.

5. Persons manufacturing, distributing or selling trailers and semitrailers weighing not more than 2,500 pounds unloaded weight.

6. A licensed real estate broker or salesman who sells a mobile home for the owner as an incident to the sale of land upon which the mobile home is located.

7. An employee of an organization arranging for the purchase or lease by the organization of vehicles for use in the organization's business.
8. Any publication, broadcast, or other communications media when engaged in the business of advertising, but not otherwise arranging for the sale of motor vehicles owned by others.

9. Any person dealing solely in the sale or lease of vehicles designed exclusively for off-road use.

10. Any real property owner who leases any interest in property for use by a dealer.

11. Any person acquiring any interest in a motor vehicle for a family member.

12. Any auctioneer licensed pursuant to Chapter 85B of the General Statutes employed to be an auctioneer of motor vehicles for a licensed motor vehicle dealer, while conducting an auction for that dealer.

   (12) Motor vehicle sales representative or salesman.-A person who is employed as a sales representative by, or has an agreement with, a motor vehicle dealer or wholesaler to sell or exchange motor vehicles.

   (13) New motor vehicle dealer.-A motor vehicle dealer who buys, sells or exchanges, or offers or attempts to negotiate a sale or exchange of an interest in, or who is engaged, wholly or in part, in the business of selling, new or new and used motor vehicles.

   (13a) Person.-Defined in G.S. 20-4.01. (13b) Relevant market area or trade area.-The area within a radius of 20 miles around an existing dealer or the area of responsibility defined in the franchise, whichever is greater; except that, where a manufacturer is seeking to establish an additional new motor vehicle dealer the relevant market area shall be as follows:

   If the population in an area within a radius of 10 miles around the proposed site is 250,000 or more, the relevant market area shall be that area within the 10 mile radius; or if the population in an area within a radius of 10 miles around the proposed site is less than 250,000, but the population in an area within a radius of 15 miles around the proposed site is 150,000 or more, the relevant market area shall be that area within the 15 mile radius; or except as defined in subparts a. and b., the relevant market area shall be the area within a radius of 20 miles around an existing dealer. In determining population for this definition the most recent census by the U.S. Bureau of the Census or the most recent population update either from Claritas Inc. or other similar recognized source shall be accumulated for all census tracts either wholly or partially within the relevant market area. In accumulating population for this definition, block group and block level data shall be used to apportion the population of census tracts which are only partially within the relevant market area so that population outside of the applicable radius is not included in the count.
(15) Retail installment sale.-A sale of one or more motor vehicles to a buyer for the buyer's use and not for resale, in which the price thereof is payable in one or more installments over a period of time and in which the seller has either retained title to the goods or has taken or retained a security interest in the goods under a form of contract designated as a conditional sale, bailment lease, chattel mortgage or otherwise.

(16) Used motor vehicle dealer.-A motor vehicle dealer who buys, sells or exchanges, or offers or attempts to negotiate a sale or exchange of an interest in, or who is engaged, wholly or in part, in the business of selling, used motor vehicles only.

(17) Wholesaler.-A person who sells or distributes used motor vehicles to motor vehicle dealers in this State, has a sales representative in this State, or controls any person who in whole or in part offers for sale, sells, or distributes any used motor vehicle to a motor vehicle dealer in this State. The provisions of G.S. 20302, 20-305.1, and 20-305.2 that apply to distributors also apply to wholesalers.

G.S. 20-287.
Licenses required; penalties.

(a) License Required. - It shall be unlawful for any new motor vehicle dealer, used motor vehicle dealer, motor vehicle sales representative, manufacturer, factory branch, factory representative, distributor, distributor branch, distributor representative, or wholesaler to engage in business in this State without first obtaining a license as provided in this Article. If any motor vehicle dealer acts as a motor vehicle sales representative, the dealer shall obtain a motor vehicle sales representative's license in addition to a motor vehicle dealer's license. A sales representative may have only one license. The license shall show the name of each dealer or wholesaler employing the sales representative. The following license holders may operate as a motor vehicle dealer without obtaining a motor vehicle dealer's license or paying an additional fee: a manufacturer, a factory branch, a distributor, and a distributor branch. Any of these license holders who operates as a motor vehicle dealer may sell motor vehicles at retail only at an established salesroom.

(b) Civil Penalty for Violations by Licensee. - 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) 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 G.S. 20303, 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.

(c) Civil Penalty for Violations by Person Without a License. - 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 five thousand dollars ($5,000) for each violation, against any person who is required to obtain a license under this section and has not obtained the license, if it finds that the person has violated any of the provisions of G.S. 20-285 through G.S. 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.

G.S. 20-288.
Application for license; license requirements; expiration of license; bond.

(a) A new motor vehicle dealer, motor vehicle sales representative, manufacturer, factory branch, factory representative, distributor, distributor branch, distributor representative, or wholesaler may obtain a license by filing an application with the Division. An application must be on a form provided by the Division and contain the information required by the Division. An application for a license must be accompanied by the required fee and by an application for a dealer license plate.

(a1) A used motor vehicle dealer may obtain a license by filing an application, as prescribed in subsection (a) of this section, and providing the following:

(1) The required fee.

(2) Proof that the applicant, within the last 12 months, has completed a 12-hour licensing course approved by the Division if the applicant is seeking an initial license and a six-hour course approved by the Division if the applicant is seeking a renewal license. The requirements of this subdivision do not apply to a used motor vehicle dealer the primary business of which is the sale of salvage vehicles on behalf of insurers or to a manufactured home dealer licensed under G.S. 143-143.11 who complies with the continuing education requirements of G.S. 143-143.11B. The requirement of this subdivision does not apply to persons age 62 or older as of July 1, 2002, who are seeking a renewal license.

(3) If the applicant is an individual, proof that the applicant is at least 18 years of age and proof that all salespersons employed by the dealer are at least 18 years of age.

(4) The application for a dealer license plate.
(b) The Division shall require in such application, or otherwise, information relating to matters set forth in G.S. 20-294 as grounds for the refusing of licenses, and to other pertinent matters commensurate with the safeguarding of the public interest, all of which shall be considered by the Division in determining the fitness of the applicant to engage in the business for which he seeks a license.

(c) All licenses that are granted shall expire unless sooner revoked or suspended, on June 30 of the year following date of issue.

(d) To obtain a license as a wholesaler, an applicant who intends to sell or distribute self-propelled vehicles must have an established office in this State, and an applicant who intends to sell or distribute only trailers or semitrailers of more than 2500 pounds unloaded weight must have a place of business in this State where the records required under this Article are kept. To obtain a license as a motor vehicle dealer, an applicant who intends to deal in self-propelled vehicles must have an established salesroom in this State, and an applicant who intends to deal in only trailers or semitrailers of more than 2500 pounds unloaded weight must have a place of business in this State where the records required under this Article are kept. An applicant for a license as a manufacturer, a factory branch, a distributor, a distributor branch, a wholesaler, or a motor vehicle dealer must have a separate license for each established office, established salesroom, or other place of business in this State. An application for any of these licenses shall include a list of the applicant's places of business in this State.

(e) Each applicant approved by the Division for license as a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, or wholesaler shall furnish a corporate surety bond or cash bond or fixed value equivalent of the bond. The amount of the bond for an applicant for a motor vehicle dealer's license is 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. A corporate surety bond shall be approved by the Commissioner as to form and shall be conditioned that the obligor will faithfully conform to and abide by the provisions of this Article and Article 15. A cash bond or fixed value equivalent thereof shall be approved by the Commissioner as to form and terms of deposits as will secure the ultimate beneficiaries of the bond; and such bond shall not be available for delivery to any person contrary to the rules of the Commissioner. Any purchaser of a motor vehicle, including a motor vehicle dealer, who shall have suffered any loss or damage by the failure of any license holder subject to this section to deliver free and clear title to any vehicle purchased from a license holder or any other act of a license holder subject to this subsection that constitutes a violation of this Article or Article 15 of this chapter shall have the right to institute an action to
recover against the license holder and the surety. Every license holder against whom an action is instituted shall notify the Commissioner of the action within 10 days after served with process. A corporate surety bond shall remain in force and effect and may not be canceled by the surety unless the bonded person stops engaging in business or the person's license is denied, suspended, or revoked under G.S. 20-294. That cancellation may be had only upon 30 days' written notice to the Commissioner and shall not affect any liability incurred or accrued prior to the termination of such 30-day period. This subsection does not apply to a license holder who deals only in trailers having an empty weight of 4,000 pounds or less. This subsection does not apply to manufacturers of, or dealers in, mobile or manufactured homes who furnish a corporate surety bond, cash bond, or a fixed value equivalent, pursuant to G.S. 143-143.12.

**G.S. 20-289.**
License fees.-

(a) The license fee for each fiscal year, or part thereof, shall be as follows:

1. For motor vehicle dealers, distributors, distributor branches, and wholesalers, seventy dollars ($70.00) for each place of business.
2. For manufacturers, one hundred fifty dollars ($150.00), and for each factory branch in this State, one hundred dollars ($100.00).
3. For motor vehicle sales representatives, fifteen dollars ($15.00).
4. For factory representatives, or distributor representatives, fifteen dollars ($15.00).
5. Repealed by Session Laws 1991, c 662, s. 4.

(b) The fees collected under this section shall be credited to the Highway Fund. These fees are in addition to all other taxes and fees.

**G.S. 20-290.**
Licenses to specify places of business; display of license and list of sales representatives; advertising.

(a) The license of motor vehicle dealer shall list each of the dealer's established salesrooms in this State. A license of a manufacturer, factory branch, distributor, distributor branch, or wholesaler shall list each of the license holder's places of business in this State. A license shall be conspicuously displayed at each place of business. In the event the location of a business changes, the Division shall endorse the change of location on the license, without charge.
(b) Each dealer shall keep a current list of his licensed salesmen, showing the name of each licensed salesman, posted in a conspicuous place in each place of business.

(c) Whenever any licensee places an advertisement in any newspaper or publication, the name of licensee shall appear therein.

20-291.
Representatives to carry license and display it on request; license to name employer.-Every person to whom a sales representative, factory representative or distributor representative license is issued shall carry the license when engaged in business, and shall display it upon request. The license shall state the name of the representative's employer. If the representative changes employers, the representative shall immediately apply to the Division, for a license that states the name of the representative's new employer.

20-292.
Dealers may display motor vehicles for sale at retail only at established salesrooms.

A new or used motor vehicle dealer may display a motor vehicle for sale at retail only at the dealer's established salesroom, unless the display is of a motor vehicle that meets any of the following descriptions:

(1) Contains the dealer's name or other sales information and is used by the dealer as a "demonstrator" for transportation purposes.

(2) Is displayed at a trade show or exhibit at which no selling activities relating to the vehicle takes place.

(3) Is displayed at the home or place of business of a customer at the request of the customer.

This section does not apply to recreational vehicles, house trailers, or boat, animal, camping, or other utility trailers.

G.S. 20-294.
Grounds for denying, suspending or revoking licenses.

The Division may deny, suspend or revoke a license issued under this Article for any one or more of the following grounds:

(1) Making a material misstatement in an application for a license.
(2) Willfully and intentionally failing to comply with this Article, Article 15 of this Chapter, or G.S. 20-52.1, G.S. 20-75, G.S. 20-79.1, G.S. 20-108, G.S. 20109 or a rule adopted by the Division under this Article.

(3) Failing to have an established salesroom, if the license holder is a motor vehicle dealer, or failing to have an established office, if the license holder is a wholesaler.

(4) Willfully defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the licensee's business.

(5) Employing of fraudulent devices, methods or practices in connection with compliance with the requirements under the laws of this State with respect to the retaking of motor vehicles under retail installment contracts and the redemption and resale of such motor vehicles.

(6) Using unfair methods of competition or unfair deceptive acts or practices.

(7) Knowingly advertising by any means, any assertion, representation or statement of fact which is untrue, misleading or deceptive in any particular relating to the conduct of the business licensed or for which a license is sought.

(8) Knowingly advertising a used motor vehicle for sale as a new motor vehicle.

(9) Being convicted of an offense set forth under G.S. 20-106, 20-106.1, 20-107, 20-112 while holding such a license or within five (5) years next preceding the date of filing the application; or being convicted of a felony involving moral turpitude under the laws of this State, another state, or the United States.

(10) Submitting a bad check to the Division of Motor Vehicles in payment of highway use taxes collected by the licensee.

(11) Knowingly giving an incorrect certificate of title, or failing to give a certificate of title to a purchaser, a lienholder, or the Division, as appropriate, after a vehicle is sold.

(12) Making a material misstatement in an application for a dealer license plate.

(13) Failure to pay a civil penalty imposed under G.S. 20-287.

20-295.
Action on application.

The Division shall either grant or deny an application for a license within thirty (30) days after receiving it. Any applicant denied a license shall, upon filing a
written request within thirty (30) days, be given a hearing at the time and place as
determined by the Commissioner or a person designated by the Commissioner.
A hearing shall be public and shall be held with reasonable promptness.

20-296.
Notice and hearing upon denial, suspension, revocation or refusal to renew
license.-No license shall be suspended or revoked or denied, or renewal thereof
refused, until a written notice of the complaint made has been furnished to the
licensee against whom the same is directed, and a hearing hereon has been had
before the Commissioner, or a person designated by him. At least ten (10) days'
written notice of the time and place of such hearing shall be given to the licensee
by certified mail to his last known address as shown on his license or other
record of information in possession of the Division. At any such hearing, the
licensee shall have the right to be heard personally or by counsel. After hearing,
the Division shall have power to suspend, revoke or refuse to renew the license
in question. Immediate notice of any such action shall be given to the licensee in
the manner herein provided in the case of notices of hearing.

20-297.
Retention and Inspection of certain records.

(a) Vehicles. – A dealer must keep a record of all vehicles received by the dealer
and all vehicles sold by the dealer. The records must contain the information that
the Division requires. A dealer may keep and maintain records at the dealership
facility where the vehicles were sold or at another established office located
within this State provided that the location and the name of a designated contact
agent are provided to the Division and the records can be made available for
inspection by the Division within a reasonable period of time after being
requested by the Division.

(b) Inspection - The Division may inspect the pertinent books, records, letters,
and contracts of a licensee relating to any written complaint made to the Division
against the licensee. (1955, c. 1243, s. 13; 1975, c. 716, s. 5; 1995, c. 163, s. 5.)

G.S. 20-298.
Insurance.

It shall be unlawful for any dealer or salesman or any employee of any dealer, to
coerce or offer anything of value to any purchaser of a motor vehicle to provide
any type of insurance coverage on said motor vehicle. No dealer,
salesman or representative of either shall accept any policy as collateral on any
vehicle sold by him to secure an interest in such vehicle in any company not
qualified under the insurance laws of this State: Provided, nothing in this Article
shall prevent a dealer or his representative from requiring adequate insurance
coverage on a motor vehicle which is the subject of an installment sale.
G.S. 20-299.
Acts of officers, directors, partners, salesmen and other representatives.

(a) If a licensee is a copartnership or a corporation, it shall be sufficient cause for the denial, suspension or revocation of a license that any officer, director or partner of the copartnership or corporation has committed any act or omitted any duty which would be cause for refusing, suspending or revoking a license to such party as an individual. Each licensee shall be responsible for the acts of any or all of his salesmen while acting as his agent.

(b) Every licensee who is a manufacturer or a factory branch shall be responsible for the acts of any or all of its agents and representatives while acting in the conduct of said licensee's business whether or not such licensee approved, authorized, or had knowledge of such acts.

20-300.
Appeals from actions of Commissioner.

Appeals from actions of the Commissioner shall be governed by the provisions of Chapter 150B of the General Statutes.

20-301.
Powers of Commissioner.

(a) The Commissioner shall promote the interests of the retail buyer of motor vehicles.

(b) The Commissioner shall have power to prevent unfair methods of competition and unfair or deceptive acts or practices and other violations of this Article. Any franchised new motor vehicle dealer who believes that a manufacturer, factory branch, distributor, or distributor branch with whom the dealer holds a currently valid franchise has violated or is currently violating any provision of this Article may file a petition before the Commissioner setting forth the factual and legal basis for such violations. The Commissioner shall promptly forward a copy of the petition to the named manufacturer, factory branch, distributor, or distributor branch requesting a reply to the petition within 30 days. Allowing for sufficient time for the parties to conduct discovery, the Commissioner or his designee shall then hold an evidentiary hearing and render findings of fact and conclusions of law based on the evidence presented. Any parties to a hearing by the Commissioner concerning the establishment or relocating of a new motor vehicle dealer shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes.

(c) The Commissioner shall have the power in hearings arising under this Article to enter scheduling orders and limit the time and scope of discovery; to
(d) The Commissioner may, whenever he shall believe from evidence submitted to him that any person has been or is violating any provision of this Article, in addition to any other remedy, bring an action in the name of the State against that person and any other persons concerned or in any way participating in, or about to participate in practices or acts so in violation, to enjoin any persons from continuing the violations.

(e) The Commissioner may issue rules and regulations to implement the provisions of this section and to establish procedures related to administrative proceedings commenced under this section.

(f) In the event that a dealer, who is permitted or required to file a notice, protest, or petition before the Commissioner within a certain period of time in order to adjudicate, enforce, or protect rights afforded the dealer under this Article, voluntarily elects to appeal a policy, determination, or decision of the manufacturer through an appeals board or internal grievance procedure of the manufacturer, or to participate in or refer the matter to mediation, arbitration, or other alternative dispute resolution procedure or process established or endorsed by the manufacturer, the applicable period of time for the dealer to file the notice, protest, or petition before the Commissioner under this Article shall not commence until the manufacturer's appeal board or internal grievance procedure, mediation, arbitration, or appeals process of the manufacturer has been completed and the dealer has received notice in writing of the final decision or result of the procedure or process. Nothing, however, contained in this subsection shall be deemed to require that any dealer exhaust any internal grievance or other alternative dispute process required or established by the manufacturer before seeking redress from the Commissioner as provided in this Article.

G. S. 20-301.1.
Notice of additional charges against dealer's account; informal appeals procedure.

(a) Notwithstanding the terms of any contract, franchise, novation, or agreement, it shall be unlawful for any manufacturer, factory branch, distributor, or distributor branch to charge or assess one of its franchised motor vehicle dealers located in this State, or to charge or debit the account of the franchised motor vehicle dealer for merchandise, tools, or equipment, other than the published cost of new motor vehicles, and merchandise, tools, or equipment specifically ordered by the franchised motor vehicle dealer, unless the franchised motor vehicle dealer receives a detailed itemized description of the nature and amount of each charge in writing at least 10 days prior to the date the charge or account debit is to become effective or due. For purposes of this subsection, prior written notice is
required for the following charges or debits: advertising or advertising materials; advertising or showroom displays; customer informational materials; computer or communications hardware or software; special tools; equipment; dealership operation guides; Internet programs; and any additional charges or surcharges made or proposed for merchandise, tools, or equipment previously charged to the dealer.

(b) Any franchised new motor vehicle dealer who seeks to challenge an actual or proposed charge, debit, payment, reimbursement, or credit to the franchised new motor vehicle dealer or to the franchised new motor vehicle dealer’s account in an amount less than or equal to ten thousand dollars ($10,000) and that is in violation of this Article or contrary to the terms of the franchise may, prior to filing a formal petition before the Commissioner as provided in G.S. 20-301(b) or a civil action in any court of competent jurisdiction under G.S. 20-308.1, request and obtain a mediated settlement conference as provided in this subsection. Unless objection to the timeliness of the franchised new motor vehicle dealer's request for mediation under this subsection is waived in writing by the affected manufacturer, factory branch, distributor, or distributor branch, a franchised new motor vehicle dealer's request to mediate must be sent to the Commissioner within 75 days after the franchised new motor vehicle dealer's receipt of written notice from a manufacturer, factory branch, distributor, or distributor branch of the charges, debits, payments, reimbursements, or credits challenged by the franchised new motor vehicle dealer. If the franchised new motor vehicle dealer has requested in writing that the manufacturer, factory branch, distributor, or distributor branch review the questioned charges, debits, payments, reimbursements, or credits, a franchised new motor vehicle dealer's request to mediate must be sent to the Commissioner within 30 days after the franchised new motor vehicle dealer's receipt of the final written determination on the issue from the manufacturer, factory branch, distributor, or distributor branch.

(1) It is the policy and purpose of this subsection to implement a system of settlement events that are designed to reduce the cost of litigation under this Article to the general public and the parties, to focus the parties' attention on settlement rather than on trial preparation, and to provide a structured opportunity for settlement negotiations to take place.

(2) The franchised new motor vehicle dealer shall send a letter to the Commissioner by certified or registered mail, return receipt requested, identifying the actual or proposed charges the franchised new motor vehicle dealer seeks to challenge and the reason or basis for the challenge. The charges, debits, payments, reimbursements, or credits challenged by the franchised new motor vehicle dealer need not be related, and multiple issues may be resolved in a single proceeding. The franchised new motor vehicle dealer shall send a copy of the letter to the affected manufacturer, factory branch, distributor, or distributor branch, addressed to the current district, zone, or regional
manager in charge of overseeing the dealer's operations, or the registered agent for acceptance of legal process in this State. Upon the mailing of a letter to the Commissioner and the manufacturer, factory branch, distributor, or distributor branch pursuant to this subsection, any chargeback to or any payment required of a franchised new motor vehicle dealer by a manufacturer, factory branch, distributor, or distributor branch shall be stayed during the pendency of the mediation. Upon the mailing of a letter to the Commissioner and manufacturer, factory branch, distributor, or distributor branch pursuant to this subsection, any statute of limitation or other time limitation for filing a petition before the Commissioner or civil action shall be tolled during the pendency of the mediation.

(2) Upon receipt of the written request of the franchised new motor vehicle dealer, the Commissioner shall appoint a mediator and send notice of that appointment to the parties. A person is qualified to serve as mediator as provided by this subdivision if the person is certified to serve as a mediator under Rule 8 of the North Carolina Rules Implementing Statewide Mediated Settlement Conferences in Superior Court Civil Actions and does not represent motor vehicle dealers or manufacturers, factory branches, distributors, or distributor branches. A mediator acting pursuant to this subdivision shall have judicial immunity in the same manner and to the same extent as a judge of the General Court of Justice.

(3) The parties shall by written agreement select a venue and schedule for the mediated settlement conference conducted under this subsection. If the parties are unable to agree on a venue and schedule, the mediator shall select a venue and schedule. Except by written agreement of all parties, a mediation proceeding and mediated settlement conference under this subsection shall be held in North Carolina.

(4) In this subsection, 'mediation' means a nonbinding forum in which an impartial person, the mediator, facilitates communication between parties to promote reconciliation, settlement, or understanding among them. A mediator may not impose his or her own judgment on the issues for that of the parties.

(5) At least 10 days prior to the mediated settlement conference, the affected manufacturer, factory branch, distributor, or distributor branch shall, by certified or registered mail, return receipt requested, send the mediator and the franchised new motor vehicle dealer a detailed response to the allegations raised in the franchised new motor vehicle dealer's written request. The mediation may be conducted by officers or employees of the parties themselves without the appearance of legal counsel. However, at least 10 days prior to the mediated settlement conference, either party may give notice to the other and to the mediator of its intention to appear
at the mediation with legal counsel, in which event either party may appear at the mediation with legal counsel.

(6) A mediation proceeding conducted pursuant to this subsection shall be complete not later than the sixtieth day after the date of the Commissioner's notice of the appointment of the mediator; this deadline may be extended by written agreement of the parties. The parties shall be solely responsible for the compensation and expenses of the mediator on a 50/50 basis. The Commissioner is not liable for the compensation paid or to be paid a mediator employed pursuant to this subsection.

(7) A party may attend a mediated settlement conference telephonically in lieu of personal appearance. If a party or other person required to attend a mediated settlement conference fails to attend without good cause, the Commissioner may impose upon the party or person any appropriate monetary sanction, including the payment of fines, attorneys' fees, mediator fees, expenses, and loss of earnings incurred by persons attending the conference.

(8) If the mediation fails to result in a resolution of the dispute, the franchised new motor vehicle dealer may proceed as provided in G.S. 20-301(b) and G.S. 20 308.1. Upon the filing of a petition pursuant to G.S. 20-301(b) or a civil action pursuant to G.S. 20-308.1, the affected manufacturer, factory branch, distributor, or distributor branch shall not require payment from the dealer, or debit or charge the dealer's account, unless and until a final judgment supporting the payment or charge has been rendered by the Commissioner or court. All communications made during a mediation proceeding, including, but not limited to, those communications made during a mediated settlement conference are presumed to be made in compromise negotiation and shall be governed by Rule 408 of the North Carolina Rules of Evidence.

G.S. 20-302.
Rules and regulations.

The Commissioner may make such rules and regulations, not inconsistent with the provisions of this Article, as he shall deem necessary or proper for the effective administration and enforcement of this Article, provided that a copy of such rules and regulations shall be mailed to each motor vehicle dealer licensee thirty (30) days prior to the effective date of such rules and regulations.

G.S. 20-303.
Installment sales to be evidenced by written instrument; statement to be delivered to buyer.
(a) Every retail installment sale shall be evidenced by an instrument in writing, which shall contain all the agreements of the parties and shall be signed by the buyer.

(b) Prior to or about the time of the delivery of the motor vehicle, the seller shall deliver to the buyer a written statement describing clearly the motor vehicle sold to the buyer, the cash sale price thereof, the cash paid down by the buyer, the amount credited the buyer for any trade-in and a description of the motor vehicle traded, the amount of the finance charge, the amount of any other charge specifying its purpose, the net balance due from the buyer, the terms of the payment of such net balance and a summary of any insurance protection to be effected.

G.S. 20-304.
Coercion of retail dealer by manufacturer or distributor in connection with installment sales contract prohibited.

(a) It shall be unlawful for any manufacturer, wholesaler or distributor, or any officer, agent or representative of either, to coerce, or attempt to coerce, any retail motor vehicle dealer or prospective retail motor vehicle dealer in this State to sell, assign or transfer any retail installment sales contract, obtained by such dealer in connection with the sale by him in this State, of motor vehicles manufactured or sold by such manufacturer, wholesaler, or distributor, to a specified finance company or class of such companies, or to any other specified persons, by any of the acts or means hereinafter set forth, namely:

(1) By any statement, suggestion, promise or threat that such manufacturer, wholesaler, or distributor will in any manner benefit or injure such dealer, whether such statement, suggestion, threat or promise is expressed or implied, or made directly or indirectly,

(2) By any act that will benefit or injure such dealer,

(3) By any contract, or any expressed or implied offer of contract, made directly or indirectly to such dealer, for handling motor vehicles, on the condition that such dealer sell, assign or transfer his retail installment sales contract thereon, in this State, to a specified finance company or class of such companies, or to any other specified person,

(4) By any expressed or implied statement or representation, made directly or indirectly, that such dealer is under any obligation whatsoever to sell, assign or transfer any of his retail sales contracts, in this State, on motor vehicles manufactured or sold by such manufacturer, wholesaler, or distributor to such finance company, or class of companies, or other specified person, because
of any relationship or affiliation between such manufacturer, wholesaler, or
distributor and such finance company or companies or such other specified
person or persons.

(b) Any such statements, threats, promises, acts, contracts, or offers of contracts,
when the effect thereof may be to lessen or eliminate competition, or tend to
create a monopoly, are declared unfair trade practices and unfair methods of
competition and against the public policy of this State, are unlawful and are
hereby prohibited.

G.S. 20-305
Coercing dealer to accept commodities not ordered; threatening to
cancel franchise; preventing transfer of ownership; granting additional
franchises; terminating franchises without good cause; preventing family
succession. It shall be unlawful for any manufacturer, factory branch, distributor,
or distributor branch, or any field representative, officer, agent, or any
representative whatsoever of any of them:

(1) To require, coerce, or attempt to coerce any dealer to accept delivery
of any motor vehicle or vehicles, parts or accessories therefor, or any
other commodities, which shall not have been ordered by that dealer,
or to accept delivery of any motor vehicle or vehicles which have been
equipped in a manner other than as specified by the dealer.

(2) To require, coerce, or attempt to coerce any dealer to enter into any
agreement with such manufacturer, factory branch, distributor, or
distributor branch, or representative thereof, or do any other act unfair
to such dealer, by threatening to cancel any franchise existing between
such manufacturer, factory branch, distributor, distributor branch, or
representative thereof, and such dealer;

(3) (See editor's note for applicability) Unfairly without due regard to
the equities of the dealer, and without just provocation, to cancel the
franchise of such dealer;

(4) Notwithstanding the terms of any franchise agreement, to prevent or
refuse to approve the sale or transfer of the ownership of a dealership by the sale
of the business, stock transfer, or otherwise, or the transfer, sale or assignment
of a dealer franchise, or a change in the executive management or principal
operator of the dealership, or relocation of the dealership to another site within
the dealership's relevant market area, if the Commissioner has determined, if
requested in writing by the dealer within 30 days after receipt of an objection to
the proposed transfer, sale, assignment, relocation, or change, and after a
hearing on the matter, that the failure to permit or honor the transfer, sale,
assignment, relocation, or change is unreasonable under the circumstances. No
franchise may be transferred, sold, assigned, relocated, or the executive management or principal operators changed, unless the franchisor has been given at least 30 days' prior written notice as to the identity, financial ability, and qualifications of the proposed transferee, the identity and qualifications of the persons proposed to be involved in executive management or as principal operators, and the location and site plans of any proposed relocation. The franchisor shall send the dealership notice of objection, by registered or certified mail, return receipt requested, to the proposed transfer, sale, assignment, relocation, or change within 30 days after receipt of notice from the dealer, as provided in this section. Failure by the franchisor to send notice of objection within 30 days shall constitute waiver by the franchisor of any right to object to the proposed transfer, sale, assignment, relocation, or change. With respect to a proposed transfer of ownership, sale, or assignment, the sole issue for determination by the Commissioner and the sole issue upon which the Commissioner shall hear or consider evidence is whether, by reason of lack of good moral character, lack of general business experience, or lack of financial ability, the proposed transferee is unfit to own the dealership. For purposes of this subdivision, the refusal by the manufacturer to accept a proposed transferee who is of good moral character and who otherwise meets the written, reasonable, and uniformly applied business experience and financial requirements, if any, required by the manufacturer of owners of its franchised automobile dealerships is presumed to demonstrate the manufacturer's failure to prove that the proposed transferee is unfit to own the dealership. With respect to a proposed change in the executive management or principal operator of the dealership, the sole issue for determination by the Commissioner and the sole issue on which the Commissioner shall hear or consider evidence shall be whether, by reason of lack of training, lack of prior experience, poor past performance, or poor character, the proposed candidate for a position within the executive management or as principal operator of the dealership is unfit for the position. For purposes of this subdivision, the refusal by the manufacturer to accept a proposed candidate for executive management or as principal operator who is of good moral character and who otherwise meets the written, reasonable, and uniformly applied standards or qualifications, if any, of the manufacturer relating to the business experience and prior performance of executive management required by the manufacturers of its dealers is presumed to demonstrate the manufacturer's failure to prove the proposed candidate for executive management or as principal operator is unfit to serve the capacity. With respect to a proposed relocation or other proposed change, the issue for determination by the Commissioner is whether the proposed relocation or other change is unreasonable under the circumstances. For purposes of this subdivision, the refusal by the manufacturer to agree to a proposed relocation which meets the written, reasonable, and uniformly applied standards or criteria, if any, of the manufacturer relating to dealer relocations is presumed to demonstrate that the manufacturer's failure to prove the proposed relocation is unreasonable under the circumstances. The manufacturer shall have the burden of proof before the Commissioner under this subdivision. It is unlawful for a
manufacturer to, in any way, condition its approval of a proposed transfer, sale, assignment, change in the dealer's executive management or principal operator on the existing or proposed dealer's willingness to construct a new facility, renovate the existing facility, acquire or refrain from acquiring one or more line-makes of vehicles, separate or divest one or more line-makes of vehicle, or establish or maintain exclusive facilities, personnel, or display space. It is unlawful for a manufacturer to, in any way, condition its approval of a proposed relocation on the existing or proposed dealer's willingness to acquire or refrain from acquiring one or more line-makes of vehicles, separate or divest one or more line-makes of vehicle, or establish or maintain exclusive facilities, personnel, or display space.

(5) To enter into a franchise establishing an additional new motor vehicle dealer or relocating an existing new motor vehicle dealer into a relevant market area where the same line make is then represented without first notifying in writing the Commissioner and each new motor vehicle dealer in that line make in the relevant market area of the intention to establish an additional dealer or to relocate an existing dealer within or into that market area. Within 30 days of receiving such notice or within 30 days after the end of any appeal procedure provided by the manufacturer, any new motor vehicle dealer may file with the Commissioner a protest to the establishing or relocating of the new motor vehicle dealer. When a protest is filed, the Commissioner shall promptly inform the manufacturer that a timely protest has been filed, and that the manufacturer shall not establish or relocate the proposed new motor vehicle dealer until the Commissioner has held a hearing and has determined that there is good cause for permitting the addition or relocation of such new motor vehicle dealer.

a. This section does not apply:

1. To the relocation of an existing new motor vehicle dealer within that dealer's relevant market area, provided that the relocation not be at a site within 10 miles of a licensed new motor vehicle dealer for the same line make of motor vehicle. If this sub-subdivision is applicable, only dealers trading in the same line-make of vehicle that are located within the 10-mile radius shall be entitled to notice from the manufacturer and have the protest rights afforded under this section; or

2. If the proposed additional new motor vehicle dealer is to be established at or within two miles of a location at which a former licensed new motor vehicle dealer for the same line make of new motor vehicle had ceased operating within the previous two years;
3. To the relocation of an existing new motor vehicle dealer within two miles of the existing site of the new motor vehicle dealership if the franchise has been operating on a regular basis from the existing site for a minimum of three years immediately preceding the relocation; or

4. To the relocation of an existing new motor vehicle dealer if the proposed site of the relocated new motor vehicle dealership is further away from all other new motor vehicle dealers of the same line make in that relevant market area; or

5. To the relocation of an existing new motor vehicle dealer to a location within four and one-half miles of the existing site of the new motor vehicle dealership if the line make has been operating on a regular basis from the existing site for a minimum of 50 years immediately preceding the effective date of this sub-subdivision, provided that the relocation site not be located within four miles of another licensed new motor vehicle dealer for the same line make of motor vehicle.

b. In determining whether good cause has been established for not entering into or relocating an additional new motor vehicle dealer for the same line make, the Commissioner shall take into consideration the existing circumstances, including, but not limited to:

1. The permanency of the investment of both the existing and proposed additional new motor vehicle dealers;

2. Growth or decline in population, density of population, and new car registrations in the relevant market area;

3. Effect on the consuming public in the relevant market area;

4. Whether it is injurious or beneficial to the public welfare for an additional new motor vehicle dealer to be established;

5. Whether the new motor vehicle dealers of the same line make in that relevant market area are providing adequate competition and convenient customer care for the motor vehicles of the same line make in the market area which shall include the adequacy of motor vehicle sales and service facilities, equipment, supply of motor vehicle parts, and qualified service personnel;
6. Whether the establishment of an additional new motor vehicle dealer or relocation of an existing new motor vehicle dealer in the relevant market area would increase competition in a manner such as to be in the long-term public interest; and

7. The effect on the relocating dealer of a denial of its relocation into the relevant market area.

c. The Commissioner shall try to conduct the hearing and render his final determination if possible, within 180 days after a protest is filed.

d. Any parties to a hearing by the Commissioner concerning the establishment or relocating of a new motor vehicle dealer shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes.

e. In a hearing involving a proposed additional dealership, the manufacturer or distributor has the burden of proof under this section. In a proceeding involving the relocation of an existing dealership, the dealer seeking to relocate has the burden of proof under this section.

f. If the Commissioner determines, following a hearing, that good cause exists for permitting the proposed additional or relocated motor vehicle dealership, the dealer seeking the proposed additional or relocated motor vehicle dealership must, within two years, obtain a license from the Commissioner for the sale of vehicles at the relevant site, and actually commence operations at the site selling new motor vehicles of all line makes, as permitted by the Commissioner. Failure to obtain a permit and commence sales within two years shall constitute waiver by the dealer of the dealer's right to the additional or relocated dealership, requiring renotification, a new hearing, and a new determination as provided in this section. If the Commissioner fails to determine that good cause exists for permitting the proposed additional or relocated motor vehicle dealership, the manufacturer seeking the proposed additional dealership or dealer seeking to relocate may not again provide notice of its intention or otherwise attempt to establish an additional dealership or relocate to any location within 10 miles of the site of the original proposed additional dealership or relocation site for a minimum of three years from the date of the Commissioner's determination.
g. **(See editor's note for applicability)** For purposes of this subdivision, the addition, creation, or operation of a "satellite" or other facility, not physically part of or contiguous to an existing licensed new motor vehicle dealer, whether or not owned or operated by a person or other entity holding a franchise as defined by G.S. 20-286(8a), at which warranty service work authorized or reimbursed by a manufacturer is performed or at which new motor vehicles are offered for sale to the public, shall be considered an additional new motor vehicle dealer requiring a showing of good cause, prior notification to existing new motor vehicle dealers of the same line make of vehicle within the relevant market area by the manufacturer and the opportunity for a hearing before the Commissioner as provided in this subdivision.

(6) Notwithstanding the terms, provisions or conditions of any franchise or notwithstanding the terms or provisions of any waiver, to terminate, cancel or fail to renew any franchise with a licensed new motor vehicle dealer unless the manufacturer has satisfied the notice requirements of subparagraph c. and the Commissioner has determined, if requested in writing by the dealer within the time period specified in G.S. 20-305(6)c1II, III or IV, as applicable, and after a hearing on the matter, that there is good cause for the termination, cancellation, or nonrenewal of the franchise and that the manufacturer has acted in good faith as defined in this act regarding the termination, cancellation or nonrenewal. When such a petition is made to the Commissioner by a dealer for determination as to the existence of good cause and good faith for the termination, cancellation or nonrenewal of a franchise, the Commissioner shall promptly inform the manufacturer that a timely petition has been filed, and the franchise in question shall continue in effect pending the Commissioner's decision. The Commissioner shall try to conduct the hearing and render a final determination within 180 days after a petition has been filed. If the termination, cancellation or nonrenewal is pursuant to G.S. 20-305(6)c1III then the Commissioner shall give the proceeding priority consideration and shall try to render his final determination no later than 90 days after the petition has been filed. Any parties to a hearing by the Commissioner under this section shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes. Any determination of the Commissioner under this section finding that good cause exists for the nonrenewal, cancellation, or termination of any franchise shall automatically be stayed during any period that the affected dealer shall have the right to judicial review or appeal of the determination before the superior court or any other appellate court and during the pendency of any appeal; provided, however, that within
30 days of entry of the Commissioner's order, the affected dealer provide such security as the reviewing court, in its discretion, may deem appropriate for payment of such costs and damages as may be incurred or sustained by the manufacturer by reason of and during the pendency of the stay. Although the right of the affected dealer to such stay is automatic, the procedure for providing such security and for the award of damages, if any, to the manufacturer upon dissolution of the stay shall be in accordance with G.S. 1A-1, Rule 65(d) and (e). No such security provided by or on behalf of any affected dealer shall be forfeited or damages awarded against a dealer who obtains a stay under this subdivision in the event the ownership of the affected dealership is subsequently transferred, sold, or assigned to a third party in accordance with this subdivision or subdivision (4) of this section and the closing on such transfer, sale, or assignment occurs no later than 180 days after the date of entry of the Commissioner's order. Furthermore, unless and until the termination, cancellation, or nonrenewal of a dealer's franchise shall finally become effective, in light of any stay or any order of the Commissioner determining that good cause exists for the termination, cancellation, or nonrenewal of a dealer's franchise as provided in this paragraph, a dealer who receives a notice of termination, cancellation, or nonrenewal from a manufacturer as provided in this subdivision shall continue to have the same rights to assign, sell, or transfer the franchise to a third party under the franchise and as permitted under G.S. 20-305(4) as if notice of the termination had not been given by the manufacturer. Any franchise under notice or threat of termination, cancellation, or nonrenewal by the manufacturer which is duly transferred in accordance with G.S. 20-305(4) shall not be subject to termination by reason of failure of performance or breaches of the franchise on the part of the transferor.

a. Notwithstanding the terms, provisions or conditions of any franchise or the terms or provisions of any waiver, good cause shall exist for the purposes of a termination, cancellation or nonrenewal when:

1. There is a failure by the new motor vehicle dealer to comply with a provision of the franchise which provision is both reasonable and of material significance to the franchise relationship provided that the dealer has been notified in writing of the failure within 180 days after the manufacturer first acquired knowledge of such failure;

2. If the failure by the new motor vehicle dealer relates to the performance of the new motor vehicle dealer in sales or service, then good cause shall be defined as the failure
of the new motor vehicle dealer to comply with reasonable performance criteria established by the manufacturer if the new motor vehicle dealer was apprised by the manufacturer in writing of the failure; and

I. The notification stated that notice was provided of failure of performance pursuant to this section;

II. The new motor vehicle dealer was afforded a reasonable opportunity, for a period of not less than 180 days, to comply with the criteria; and

III. The new motor vehicle dealer failed to demonstrate substantial progress towards compliance with the manufacturer's performance criteria during such period and the new motor vehicle dealer's failure was not primarily due to economic or market factors within the dealer's relevant market area which were beyond the dealer's control.

b. The manufacturer shall have the burden of proof under this section.

c. Notification of Termination, Cancellation and Nonrenewal. –

1. Notwithstanding the terms, provisions or conditions of any franchise prior to the termination, cancellation or nonrenewal of any franchise, the manufacturer shall furnish notification of termination, cancellation or nonrenewal to the new motor vehicle dealer as follows:

I. In the manner described in G.S. 20-305(6)c2 below; and

II. Not less than 90 days prior to the effective date of such termination, cancellation or nonrenewal; or

III. Not less than 15 days prior to the effective date of such termination, cancellation or nonrenewal with respect to any of the following:

A. Insolvency of the new motor vehicle dealer, or filing of any petition by or against the new motor vehicle dealer under any bankruptcy or receivership law;
B. Failure of the new motor vehicle dealer to conduct its customary sales and service operations during its customary business hours for seven consecutive business days, except for acts of God or circumstances beyond the direct control of the new motor vehicle dealer;

C. Revocation of any license which the new motor vehicle dealer is required to have to operate a dealership;

D. Conviction of a felony involving moral turpitude, under the laws of this State or any other state, or territory, or the District of Columbia.

IV. Not less than 180 days prior to the effective date of such termination or cancellation where the manufacturer or distributor is discontinuing the sale of the product line.

V. Unless the failure by the new motor vehicle dealer relates to the performance of the new motor vehicle dealer in sales or service, not more than one year after the manufacturer first acquired knowledge of the basic facts comprising the failure.

2. Notification under this section shall be in writing; shall be by certified mail or personally delivered to the new motor vehicle dealer; and shall contain:

I. A statement of intention to terminate, cancel or not to renew the franchise;

II. A detailed statement of all of the material reasons for the termination, cancellation or nonrenewal; and

III. The date on which the termination, cancellation or nonrenewal takes effect.

3. Notification provided in G.S. 20-305(6)c1II of 90 days prior to the effective date of such termination, cancellation or renewal may run concurrent with the 180 days designated in G.S. 20-305(6)a2II provided the
notification is clearly designated by a separate written
document mailed by certified mail or personally
delivered to the new motor vehicle dealer.

d. Payments. –

1. Upon the termination, nonrenewal or cancellation of any
franchise by the manufacturer or distributor, pursuant to
this section, the new motor vehicle dealer shall be
allowed fair and reasonable compensation by the
manufacturer for the:

I. New motor vehicle inventory that has been
 acquired from the manufacturer within 18 months,
at a price not to exceed the original
manufacturer's price to the dealer, and which has
not been altered or damaged, and which has not
been driven more than 200 miles, and for which
no certificate of title has been issued;

II. Unused, undamaged and unsold supplies and parts
 purchased from the manufacturer, at a price not to
 exceed the original manufacturer's price to the
dealer, provided such supplies and parts are
currently offered for sale by the manufacturer or
distributor in its current parts catalogs and are in
salable condition;

III. Equipment, signs, and furnishings that have not
 been altered or damaged and that have been
required by the manufacturer or distributor to be
purchased by the new motor vehicle dealer from
the manufacturer or distributor, or their approved
sources; and

IV. Special tools that have not been altered or
damaged and that have been required by the
manufacturer or distributor to be purchased by the
new motor vehicle dealer from the manufacturer
or distributor, or their approved sources within
five years immediately preceding the termination,
nonrenewal or cancellation of the franchise.

2. Fair and reasonable compensation for the above shall be
paid by the manufacturer within 90 days of the effective
date of termination, cancellation or nonrenewal,
provided the new motor vehicle dealer has clear title to
the inventory and has conveyed title and possession of the same to the manufacturer. The manufacturer shall be obligated to pay or reimburse the dealer for any transportation charges associated with the manufacturer's repurchase obligations under this sub-subparagraph. The manufacturer may not charge the dealer any handling, restocking, or other similar costs or fees associated with items repurchased by the manufacturer under this sub-subparagraph.

e. Dealership Facilities Assistance upon Termination, Cancellation or Nonrenewal. In the event of the termination, cancellation or nonrenewal by the manufacturer or distributor under this section, except termination, cancellation or nonrenewal for insolvency, license revocation, conviction of a crime involving moral turpitude, or fraud by a dealer-owner:

1. Subject to paragraph 3, if the new motor vehicle dealer is leasing the dealership facilities from a lessor other than the manufacturer, the manufacturer shall pay the new motor vehicle dealer a sum equivalent to the rent for the unexpired term of the lease or three year's rent, whichever is less, or such longer term as is provided in the franchise agreement between the dealer and manufacturer; except that, in the case of motorcycle dealerships, the manufacturer shall pay the new motor vehicle dealer the sum equivalent to the rent for the unexpired term of the lease or one year's rent, whichever is less, or such longer term as provided in the franchise agreement between the dealer and manufacturer; or

2. Subject to paragraph 3, if the new motor vehicle dealer owns the dealership facilities, the manufacturer shall pay the new motor vehicle dealer a sum equivalent to the reasonable rental value of the dealership facilities for three years, or for one year in the case of motorcycle dealerships.

3. In order to be entitled to facilities assistance from the manufacturer, as provided in this paragraph e., the dealer, owner, or lessee, as the case may be, shall have the obligation to mitigate damages by listing the demised premises for lease or sublease with a licensed real estate agent within 30 days after the effective date of the termination of the franchise and thereafter by reasonably cooperating with said real estate agent in the
performance of the agent's duties and responsibilities. In the event that the dealer, owner, or lessee is able to lease or sublease the demised premises, the dealer shall be obligated to pay the manufacturer the net revenue received from such mitigation up to the total amount of facilities assistance which the dealer has received from the manufacturer pursuant to sub-subdivisions 1. and 2. To the extent and for such uses and purposes as may be consistent with the terms of the lease, a manufacturer who pays facilities assistance to a dealer under this paragraph e. shall be entitled to occupy and use the dealership facilities during the years for which the manufacturer shall have paid rent under sub-subdivisions 1. and 2.

4. In the event the termination relates to fewer than all of the franchises operated by the dealer at a single location, the amount of facilities assistance which the manufacturer is required to pay the dealer under this sub-subdivision shall be based on the proportion of gross revenue received from the sale and lease of new vehicles by the dealer and from the dealer's parts and service operations during the three years immediately preceding the effective date of the termination (or any shorter period that the dealer may have held these franchises) of the line-makes being terminated, in relation to the gross revenue received from the sale and lease of all line-makes of new vehicles by the dealer and from the total of the dealer's and parts and service operations from this location during the same three-year period.

5. The compensation required for facilities assistance under this paragraph e. shall be paid by the manufacturer within 90 days of the effective date of termination, cancellation, or nonrenewal.

f. The provisions of sub-subdivisions d. and e. above shall not be applicable when the termination, nonrenewal or cancellation of the franchise agreement is the result of the voluntary act of the dealer. Notwithstanding the terms of any contract or agreement, any dealer's termination or resignation shall not be deemed to be voluntary if that termination or resignation occurred under the manufacturer's threat of nonrenewal, cancellation, or termination of the franchise.

(7) Notwithstanding the terms of any contract or agreement, to prevent or
refuse to honor the succession to a dealership, including the franchise, by a motor vehicle dealer's designated successor as provided for under this subsection.

a. Any owner of a new motor vehicle dealership may appoint by will, or any other written instrument, a designated successor to succeed in the respective ownership interest or interest as principal operator of the owner in the new motor vehicle dealership, including the franchise, upon the death or incapacity of the owner or principal operator. In order for succession to the position of principal operator to occur by operation of law in accordance with sub-subdivision c. below, the owner's choice of a successor must be approved by the dealer, in accordance with the dealer's bylaws, if applicable, either prior or subsequent to the death or incapacity of the existing principal operator.

b. Any objections by a manufacturer or distributor to an owner's appointment of a designated successor shall be asserted in accordance with the following procedure:

1. Within 30 days after receiving written notice of the identity of the owner's designated successor and general information as to the financial ability and qualifications of the designated successor, the franchisor shall send the owner and designated successor notice of objection, by registered or certified mail, return receipt requested, to the appointment of the designated successor. The notice of objection shall state in detail all facts which constitute the basis for the contention on the part of the manufacturer or distributor that good cause, as defined in this sub-subdivision below, exists for rejection of the designated successor. Failure by the franchisor to send notice of objection within 30 days and otherwise as provided in this sub-subdivision shall constitute waiver by the franchisor of any right to object to the appointment of the designated successor.

2. Any time within 30 days of receipt of the manufacturer's notice of objection the owner or the designated successor may file a request in writing with the Commissioner that the Commissioner hold an evidentiary hearing and determine whether good cause exists for rejection of the designated successor. When such a request is filed, the Commissioner shall promptly inform the affected manufacturer or distributor that a timely request has been filed.
3. The Commissioner shall endeavor to hold the evidentiary hearing required under this sub-subdivision and render a determination within 180 days after receipt of the written request from the owner or designated successor. In determining whether good cause exists for rejection of the owner's appointed designated successor, the manufacturer or distributor has the burden of proving that the designated successor is a person who is not of good moral character or does not meet the franchisor's existing written and reasonable standards and, considering the volume of sales and service of the new motor vehicle dealer, uniformly applied minimum business experience standards in the market area.

4. Any parties to a hearing by the Commissioner concerning whether good cause exists for the rejection of the dealer's designated successor shall have a right of review of the decision in a court of competent jurisdiction pursuant to Chapter 150B of the General Statutes.

5. Nothing in this sub-subdivision shall preclude a manufacturer or distributor from, upon its receipt of written notice from an owner of the identity of the owner's designated successor, requiring that the designated successor promptly provide personal and financial data that is reasonably necessary to determine the financial ability and qualifications of the designated successor; provided, however, that such a request for additional information shall not delay any of the time periods or constraints contained herein.

6. In the event death or incapacity of the owner or principal operator occurs prior to the time a manufacturer or distributor receives notice of the owner's appointment of a designated successor or before the Commissioner has rendered a determination as provided above, the existing franchise shall remain in effect and the designated successor shall be deemed to have succeeded to all of the owner's or principal operator's rights and obligations in the dealership and under the franchise until a determination is made by the Commissioner or the rights of the parties have otherwise become fixed in accordance with this sub-subdivision.

c. Except as otherwise provided in sub-subdivision d. of this
subdivision, any designated successor of a deceased or incapacitated owner or principal operator of a new motor vehicle dealership appointed by such owner in substantial compliance with this section shall, by operation of law, succeed at the time of such death or incapacity to all of the rights and obligations of the owner or principal operator in the new motor vehicle dealership and under the existing franchise.

d. Within 60 days after the death or incapacity of the owner or principal operator, a designated successor appointed in substantial compliance with this section shall give the affected manufacturer or distributor written notice of his or her succession to the position of owner or principal operator of the new motor vehicle dealership; provided, however, that the failure of the designated successor to give the manufacturer or distributor written notice as provided above within 60 days of the death or incapacity of the owner or principal operator shall not result in the waiver or termination of the designated successor's right to succeed to the ownership of the new motor vehicle dealership unless the manufacturer or distributor gives written notice of this provision to either the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary by certified or registered mail, return receipt requested, and said written notice grants not less than 30 days time within which the designated successor may give the notice required hereunder, provided the designated successor or the deceased or incapacitated owner's executor, administrator, guardian or other fiduciary has given the manufacturer reasonable notice of death or incapacity.

Within 30 days of receipt of the notice by the manufacturer or distributor from the designated successor provided in this paragraph, the manufacturer or distributor may request that the designated successor complete the application forms generally utilized by the manufacturer or distributor to review the designated successor's qualifications to establish a successor dealership. Within 30 days of receipt of the completed forms, the manufacturer or distributor shall send a letter by certified or registered mail, return receipt requested, advising the designated successor of facts and circumstances which have changed since the manufacturer's or distributor's original approval of the designated successor, and which have caused the manufacturer or distributor to object to the designated successor. Upon receipt of such notice, the designated successor may either designate an alternative successor or may file a request for evidentiary hearing in accordance with the procedures provided in sub-subdivisions b. 2.-5. of this
subdivision. In any such hearing, the manufacturer or distributor shall be limited to facts and circumstances which did not exist at the time the designated successor was originally approved or evidence which was originally requested to be produced by the designated successor at the time of the original request and was fraudulent.

e. The designated successor shall agree to be bound by all terms and conditions of the franchise in effect between the manufacturer or distributor and the owner at the time of the owner's or principal operator's death or incapacity, if so requested in writing by the manufacturer or distributor subsequent to the owner's or principal operator's death or incapacity.

f. This section does not preclude an owner of a new motor vehicle dealership from designating any person as his or her successor by written instrument filed with the manufacturer or distributor, and, in the event there is an inconsistency between the successor named in such written instrument and the designated successor otherwise appointed by the owner consistent with the provisions of this section, and that written instrument has not been revoked by the owner of the new motor vehicle dealership in writing to the manufacturer or distributor, then the written instrument filed with the manufacturer or distributor shall govern as to the appointment of the successor.

(8) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to order or accept delivery of any new motor vehicle with special features, accessories or equipment not included in the list price of those motor vehicles as publicly advertised by the manufacturer or distributor.

(9) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to purchase nondiagnostic computer equipment or programs, to participate monetarily in an advertising campaign or contest, or to purchase unnecessary or unreasonable quantities of any promotional materials, training materials, training programs, showroom or other display decorations, materials, computer equipment or programs, or special tools at the expense of the new motor vehicle dealer, provided that nothing in this subsection shall preclude a manufacturer or distributor from including an unitemized uniform charge in the base price of the new motor vehicle charged to the dealer where such charge is attributable to advertising costs incurred or to be incurred by the manufacturer or distributor in the ordinary courses of its business.
(10) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to change the capital structure of the new motor vehicle dealer or the means by or through which the new motor vehicle dealer finances the operation of the dealership provided that the new motor vehicle dealer at all times meets any reasonable capital standards determined by the manufacturer in accordance with uniformly applied criteria; and also provided that no change in the capital structure shall cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor, provided that said consent shall not be unreasonably withheld.

(11) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to refrain from participation in the management of, investment in, or the acquisition of any other line of new motor vehicle or related products; Provided, however, that this subsection does not apply unless the new motor vehicle dealer maintains a reasonable line of credit for each make or line of new motor vehicle, and the new motor vehicle dealer remains in compliance with any reasonable capital standards and facilities requirements of the manufacturer. The reasonable facilities requirements shall not include any requirement that a new motor vehicle dealer establish or maintain exclusive facilities, personnel, or display space.

(12) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to change location of the dealership, or to make any substantial alterations to the dealership premises or facilities, when to do so would be unreasonable, or without written assurance of a sufficient supply of new motor vehicles so as to justify such an expansion, in light of the current market and economic conditions.

(13) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to prospectively assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability to be imposed by this law or to require any controversy between a new motor vehicle dealer and a manufacturer, distributor, or representative, to be referred to any person other than the duly constituted courts of the State or the United States of America, or to the Commissioner, if such referral would be binding upon the new motor vehicle dealer.

(14) To delay, refuse, or fail to deliver motor vehicles or motor vehicle parts or accessories in reasonable quantities relative to the new motor vehicle dealer's facilities and sales potential in the new motor vehicle dealer's market area as determined in accordance with reasonably applied economic principles, or within a reasonable time, after receipt of an order from a dealer having a franchise for the retail sale of any
new motor vehicle sold or distributed by the manufacturer or distributor, any new vehicle, parts or accessories to new vehicles as are covered by such franchise, and such vehicles, parts or accessories as are publicly advertised as being available or actually being delivered. The delivery to another dealer of a motor vehicle of the same model and similarly equipped as the vehicle ordered by a motor vehicle dealer who has not received delivery thereof, but who has placed his written order for the vehicle prior to the order of the dealer receiving the vehicle, shall be evidence of a delayed delivery of, or refusal to deliver, a new motor vehicle to a motor vehicle dealer within a reasonable time, without cause. Except as may be required by any consent decree of the Commissioner or other order of the Commissioner or court of competent jurisdiction, each manufacturer shall allocate its products in a manner that provides each of its franchised dealers in this State an adequate supply of vehicles by series, product line, and model to achieve the manufacturer's minimum sales requirements, planning volume, or sales objectives and that is fair and equitable to all of its franchised dealers in this State. Additionally, each manufacturer shall make available to each of its franchised dealers in this State a minimum of one of each vehicle series, model, or product line that the manufacturer advertises nationally as being available for purchase. A manufacturer shall not unfairly discriminate among its franchised dealers in this allocation process. This subsection is not violated, however, if such failure is caused by acts or causes beyond the control of the manufacturer, distributor, factory branch, or factory representative.

(15) To refuse to disclose to any new motor vehicle dealer, handling the same line make, the manner and mode of distribution of that line make within the State.

(16) To award money, goods, services, or any other benefit to any new motor vehicle dealership employee, either directly or indirectly, unless such benefit is promptly accounted for, and transmitted to, or approved by, the new motor vehicle dealer.

(17) To increase prices of new motor vehicles which the new motor vehicle dealer had ordered and which the manufacturer or distributor has accepted for immediate delivery for private retail consumers prior to the new motor vehicle dealer's receipt of the written official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each such order provided that the vehicle is in fact delivered to that customer. Price differences applicable to new model or series shall not be considered a price increase or price decrease. Price changes caused by either:
(i) the addition to a new motor vehicle of required or optional equipment; or

(ii) evaluation of the United States dollar, in the case of foreign-make vehicles or components; or

(iii) An increase in transportation charges due to increased rates imposed by carriers; or

(iv) new tariffs or duties imposed by the United States of America or any other governmental authority, shall not be subject to the provisions of this subsection.

(18) To prevent or attempt to prevent a dealer from receiving fair and reasonable compensation for the value of the franchised business transferred in accordance with G.S. 20-305(4) above, or to prevent or attempt to prevent, through the exercise of any contractual right of first refusal or otherwise, a dealer located in this State from transferring the franchised business to such persons or other entities as the dealer shall designate in accordance with G.S. 20-305(4). The opinion or determination of a manufacturer that the existence or location of one of its franchised dealers situated in this State is not viable or is not consistent with the manufacturer's distribution or marketing forecast or plans shall not constitute a lawful basis for the manufacturer to fail or refuse to approve a dealer's proposed transfer of ownership submitted in accordance with G.S. 20-305(4), or "good cause" for the termination, cancellation, or nonrenewal of the franchise under G.S. 20-305(6) or for the rejection of an owner's designated successor appointed pursuant to G.S. 20-305(7). No manufacturer shall owe any duty to any actual or potential purchaser of a motor vehicle franchise located in this State to disclose to such actual or potential purchaser its own opinion or determination that the franchise being sold or otherwise transferred is not viable or is not consistent with the manufacturer's distribution or marketing forecast or plans.

(19) To offer any refunds or other types of inducements to any person for the purchase of new motor vehicles of a certain line make to be sold to the State or any political subdivision thereof without making the same offer available upon request to all other new motor vehicle dealers in the same line make within the State.

(20) To release to any outside party, except under subpoena or as otherwise required by law or in an administrative, judicial or arbitration proceeding involving the manufacturer or new motor vehicle dealer, any confidential business, financial, or personal information which may be from time to time provided by the new motor vehicle dealer to the manufacturer, without the express written consent of the new motor vehicle dealer.
(21) To deny any new motor vehicle dealer the right of free association with any other new motor vehicle dealer for any lawful purpose.

(22) To unfairly discriminate among its new motor vehicle dealers with respect to warranty reimbursements or authority granted its new motor vehicle dealers to make warranty adjustments with retail customers.

(23) To engage in any predatory practice against or unfairly compete with a new motor vehicle dealer located in this State.

(24) To terminate any franchise solely because of the death or incapacity of an owner who is not listed in the franchise as one on whose expertise and abilities the manufacturer relied in the granting of the franchise.

(25) To require, coerce, or attempt to coerce a new motor vehicle dealer in this State to either establish or maintain exclusive facilities, personnel, or display space.

(26) To resort to or to use any false or misleading advertisement in the conducting of its business as a manufacturer or distributor in this State.

(27) To knowingly make, either directly or through any agent or employee, any material statement which is false or misleading or conceal any material facts which induce any new motor vehicle dealer to enter into any agreement or franchise or to take any action which is materially prejudicial to that new motor vehicle dealer or his business.

(28) To require, coerce, or attempt to coerce any new motor vehicle dealer to purchase or order any new motor vehicle as a precondition to purchasing, ordering, or receiving any other new motor vehicle or vehicles. Nothing herein shall prevent a manufacturer from requiring that a new motor vehicle dealer fairly represent and inventory the full line of new motor vehicles which are covered by the franchise agreement.

(29) To require, coerce, or attempt to coerce any new motor vehicle dealer to sell, transfer, or otherwise issue stock or other ownership interest in the dealership corporation to a general manager or any other person involved in the management of the dealership other than the dealer principal or dealer operator named in the franchise, unless the dealer principal or dealer operator is an absentee owner who is not involved in the operation of the dealership on a regular basis.

(30) To vary the price charged to any of its franchised new motor vehicle dealers located in this State for new motor vehicles based on the dealer's purchase of new facilities, supplies, tools, equipment, or other
merchandise from the manufacturer, the dealer's relocation, remodeling, repair, or renovation of existing dealerships or construction of a new facility, the dealer's participation in training programs sponsored, endorsed, or recommended by the manufacturer, whether or not the dealer is dualed with one or more other line makes of new motor vehicles, or the dealer's sales penetration. Except as provided in this subdivision, it shall be unlawful for any manufacturer, factory branch, distributor, or distributor branch, or any field representative, officer, agent, or any representative whatsoever of any of them to vary the price charged to any of its franchised new motor vehicle dealers located in this State for new motor vehicles based on the dealer's sales volume, the dealer's level of sales or customer service satisfaction, the dealer's purchase of advertising materials, signage, nondiagnostic computer hardware or software, communications devices, or furnishings, or the dealer's participation in used motor vehicle inspection or certification programs sponsored or endorsed by the manufacturer. The price of the vehicle, for purposes of this subdivision shall include the manufacturer's use of rebates, credits, or other consideration that has the effect of causing a variance in the price of new motor vehicles offered to its franchised dealers located in the State. Notwithstanding the foregoing, nothing in this subdivision shall be deemed to preclude a manufacturer from establishing sales contests or promotions that provide or award dealers or consumers rebates or incentives; provided, however, that the manufacturer complies with all of the following conditions:

a. With respect to manufacturer to consumer rebates and incentives, the manufacturer's criteria for determining eligibility shall:

   1. Permit all of the manufacturer's franchised new motor vehicle dealers in this State to offer the rebate or incentive; and

   2. Be uniformly applied and administered to all eligible consumers.

b. With respect to manufacturer to dealer rebates and incentives, the rebate or incentive program shall:

   1. Be based solely on the dealer's actual or reasonably anticipated sales volume or on a uniform per vehicle sold or leased basis;

   2. Be uniformly available, applied, and administered to all of the manufacturer's franchised new motor vehicle
dealers in this State; and

3. Provide that any of the manufacturer's franchised new motor vehicle dealers in this State may, upon written request, obtain the method or formula used by the manufacturer in establishing the sales volumes for receiving the rebates or incentives and the specific calculations for determining the required sales volumes of the inquiring dealer and any of the manufacturer's other franchised new motor vehicle dealers located within 75 miles of the inquiring dealer. Nothing contained in this subdivision shall prohibit a manufacturer from providing assistance or encouragement to a franchised dealer to remodel, renovate, recondition, or relocate the dealer's existing facilities, provided that this assistance, encouragement, or rewards are not determined on a per vehicle basis. It is unlawful for any manufacturer to charge or include the cost of any program or policy prohibited under this subdivision in the price of new motor vehicles that the manufacturer sells to its franchised dealers or purchasers located in this State. In the event that as of October 1, 1999, a manufacturer was operating a program that varied the price charged to its franchised dealers in this State in a manner that would violate this subdivision, or had in effect a documented policy that had been conveyed to its franchised dealers in this State and that varied the price charged to its franchised dealers in this State in a manner that would violate this subdivision, it shall be lawful for that program or policy, including amendments to that program or policy that are consistent with the purpose and provisions of the existing program or policy, or a program or policy similar thereto implemented after October 1, 1999, to continue in effect as to the manufacturer's franchised dealers located in this State until June 30, 2010. In the event that as of June 30, 2001, a manufacturer was operating a program that varied the price charged to its franchised dealers in this State in a manner that would violate this subdivision, or had in effect a documented policy that had been conveyed to its franchised dealers in this State and that varied the price charged to its franchised dealers in this State in a manner that would violate this subdivision, and the program or policy was implemented in this State subsequent to October 1, 1999, and prior to June 30, 2001, and provided that the program or policy is in compliance with this subdivision as it existed as of June 30, 2001, it shall be lawful for that program or policy, including amendments to that program or policy that comply with this subdivision as it existed as of June 30, 2001, to continue in effect as to the manufacturer's franchised dealers located in this State until June 30, 2010. Any manufacturer shall be required to pay or otherwise compensate any franchise dealer who has earned the right to receive payment or other compensation under a program in accordance with the manufacturer's program or policy. The provisions of this subdivision shall not be applicable to multiple or repeated sales of new motor vehicles made
by a new motor vehicle dealer to a single purchaser under a bona fide fleet sales policy of a manufacturer, factory branch, distributor, or distributor branch.

(31) Notwithstanding the terms of any contract, franchise, agreement, release, or waiver, to require that in any civil or administrative proceeding in which a new motor vehicle dealer asserts any claims, rights, or defenses arising under this Article or under the franchise, that the dealer or any nonprevailing party compensate the manufacturer or prevailing party for any court costs, attorneys' fees, or other expenses incurred in the litigation.

(32) To require that any of its franchised new motor vehicle dealers located in this State pay any extra fee, purchase unreasonable or unnecessary quantities of advertising displays or other materials, or remodel, renovate, or recondition the dealers' existing facilities in order to receive any particular model or series of vehicles manufactured or distributed by the manufacturer for which the dealers have a valid franchise. Notwithstanding the foregoing, nothing contained in this subdivision shall be deemed to prohibit or prevent a manufacturer from requiring that its franchised dealers located in this State purchase special tools or equipment, stock reasonable quantities of certain parts, or participate in training programs which are reasonably necessary for those dealers to sell or service any model or series of vehicles.

(33) To fail to reimburse a dealer located in this State in full for the actual cost of providing a loaner vehicle to any customer who is having a vehicle serviced at the dealership if the provision of such a loaner vehicle is required by the manufacturer.

(34) To require, coerce, or attempt to coerce any new motor vehicle dealer in this State to participate monetarily in any training program whose subject matter is not expressly limited to specific information necessary to sell or service the models of vehicles the dealer is authorized to sell or service under the dealer's franchise with that manufacturer. Examples of training programs with respect to which a manufacturer is prohibited from requiring the dealer's monetary participation include, but are not limited to, those which purport to teach morale-boosting employee motivation, teamwork, or general principles of customer relations. A manufacturer is further prohibited from requiring the personal attendance of an owner or dealer principal of any dealership located in this State at any meeting or training program at which it is reasonably possible for another member of the dealer's management to attend and later relate the subject matter of the meeting or training program to the dealership's owners or principal operator.
(35) Notwithstanding the terms of any franchise, agreement, waiver or novation, to limit the number of franchises of the same line make of vehicle that any franchised motor vehicle dealer, including its parent(s), subsidiaries, and affiliates, if any, may own or operate or attach any restrictions or conditions on the ownership or operation of multiple franchises of the same line make of motor vehicle without making the same limitations, conditions, and restrictions applicable to all of its other franchisees.

(36) With regard to any manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof that owns and operates a new motor vehicle dealership, directly or indirectly through any subsidiary or affiliated entity as provided in G.S. 20-305.2, to unreasonably discriminate against any other new motor vehicle dealer in the same line make in any matter governed by the motor vehicle franchise, including the sale or allocation of vehicles or other manufacturer or distributor products, or the execution of dealer programs for benefits.

(37) Subdivisions (11) and (25) of this section shall not apply to any manufacturer, manufacturer branch, distributor, distributor branch, or any affiliate or subsidiary thereof of new motor vehicles which manufactures or distributes exclusively new motor vehicles with a gross weight rating of 8,500 pounds or more, provided that the following conditions are met: (i) the manufacturer has, as of November 1, 1996, an agreement in effect with at least three of its franchised dealers within the State, and which agreement was, in fact, being enforced by the manufacturer, requiring the dealers to maintain separate and exclusive facilities for the vehicles it manufactures or distributes; and (ii) there existed at least seven dealerships (locations) of that manufacturer within the State as of January 1, 1999.

(38) Notwithstanding the terms, provisions, or conditions of any agreement, franchise, novation, waiver, or other written instrument, to assign or change a franchised new motor vehicle dealer's area of responsibility under the franchise arbitrarily or without due regard to the present or projected future pattern of motor vehicle sales and registrations within the dealer's market and without having provided the affected dealer with written notice of the change in the dealer's area of responsibility and a detailed description of the change in writing by registered or certified mail, return receipt requested. A franchised new motor vehicle dealer who believes that a manufacturer, factory branch, distributor, or distributor branch with whom the dealer has entered into a franchise has violated this subdivision may file a petition before the Commissioner as provided in G.S. 20-301(b) contesting the franchised new motor vehicle dealer's assigned area of responsibility. At the
hearing before the Commissioner, the affected manufacturer, factory branch, distributor, or distributor branch shall have the burden of proving that all portions of its current or proposed area of responsibility for the petitioning franchised new motor vehicle dealer are reasonable in light of the present or projected future pattern of motor vehicle sales and registrations within the franchised new motor vehicle dealer's market. If a protest is or has been filed under G.S. 20-305(5) and the franchised new motor vehicle dealer's area of responsibility is included in the relevant market area under the protest, any protest filed under this subdivision shall be consolidated with that protest for hearing and joint disposition of all of the protests.

(39) Notwithstanding the terms, provisions, or conditions of any agreement, franchise, novation, waiver, or other written instrument, to require, coerce, or attempt to coerce any of its franchised motor vehicle dealers in this State to purchase or lease one or more signs displaying the name of the manufacturer or franchised motor vehicle dealer upon unreasonable or onerous terms or conditions or if installation of the additional signage would violate local signage or zoning laws to which the franchised motor vehicle dealer is subject. Any term, provision, or condition of any agreement, franchise, waiver, novation, or any other written instrument which is in violation of this subdivision shall be deemed null and void and without force and effect.

(40) Notwithstanding the terms, provisions, or conditions of any agreement or franchise, to require any dealer to floor plan any of the dealer's inventory or finance the acquisition, construction, or renovation of any of the dealer's property or facilities by or through any financial source or sources designated by the manufacturer, factory branch, distributor, or distributor branch, including any financial source or sources that is or are directly or indirectly owned, operated, or controlled by the manufacturer, factory branch, distributor, or distributor branch. (1955, c. 1243, s. 21; 1973, c. 88, ss. 1, 2; 1983, c. 704, ss. 5-10; 1987, c. 827, s. 1; 1991, c. 510, ss. 2-4; 1993, c. 123, s. 1; c. 331, s. 2; 1995, c. 163, s. 13; c. 480, s. 3; 1997-319, s. 3; 1999-335, s. 2; 1999-336, s. 1; 2001-510, ss. 2, 6; 2003-113, ss. 2, 3, 4; 2005-409, s. 2; 2005-463, s. 2.)

G. S. 20-305.1. Automobile dealer warranty obligations.

(a) Each motor vehicle manufacturer, factory branch, distributor or distributor branch, shall specify in writing to each of its motor vehicle dealers licensed in this State the dealer's obligations for preparation, delivery and warranty service on its products, the schedule of compensation to be paid such dealers for parts, work, and service in connection with warranty service, and the time allowances for the performance of such work and service. In no event shall such schedule of
compensation fail to include reasonable compensation for diagnostic work and associated administrative requirements as well as repair service and labor. Time allowances for the performance of warranty work and service shall be reasonable and adequate for the work to be performed. The compensation which must be paid under this section must be reasonable, provided, however, that under no circumstances may the reasonable compensation under this section be in an amount less than the dealer's current retail labor rate and the amount charged to retail customers for the manufacturer's or distributor's original parts for nonwarranty work of like kind, provided such amount is competitive with other franchised dealers within the dealer's market.

(b) Notwithstanding the terms of any franchise agreement, it is unlawful for any motor vehicle manufacturer, factory branch, distributor, or distributor branch to fail to perform any of its warranty obligations with respect to a motor vehicle, to fail to compensate its motor vehicle dealers licensed in this State for warranty parts other than parts used to repair the living facilities of recreational vehicles, at the prevailing retail rate according to the factors in subsection (a) of this section, or, in service in accordance with the schedule of compensation provided the dealer pursuant to subsection (a) above, and to fail to indemnify and hold harmless its franchised dealers licensed in this State against any judgment for damages or settlements agreed to by the manufacturer, including, but not limited to, court costs and reasonable attorneys' fees of the motor vehicle dealer, arising out of complaints, claims or lawsuits including, but not limited to, strict liability, negligence, misrepresentation, express or implied warranty, or rescission or revocation of acceptance of the sale of a motor vehicle as defined in G.S. 25-2608, to the extent that the judgment or settlement relates to the alleged defective negligent manufacture, assembly or design of new motor vehicles, parts or accessories or other functions by the manufacturer, factory branch, distributor or distributor branch, beyond the control of the dealer. Any audit for warranty parts or service compensation shall only be for the 12-month period immediately following the date of the payment of the claim by the manufacturer, factory branch, distributor, or distributor branch. Any audit for sales incentives, service incentives, rebates, or other forms of incentive compensation shall only be for the 12-month period immediately following the date of the termination of the sales incentives program, service incentives program, rebate program, or other form of incentive compensation program. Provided, however, these limitations shall not be effective in the case of fraudulent claims.

(b1) All claims made by motor vehicle dealers pursuant to this section for compensation for delivery, preparation, warranty and recall work including labor, parts, and other expenses, shall be paid by the manufacturer within 30 days after receipt of claim from the dealer. When any claim is disapproved, the dealer shall be notified in writing of the grounds for disapproval. Any claim not specifically disapproved in writing within 30 days after receipt shall be considered approved and payment is due immediately. No claim which has been approved and paid may be charged back to the dealer unless it can be shown that the claim was
false or fraudulent, that the repairs were not properly made or were unnecessary
to correct the defective condition, or the dealer failed to reasonably substantiate
the claim. A manufacturer or distributor shall not deny a claim or reduce the
amount to be reimbursed to the dealer as long as the dealer has provided
reasonably sufficient documentation that the dealer:

(1) Made a good faith attempt to perform the work in compliance with the
written policies and procedures of the manufacturer; and

(2) Actually performed the work. A manufacturer may further not charge a
dealer back subsequent to the payment of the claim unless a representative
of the manufacturer has met in person at the dealership, or by telephone,
with an officer or employee of the dealer designated by the dealer and
explained in detail the basis for each of the proposed charge-backs and
thereafter given the dealer's representative a reasonable opportunity at the
meeting, or during the telephone call, to explain the dealer's position relating
to each of the proposed charge-backs. In the event the dealer was selected
for audit or review on the basis that some or all of the dealer's claims were
viewed as excessive in comparison to average, mean, or aggregate data
accumulated by the manufacturer, or in relation to claims submitted by a
group of other franchisees of the manufacturer, the manufacturer shall, at or
prior to the meeting or telephone call with the dealer's representative,
provide the dealer with a written statement containing the basis or
methodology upon which the dealer was selected for audit or review.

(b2) A manufacturer may not deny a motor vehicle dealer's claim for sales
incentives, service incentives, rebates, or other forms of incentive
compensation, reduce the amount to be paid to the dealer, or charge a
dealer back subsequent to the payment of the claim unless it can be shown
that the claim was false or fraudulent or that the dealer failed to reasonably
substantiate the claim either in accordance with the manufacturer's written
procedures or by other reasonable means.

(c) In the event there is a dispute between the manufacturer, factory branch,
distributor, or distributor branch, and the dealer with respect to any matter
referred to in subsection (a), (b), (b1), (b2), or (d) of this section, either party
may petition the Commissioner in writing, within 30 days after either party
has given written notice of the dispute to the other, for a hearing on the
subject and the decision of the Commissioner shall be binding on the
parties, subject to rights of judicial review and appeal as provided in Chapter
150B of the General Statutes; provided, however, that nothing contained
herein shall give the Commissioner any authority as to the content of any
manufacturer's or distributor's warranty. Upon the filing of a petition before
the Commissioner under this subsection, any chargeback to or any payment
required of a dealer by a manufacturer relating to warranty parts or service
compensation, or to sales incentives, service incentives, rebates, or other forms of incentive compensation, shall be stayed during the pendency of the determination by the Commissioner.

(d) Transportation damages.

(1) Notwithstanding the terms, provisions or conditions of any agreement or franchise, the manufacturer is liable for all damages to motor vehicles before delivery to a carrier or transporter.

(2) If a new motor vehicle dealer determines the method of transportation, the risk of loss passes to the dealer upon delivery of the vehicle to the carrier.

(3) In every other instance, the risk of loss remains with the manufacturer until such time as the new motor vehicle dealer or his designee accepts the vehicle from the carrier.

(4) Whenever a motor vehicle is damaged while in transit when the carrier or the means of transportation is designated by the manufacturer or distributor, or whenever a motor vehicle is otherwise damaged prior to delivery to the dealer, the dealer must:

   a. Notify the manufacturer or distributor of such damage within three working days or within such additional time as authorized by the franchise agreement of the occurrence of the delivery of the motor vehicle as defined in subsection (1) of this section; and

   b. Must request from the manufacturer or distributor authorization to repair the damages sustained or to replace the parts or accessories damaged.

(5) In the event the manufacturer or distributor refuses or fails to authorize repair or replacement of any such damage within ten working days after receipt of notification of damage by the dealer, ownership of the motor vehicle shall revert to the manufacturer or distributor, and the dealer shall incur no obligation, financial or otherwise, for such damage to the motor vehicle.

(5a) No manufacturer shall fail to disclose in writing to a new motor vehicle dealer, at the time of delivery of a new motor vehicle, the nature and extent of any and all damage and post-manufacturing repairs made to such motor vehicle while in the possession or under the control of the manufacturer if the cost of such post-manufacturing repairs exceeds three percent (3%) of the
manufacturer's suggested retail price. A manufacturer is not required to disclose to a new motor vehicle dealer that any glass, tires or bumper of a new motor vehicle was damaged at any time if the damaged item has been replaced with original or comparable equipment.

(6) Nothing in this subsection (d) shall relieve the dealer of the obligation to cooperate with the manufacturer as necessary in filing any transportation damage claim with the carrier.

(e) Damage/Repair Disclosure. - Notwithstanding the provisions of subdivision (d)(4) of this section and in supplementation thereof, a new motor vehicle dealer shall disclose in writing to a purchaser of the new motor vehicle prior to entering into a sales contract any damage and repair to the new motor vehicle if the damage exceeds five percent (5%) of the manufacturer's suggested retail price as calculated at the rate of the dealer's authorized warranty rate for labor and parts.

(1) A new motor vehicle dealer is not required to disclose to a purchaser that any damage of any nature occurred to a new motor vehicle at any time if the total cost of all repairs fails to exceed five percent (5%) of the manufacturer's suggested retail price as calculated at the time the repairs were made based upon the dealer's authorized warranty rate for labor and parts and the damaged item has been replaced with original or comparable equipment.

(2) If disclosure is not required under this section, a purchaser may not revoke or rescind a sales contract or have or file any cause of action or claim against the dealer or manufacturer for breach of contract, breach of warranty, fraud, concealment, unfair and deceptive acts or practices, or otherwise due solely to the fact that the new motor vehicle was damaged and repaired prior to completion of the sale.

(3) For purposes of this section, "manufacturer's suggested retail price" means the retail price of the new motor vehicle suggested by the manufacturer including the retail delivered price suggested by the manufacturer for each accessory or item of optional equipment physically attached to the new motor vehicle at the time of delivery to the new motor vehicle dealer which is not included within the retail price suggested by the manufacturer for the new motor vehicle.

(f) The provisions of subsections (a), (b), (b1), (d) and (e) shall not apply to manufacturers and dealers of "motorcycles" as defined in G.S. 20-4.01(27).
G. S. 20-305.2. Unfair methods of competition.

(a) It is unlawful for any motor vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, to directly or indirectly through any subsidiary or affiliated entity, own any ownership interest in, operate, or control any motor vehicle dealership in this State, provided that this section shall not be construed to prohibit:

(1) The operation by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, of a dealership for a temporary period (not to exceed one year) during the transition from one owner or operator to another; or

(2) The ownership or control of a dealership by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, while in a bona fide relationship with an economically disadvantaged or other independent person, other than a manufacturer, factory branch, distributor, distributor branch, or an agent or affiliate thereof, who has made a bona fide, unencumbered initial investment of at least six percent (6%) of the total sales price that is subject to loss in the dealership and who can reasonably expect to acquire full ownership of the dealership within a reasonable period of time, not to exceed 12 years, and on reasonable terms and conditions; or

(3) The ownership, operation or control of a dealership by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, if such manufacturer, factory branch, distributor, distributor branch, or subsidiary has been engaged in the retail sale of motor vehicles through such dealership for a continuous period of three years prior to March 16, 1973, and if the Commissioner determines, after a hearing on the matter at the request of any party, that there is no independent dealer available in the relevant market area to own and operate the franchise in a manner consistent with the public interest; or

(4) The ownership, operation, or control of a dealership by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, if the Commissioner determines after a hearing on the matter at the request of any party, that there is no independent dealer available in the relevant market area to own and operate the franchise in a manner consistent with the public interest; or

(5) The ownership, operation, or control of any facility (location) of a new motor vehicle dealer in this State at which the dealer sells
only new and used motor vehicles with a gross weight rating of 8,500 pounds or more, provided that both of the following conditions have been met:

a. The facility is located within 35 miles of manufacturing or assembling facilities existing as of January 1, 1999, and is owned or operated by the manufacturer, manufacturing branch, distributor, distributor branch, or any affiliate or subsidiary thereof which assembles, manufactures, or distributes new motor vehicles with a gross weight rating of 8,500 pounds or more by such dealer at said location; and

b. The facility is located in the largest Standard Metropolitan Statistical Area (SMSA) in the State; or

(6) As to any line make of motor vehicle for which there is in aggregate no more than 13 franchised new motor vehicle dealers (locations) licensed and in operation within the State as of January 1, 1999, the ownership, operation, or control of one or more new motor vehicle dealership trading solely in such line make of vehicle by the manufacturer, factory branch, distributor, distributor branch, or subsidiary or affiliate thereof, provided however, that all of the following conditions are met:

a. The manufacturer, factory branch, distributor, distributor branch, or subsidiary or affiliate thereof does not own directly or indirectly, in aggregate, in excess of forty-five percent (45%) interest in the dealership;

b. At the time the manufacturer, factory branch, distributor, distributor branch, or subsidiary or affiliate thereof first acquires ownership or assumes operation or control with respect to any such dealership, the distance between the dealership thus owned, operated, or controlled and the nearest other new motor vehicle dealership trading in the same line make of vehicle, is no less than 35 miles;

c. All the manufacturer's franchise agreements confer rights on the dealer of the line make to develop and operate within a defined geographic territory or area, as many dealership facilities as the dealer and manufacturer shall agree are appropriate; and
d. That as of July 1, 1999, not fewer than half of the dealers of the line make within the State own and operate two or more dealership facilities in the geographic territory or area covered by the franchise agreement with the manufacturer.

(7) The ownership, operation, or control of a dealership that sells primarily recreation vehicles as defined in G.S. 20-4.01(32a) by a manufacturer, factory branch, distributor, or distributor branch, or subsidiary thereof, if the manufacturer, factory branch, distributor, or distributor branch, or subsidiary thereof, owned, operated, or controlled the dealership as of October 1, 2001.

(b) This section shall not apply to manufacturers or distributors of trailers or semitrailers that are not recreational vehicles as defined in G.S. 20-4.01 (32a).

20-305.3. Hearing Notice

In every case of a hearing before the Commissioner authorized this Article, the Commissioner shall give reasonable notice of each such hearing to all interested parties, and the Commissioner’s decision shall be binding on the parties, subject to the rights of judicial review and appeal as provided in Chapter 150B of the General Statutes. The costs of such hearings shall be assessed by the Commissioner.

20-305.4. Motor Vehicle Dealers' Advisory Board.

(a) The Motor Vehicle Dealers' Advisory Board shall consist of six members; three of which shall be appointed by the Speaker of the House of Representatives, and three of which shall be appointed by the Lieutenant Governor to consult with and advise the Commissioner with respect to matters brought before the Commissioner under the provisions of G.S. 20-304 through 20-305.4.

(b) Each member of the Motor Vehicle Dealers' Advisory Board shall be a resident of North Carolina. Three members of the Board shall be franchised dealers in new automobiles or trucks, duly licensed and engaged in business as such in North Carolina, provided that no two of such dealers may be franchised to sell automobiles or trucks manufactured or distributed by the same person or a subsidiary or affiliate of the same person. Three members of the Board shall not be motor vehicle dealers or employees of a motor vehicle dealer.
(c) The Speaker shall appoint two of the dealer members and one of the public members and shall fill any vacancy in said positions and the Lieutenant Governor shall appoint one of the dealer members and two of the public members and shall fill any vacancy in said positions. In making the initial appointments the Speaker shall designate that the two dealer members shall serve for one and three years respectively and the public member shall serve for two years, and in making the initial appointments the Lieutenant Governor shall designate that the dealer member shall serve for two years and the two public members shall serve for one and three years respectively.

(d) Two members of the first Board appointed shall serve for a period of three years, two members of the first Board shall serve for a period of two years, and two members of the first Board shall serve for a period of one year. Subsequent appointments shall be for terms of three years, except appointments to fill vacancies which shall be for the unexpired terms. Members of the Board shall meet at the call of the Commissioner and shall receive as compensation for their services seven dollars ($7.00) for each day actually engaged in the exercise of the duties of the Board and such travel expenses and subsistence allowances as are generally allowed other State commissions and boards.

G.S. 20-305.5.
Sections 20-305, Subdivisions (4) through (28), and 20-305.1 to 20-305.4 not applicable to certain manufacturers and dealers.

The provisions of G. S. 20-305(4) through G. S. 20-305(28) and 20-305.1 to 20-305.4 shall not apply to manufacturers of, or dealers in, mobile or manufactured type housing or recreational trailers. G. S. 20-305.6. Unlawful for manufacturers to unfairly discriminate among dealers. Notwithstanding the terms of any contract, franchise, novation, or agreement, it shall be unlawful for any manufacturer, factory branch, distributor, or distributor branch to do any of the following:

(1) Discriminate against any similarly situated franchised new motor vehicle dealers in this State.

(2) Unfairly discriminate against franchised new motor vehicle dealers located in this State who have dualed facilities at which the vehicles distributed by the manufacturer, factory branch, distributor, or distributor branch are sold or serviced with one or more other line makes of vehicles.

(3) Unfairly discriminate against one of its franchised new motor vehicle dealers in this State with respect to any aspect of the franchise agreement.
(4) Use any financial services company or leasing company owned or controlled by the manufacturer or distributor to accomplish what would otherwise be illegal conduct on the part of the manufacturer or distributor pursuant to this section. This section shall not limit the right of the financial services or leasing company to engage in business practices in accordance with the trade.

G.S. 20-306.
Unlawful for salesman to sell except for his employer; multiple employment; persons who arrange transactions involving the sale of new motor vehicles. - It shall be unlawful for any motor vehicle salesman licensed under this article to sell or exchange or offer or attempt to sell or exchange any motor vehicle other than his own except for the licensed motor vehicle dealer or dealers by whom he is employed, or to offer, transfer or assign, any sale or exchange, that he may have negotiated, to any other dealer or salesman. A salesman may be employed by more than one dealer provided such multiple employment is clearly indicated on his license. It shall be unlawful for any person to, for a fee, commission, or other valuable consideration, arrange or offer to arrange a transaction involving the sale of a new motor vehicle; provided, however, this prohibition shall not be applicable to:

(1) A franchised motor vehicle dealer as defined in G.S. 20-286(8b) who is licensed under this Article or a sales representative who is licensed under this Article when acting on behalf of the dealer;

(2) A manufacturer who is licensed under this Article or bona fide employee of such manufacturer when acting on behalf of the manufacturer;

(3) A distributor who is licensed under this Article or a bona fide employee of such distributor when acting on behalf of the distributor; or

(4) At any point in the transaction the bona fide owner of the vehicle involved in the transaction. (1955, c. 1243, s. 22; 1993, c. 331, s. 3.)

Article applicable to existing and future franchises and contracts.

The provisions of this Article shall be applicable to all franchises and contracts existing between dealers and manufacturers, factory branches, and distributors at the time of its ratification, and to all such future franchises and contracts.

Jurisdiction
A franchisee who is substantially and primarily engaged in the sale of motor vehicles or parts, materials, or components of motor vehicles, including batteries, tires, transmissions, mufflers, painting, lubrication or tune-ups may bring suit against any franchisor, engaged in commerce, in the General Court of Justice in the State of North Carolina that has proper venue.

G. S. 20-308.
Penalties

Any person violating any of the provisions of this Article shall be guilty of a class 1 misdemeanor.

G. S. 20-308.1.
Civil actions for violations.

(a) Notwithstanding the terms, provisions or conditions of any agreement or franchise or other terms or provisions of any novation, waiver or other written instrument, any person who is or may be injured by a violation of a provision of this Article, or any party to a franchise who is so injured in his business or property by a violation of a provision of this Article relating to that franchise, or an arrangement which, if consummated, would be in violation of this Article may, notwithstanding the initiation or pendency of, or failure to initiate an administrative proceeding before the Commissioner concerning the same parties or subject matter, bring an action for damages and equitable relief, including injunctive relief, in any court of competent jurisdiction with regard to any matter not within the jurisdiction of the Commissioner or that seeks relief wholly outside the authority or jurisdiction of the Commissioner to award.

(b) Where the violation of a provision of this Article can be shown to be willful, malicious, or wanton, or if continued multiple violations of a provision or provisions of this Article occur, the court may award punitive damages, attorneys’ fees and costs in addition to any other damages under this Article.

(c) A new motor vehicle dealer, if he has not suffered any loss of money or property, may obtain final equitable relief if it can be shown that the violation of a provision of this Article by a manufacturer or distributor may have the effect of causing a loss of money or property.

(d) Any association that is comprised of a minimum of 400 new motor vehicle dealers, or a minimum of 10 motorcycle dealers, substantially all of whom are new motor vehicle dealers located within North Carolina, and which represents the collective interests of its members, shall have standing to file a petition before the Commissioner or a
cause of action in any court of competent jurisdiction for itself, or on behalf of any or all of its members, seeking declaratory and injunctive relief. Prior to bringing an action, the association and manufacturer, factory branch, distributor, or distributor branch shall initiate mediation as set forth in G.S. 20-301.1(b). An action brought pursuant to this subsection may seek a determination whether one or more manufacturers, factory branches, distributors, or distributor branches doing business in this State have violated any of the provisions of this Article, or for the determination of any rights created or defined by this Article, so long as the association alleges an injury to the collective interest of its members cognizable under this section. A cognizable injury to the collective interest of the members of the association shall be deemed to occur if a manufacturer, factory branch, distributor, or distributor branch doing business in this State has engaged in any conduct or taken any action which actually harms or affects all of the franchised new motor vehicle dealers holding franchises with that manufacturer, factory branch, distributor, or distributor branch in this State. With respect to any administrative or civil action filed by an association pursuant to this subsection, the relief granted shall be limited to declaratory and injunctive relief and in no event shall the Commissioner or court enter an award of monetary damages.

G. S. 20-308.2.
Applicability of this Article.

(a) Any person who engages directly or indirectly in purposeful contacts within this State in connection with the offering or advertising for sale, or has business dealings, with respect to a new motor vehicle sale within this State, shall be subject to the provisions of this Article and shall be subject to the jurisdiction of the courts of this State.

(b) The applicability of this Article shall not be affected by a choice of law clause in any franchise, agreement, waiver, novation, or any other written instrument.

(c) Any provision of any agreement, franchise, waiver, novation or any other written instrument which is in violation of any section of this Article shall be deemed null and void and without force and effect.

(d) It shall be unlawful for a manufacturer or distributor to use any subsidiary corporation, affiliated corporation, or any other controlled corporation, partnership, association or person to accomplish what would otherwise be illegal conduct under this Article on the part of the manufacturer or distributor. In the event any of the provisions of Chapter 704 are held to be invalid, such invalidity shall not affect the validity of any remaining sections of the act. The provisions of Chapter
704 shall be applicable to all franchises and contracts existing between dealers, manufacturers, factory branches, and distributors at the time of its ratification, and to all such future franchises and contracts.

B. RELATED STATUTES.

G.S. 20-4.01(4)  
Commissioner  
The Commissioner of Motor Vehicles

20-4.01(6)  
Division  
The Division of Motor Vehicles acting directly or through its duly authorized officers and agents

20-4.01(19)  
Manufacturer  
Every person, resident, or nonresident of this State who manufacturers or assembles motor vehicles

20-4.01(28)  
Person  
Every individual, firm, partnership, association, corporation, governmental agency, or combination thereof of whatsoever form or character

G. S. 20-4.01(44a)  
Specialty Vehicles  
Vehicles of a type required to be registered under this Chapter that are modified from their original construction for an educational, emergency services, or public safety use.

G.S. 20-52  
Application for registration and certificate of title.

(a) An owner of a vehicle subject to registration must apply to the Division for a certificate of title, a registration plate, and a registration card for the vehicle. To apply, an owner must complete an application form provided by the Division. The application form must request all of the following information and may request other information the Division considers necessary:

(1) The owner's name.

(1a) If the owner is an individual, the following information:

a. The owner's mailing address and residence address.

b. One of the following at the option of the applicant:

1. The owner's North Carolina drivers license number or
North Carolina special identification card number.

2. The owner's home state drivers license number or home state special identification card number and valid active duty military identification card number or military dependent identification card number if the owner is a person or the spouse or dependent child of a person on active duty in the armed forces of the United States who is stationed in this State or deployed outside this State from a home base in this State. The owner's inability to provide a photocopy or reproduction of a military or military dependent identification card pursuant to any prohibition of the United States government or any agency thereof against the making of such photocopy or reproduction shall not operate to prevent the owner from making an application for registration and certificate of title pursuant to this subdivision.

3. The owner's home state drivers license number or home state special identification card number and proof of enrollment in a school in this State if the owner is a permanent resident of another state but is currently enrolled in a school in this State.

4. The owner's home state drivers license number or home state special identification card number if the owner provides a signed affidavit certifying that the owner intends to principally garage the vehicle in this State and provides the address where the vehicle is or will be principally garaged. For purposes of this section, "principally garage" means the vehicle is garaged for six or more months of the year on property in this State which is owned, leased, or otherwise lawfully occupied by the owner of the vehicle.

5. The owner's home state drivers license number or home state special identification card number, provided that the application is made pursuant to a court authorized sale or a sale authorized by G.S. 44A-4 for the purpose of issuing a title to be registered in another state or country.

6. The co-owner's home state drivers license number or home state special identification card number if at least one co-owner provides a North Carolina drivers license number or North Carolina special identification number.
7. The owner's home state drivers license number or special identification card number if the application is for a motor home or house car, as defined in G.S. 20- 4.01(27)d2., or for a house trailer, as defined in G.S. 20- 4.01(14).

(1b) If the owner is a firm, a partnership, a corporation, or another entity, the address of the entity.

(2) A description of the vehicle, including the following:

a. The make, model, type of body, and vehicle identification number of the vehicle.

b. Whether the vehicle is new or used and, if a new vehicle, the date the manufacturer or dealer sold the vehicle to the owner and the date the manufacturer or dealer delivered the vehicle to the owner.

(3) A statement of the owner's title and of all liens upon the vehicle, including the names and addresses of all lienholders in the order of their priority, and the date and nature of each lien.

(a1) An owner who would otherwise be capable of attaining a drivers license or special identification card from this State or any other state, except for a medical or physical condition that can be documented to, and verified by, the Division, shall be issued a registration plate and certificate of title if the owner provides a signed affidavit certifying that the owner intends to principally garage the vehicle in this State and provides the address where the vehicle is or will be principally garaged.

(b) When such application refers to a new vehicle purchased from a Manufacturer or dealer, such application shall be accompanied with a manufacturer's certificate of origin that is properly assigned to the applicant. If the new vehicle is acquired from a dealer or person located in another jurisdiction other than a manufacturer, the application shall be accompanied with such evidence of ownership as is required by the laws of that jurisdiction duly assigned by the disposer to the purchaser, or, if no such evidence of ownership be required by the laws of such other jurisdiction, a notarized bill of sale from the disposer."

G.S. 20-52.1. (V2)(Effective May 1, 2001)
Manufacturer's certificate of transfer of new motor vehicle.
(a) Any manufacturer transferring a new motor vehicle to another shall, at the time of the transfer, supply the transferee with a manufacturer's certificate of origin assigned to the transferee.

(b) Any dealer transferring a new vehicle to another dealer shall, at the time of transfer, give such transferee the proper manufacturer's certificate assigned to the transferee.

(c) Upon sale of a new vehicle by a dealer to a consumer-purchaser, the dealer shall execute in the presence of a person authorized to administer oaths an assignment of the manufacturer's certificate of origin for the vehicle, including in such assignment the name and address of the transferee and no title to a new motor vehicle acquired by a dealer under the provisions of subsections (a) and (b) of this section shall pass or vest until such assignment is executed and the motor vehicle delivered to the transferee. Any dealer transferring title to, or an interest in, a new vehicle shall deliver the manufacturer's certificate of origin duly assigned in accordance with the foregoing provision to the transferee at the time of delivering the vehicle, except that where a security interest is obtained in the motor vehicle from the transferee in payment of the purchase price or otherwise, the transferor shall deliver the manufacturer's certificate of origin to the lienholder and the lienholder shall forthwith forward the manufacturer's certificate of origin together with the transferee's application for certificate of title and necessary fees to the Division. Any person who delivers or accepts a manufacturer's certificate of origin assigned in blank shall be guilty of a Class 2 misdemeanor, unless done in accordance with subsection (d) of this section.

(d) When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also transfer title to another by certifying in writing in a sworn statement to the Division that all prior perfected liens on the vehicle have been paid and that the motor vehicle dealer, despite having used reasonable diligence, is unable to obtain the vehicle's statement of origin or certificate of title. The Division is authorized to develop a form for this purpose. The filing of a false sworn certification with the Division pursuant to this subsection shall constitute a Class H felony. The dealer shall hold harmless the consumer-purchaser from any damages arising from the use of the procedure authorized by this subsection.

G.S. 20-61.
Owner dismantling or wrecking vehicle to return evidence of registration.

Except as permitted under G.S. 20-62.1, any owner dismantling or wrecking
any vehicle shall forward to the Division the certificate of title, registration card and other proof of ownership, and the registration plates last issued for such vehicle, unless such plates are to be transferred to another vehicle of the same owner. In that event, the plates shall be retained and preserved by the owner for transfer to such other vehicle. No person, firm or corporation shall dismantle or wreck any motor vehicle without first complying with the requirements of this section. The Commissioner upon receipt of certificate of title and notice from the owner thereof that a vehicle has been junked or dismantled may cancel and destroy such record of certificate of title.

G.S. 20-62.1.
Purchase of vehicles for purposes of scrap or parts only.

(a) Records for Scrap or Parts.
A secondary metals recycler, as defined in G.S. 66-11(a)(3), and a salvage yard, as defined in G.S. 20-137.7(6), purchasing motor vehicles solely for the purposes of dismantling or wrecking such motor vehicles for the recovery of scrap metal or for the sale of parts only, must comply with the provision of G.S. 20-61, provided, however, that a secondary metals recycler or salvage yard may purchase a motor vehicle without a certificate of title, if the motor vehicle is 10 model years old or older and the secondary metals recycler or salvage yard comply with the following requirements:

(1) Maintain a record of all purchase transactions of motor vehicles. The following information shall be maintained for transactions of motor vehicles:

   a. The name and address of the secondary metals recycler or salvage yard.

   b. The name, initials, or other identification of the individual entering the information.

   c. The date of the transaction.

   d. A description of the motor vehicle, including the make and model to the extent practicable.

   e. The vehicle identification number (VIN) of the vehicle.

   f. The amount of consideration given for the motor vehicle.

   g. A written statement signed by the seller or the seller's agent certifying that the seller or the seller's agent has the lawful right to sell and dispose of the motor vehicle.
h. The name and address of the person from whom the motor vehicle is being purchased.

i. A photocopy or electronic scan of a valid drivers license or identification card issued by the Division of Motor Vehicles of the seller of the motor vehicle, or seller's agent, to the secondary metals recycler or salvage yard, or in lieu thereof, any other identification card containing a photograph of the seller as issued by any state or federal agency of the United States: provided, that if the buyer has a copy of the seller's photo identification on file, the buyer may reference the identification that is on file, without making a separate photocopy for each transaction. If seller has no identification as described in this sub-subdivision, the secondary metals recycler or salvage yard shall not complete the transaction.

(2) Maintain the information required under subdivision (1) of this subsection for not less than two years from the date of the purchase of the motor vehicle.

(b) Inspection of Motor Vehicles and Records.

At any time it appears a secondary metals recycler, salvage yard, or any other person involved in secondary metals operations is open for business, a law enforcement officer shall have the right to inspect the following:

(1) Any and all motor vehicles in the possession of the secondary metals recycler, the salvage yard, or any other person involved in secondary metals operations.

(2) Any records required to be maintained under subsection (a) of this section.

(c) Violations.

Any person who knowingly and willfully violates any of the provisions of this section, or any person who falsifies the statement required under subsection (a)(1)g. of this section, shall be guilty of a Class 1 misdemeanor for a first offense. A second or subsequent violation of this section is a Class I felony. The court may order a defendant seller under this subsection to make restitution to the secondary metals recycler or salvage yard for any damage or loss caused by the defendant seller arising out of an offense committed by the defendant seller.

(d) Confiscation of Vehicle or Tools Used in Illegal Sale.
Any motor vehicle used to transport another motor vehicle illegally sold under this section may be seized by law enforcement and is subject to forfeiture by the court, provided, however, that no vehicle used by any person in the transaction of a sale of regulated metals is subject to forfeiture unless it appears that the owner or other person in charge of the motor vehicle is a consenting party or privy to the commission of a crime, and a forfeiture of the vehicle encumbered by a bona fide security interest is subject to the interest of the secured party who had no knowledge of or consented to the act. Whenever property is forfeited under this subsection by order of the court, the law enforcement agency having custody of the property shall sell any forfeited property which is not required to be destroyed by law and which is not harmful to the public, provided that the proceeds are remitted to the Civil Fines and Forfeitures Fund established pursuant to G.S. 115C-457.1.

(e) Exemptions.

As used in this section, the term "motor vehicle" shall not include motor vehicles which have been mechanically flattened, crushed, baled, or logged and sold for purposes of scrap metal only.

(f) Preemption.

No local government shall enact any local law or ordinance with regards to the regulation of the sale of motor vehicles to secondary metals recyclers or salvage yards."

G.S. 20-71.4.
Failure to disclose damage to a vehicle shall be a misdemeanor.

(a) It shall be unlawful for any transferor of a motor vehicle to do any of the following:

(1) Transfer a motor vehicle up to and including five model years old when the transferor has knowledge that the vehicle has been involved in a collision or other occurrence to the extent that the cost of repairing that vehicle, excluding the cost to replace the air bag restraint system, exceeds twenty-five (25%) of its fair market retail value at the time of the collision or other occurrence, without disclosing that fact in writing to the transferee prior to the transfer of the vehicle.

(2) Transfer a motor vehicle when the transferor has knowledge that the motor vehicle is, or was, a flood vehicle, a reconstructed vehicle, or a salvage motor vehicle, without disclosing that fact in writing to the transferee prior to the transfer of the vehicle.
(a1) For purposes of this section, the term "five model years" shall be calculated by counting the model year of the vehicle's manufacture as the first model year and the current calendar year as the final model year. Failure to disclose any of the information required under subsection (a) of this section that is within the knowledge of the transferor will also result in civil liability under G.S. 20-348. The Commissioner may prepare forms to carry out the provisions of this section.

(b) It shall be unlawful for any person to remove the title or supporting documents to any motor vehicle from the State of North Carolina with the intent to conceal damage (or damage which has been repaired) occurring as a result of a collision or other occurrence. Violation of this statute shall constitute a Class 2 misdemeanor.

G. S. 20-73.
New owner must get new certificate of title.

(a) Time Limit.-A person to whom a vehicle is transferred, whether by purchase or otherwise, must apply to the Division for a new certificate of title. An application for a certificate of title must be submitted within 28 days after the vehicle is transferred. A person may apply directly for a certificate of title or may allow another person, such as the person from whom the vehicle is transferred or a person who has a lien on the vehicle, to apply for a certificate of title on that person's behalf. A person to whom a vehicle is transferred is responsible for getting a certificate of title within the time limit regardless of whether the person allowed another to apply for a certificate of title on the person's behalf.

(b) Exceptions.-This section does not apply to a dealer or an insurance company to whom a vehicle is transferred when the transfer meets the requirements of G.S. 20-75. A person who must follow the procedure in G.S. 20-76 to get a certificate of title and who applies for a title within the required 20-day time limit is considered to have complied with this section even when the Division issues a certificate of title to the person after the time limit has elapsed.

(c) Penalties.-A person to whom a vehicle is transferred who fails to apply for a certificate of title within the required time is subject to a civil penalty of ten dollars ($10.00) and is guilty of a misdemeanor. A person who undertakes to apply for a certificate of title on behalf of another person and who fails to apply for a title within the required time is subject to a civil penalty of ten dollars ($10.00). When a person to whom a vehicle is transferred fails to obtain a title within the required time because a person who undertook to apply for the certificate of title
did not do so within the required time, the Division may impose a civil penalty only on the person who undertook to apply for the title. Civil penalties collected under this subsection shall be credited to the Highway Fund.

G.S. 20-74
Penalty for making false statement about transfer of vehicle A dealer or another person who, in an application required by this Division, knowingly makes a false statement about the date a vehicle is sold or acquired shall be guilty of a Class 3 misdemeanor. (1937, c. 407, s. 38; 1939, c. 275; 1961, c. 360, s. 10; 1975, c. 716, s. 5; 1979, c. 801, s. 8; 1981, c. 690, s. 21; 1991, c. 689, s. 333; 1993, c. 539, s. 340; 1994, Ex Sess., c. 24, s. 14(c). )

G. S. 20-75.
When transferee is dealer or insurance company. When the transferee of a vehicle registered under this Article is:

(1) A dealer who is licensed under Article 12 of this Chapter and who holds the vehicle for resale; or

(2) An insurance company taking the vehicle for sale or disposal for salvage purposes where the title is taken as a part of a bona fide claim settlement transaction and only for the purpose of resale, the transferee shall not be required to register the vehicle nor forward the certificate of title to the Division as provided in G.S. 20-73.

To assign or transfer title or interest in the vehicle, the dealer or insurance company shall execute, in the presence of a person authorized to administer oaths, a reassignment and warranty of title on the reverse of the certificate of title in the form approved by the Division, which shall include the name and address of the transferee. The title to the vehicle shall not pass or vest until the reassignment is executed and the motor vehicle delivered to the transferee. The dealer transferring title or interest in a motor vehicle shall deliver the certificate of title duly assigned in accordance with the foregoing provision to the transferee at the time of delivering the vehicle, except:

(1) Where a security interest in the motor vehicle is obtained from the transferee in payment of the purchase price or otherwise, the dealer shall deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of title together with the transferee's application for new certificate of title and necessary fees to the Division within 20 days; or

(2) Where the transferee has the option of canceling the transfer of the vehicle within 10 days of delivery of the vehicle, the dealer shall deliver the certificate of title to the transferee at the end of that period. Delivery
need not be made if the contract for sale has been rescinded in writing by all parties to the contract.

Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of a Class 2 misdemeanor. The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1. (1937, c. 407, s. 39; 1961, c. 835, s. 9; 1963, c. 552, s. 5; 1967, c. 760; 1973, c. 1095, s. 3; 1975, c. 716, s. 5; 1993, c. 440, s. 12; c. 539, s. 341; 1994, Ex. Sess., c. 24, s. 14(c); 1997-327, s. 2.1.)

G.S. 20-75.1
Conditional delivery of motor vehicles.
Notwithstanding G.S. 20-52.1, 20-72, and 20-75, nothing contained in those sections prohibits a dealer from entering into a contract with any purchaser for the sale of a vehicle and delivering the vehicle to the purchaser under terms by which the dealer's obligation to execute the manufacturer's certificate of origin or the certificate of title is conditioned on the purchaser obtaining financing for the purchase of the vehicle. Liability, collision, and comprehensive insurance on a vehicle sold and delivered conditioned on the purchaser obtaining financing for the purchaser of the vehicle shall be covered by the dealer's insurance policy until such financing is finally approved and execution of the manufacturer's certificate of origin or execution of the certificate of title. Upon final approval and execution of the manufacturer's certificate of origin or the certificate of title, and upon the purchaser having liability insurance on another vehicle, the delivered vehicle shall be covered by the purchaser's insurance policy beginning at the time of final financial approval and execution of the manufacturer's certificate of origin or the certificate of title. The dealer shall notify the insurance agency servicing the purchaser's insurance policy or the purchaser's insurer of the purchase on the day of, or if the insurance agency or insurer is not open for business, on the next business day following approval of the purchaser's financing and execution of the manufacturer's certificate of origin or the certificate of title. This subsection is in addition to any other provisions of law or insurance policies and does not repeal or supersede those provisions. (1993, c. 328, s. 1.)

G. S. 20-79.
Dealer license plates.

(a) How to Get a Dealer Plate.-A dealer licensed under Article 12 of this Chapter may obtain a dealer license plate by filing an application with the Division and paying the required fee. An application must be filed on a form provided by the Division. The required fee is the amount set by G. S. 20-87(7).

(b) Number of Plates.-A dealer who was licensed under Article 12 of this Chapter for the previous 12-month period (Jan 1st - Dec 31st) may obtain the number of dealer license plates allowed by the following table; the number allowed is based on the number of motor vehicles the dealer
sold during the relevant 12-month period and the average number of qualifying sales representatives the dealer employed during that same 12-month period:

<table>
<thead>
<tr>
<th>Vehicles Sold In Relevant 12-month Period</th>
<th>Maximum Number of Plates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 12</td>
<td>1</td>
</tr>
<tr>
<td>At least 12 but less than 25</td>
<td>4</td>
</tr>
<tr>
<td>At least 25 but less than 37</td>
<td>5</td>
</tr>
<tr>
<td>At least 37 but less than 49</td>
<td>6</td>
</tr>
<tr>
<td>49 or more</td>
<td>At least 6, but no more than 4 times the average number of qualifying sales representatives employed by the dealer during the relevant 12-month period.</td>
</tr>
</tbody>
</table>

A dealer who was not licensed under Article 12 of this Chapter for part or all of the previous 12-month period (Jan 1 - Dec 31) may obtain the number of dealer license plates that equals four times the number of qualifying sales representatives employed by the dealer on the date the dealer files the application.

A "qualifying sales representative" is a sales representative who works for the dealer at least 25 hours a week on a regular basis and is compensated by the dealer for this work.

A dealer who sold fewer than 49 motor vehicles the previous 12-month period (Jan. 1 through Dec. 31) but has sold at least that number since Jan.1 may apply for additional dealer license plates at any time. The maximum number of dealer license plates the dealer may obtain is the number the dealer could have obtained if the dealer had sold at least 49 motor vehicles in the previous 12-month period ending Dec 31.

A dealer who applies for a dealer license plate must certify to the Division the number of motor vehicles the dealer sold in the relevant period. Making a material misstatement in an application for a dealer license plate is grounds for the denial, suspension, or revocation of a dealer's license under G. S. 20-294.

(Effective June 6, 2001) A dealer engaged in the alteration and sale of specialty vehicles may apply for up to two dealer plates in addition to the number of dealer plates that the dealer would otherwise be entitled to under this section. (G.S. 20-4.01 (44a) Specialty Vehicles. - Vehicles of a type required to be registered under this Chapter that are modified from their original construction for an educational, emergency services, or public safety use.)
(c) Form and Duration.-A dealer license plate is subject to G. S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a "First in Flight" plate. In addition, a dealer license plate must have a distinguishing symbol identifying the plate as a dealer license plate. A dealer license plate is issued for a fiscal year beginning July 1 and ending June 30. During the fiscal year for which it is issued, a dealer may transfer a dealer license plate from one vehicle to another. When one of the following occurs, a dealer must surrender to the Division all dealer license plates issued to the dealer:

1. The dealer surrenders the license issued to the dealer under article 12 of this Chapter.

2. The Division suspends or revokes the license issued to the dealer under Article 12 of this Chapter.

3. The Division rescinds the dealer license plates because of a violation of the restrictions on the use of a dealer license plate.

   To obtain a dealer license plate after it has been surrendered, the dealer must file a new application for a dealer license plate and pay the required fee for the plate.

(d) 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 meets one of the following descriptions:
   a. Has 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.

(6) A copy of the registration card for the dealer plate issued to the
dealer is carried by the person operating the motor vehicle or, if the
person is operating the motor vehicle in this State, the registration
card is maintained on file at the dealer's address listed on the
registration card, and the registration card must be able to be
produced within 24 hours upon request of any law enforcement
officer.

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.

(e) Sanctions.-The following sanctions apply when a motor vehicle
displaying a dealer license plate is driven in violation of the restrictions
on the use of the plate:

(1) The individual driving the motor vehicle is responsible for an
infraction and is subject to a penalty of fifty dollars ($50.00).

(2) The dealer to whom the plate is issued is subject to a civil penalty
imposed by the Division of two hundred dollars ($200.00).

(3) The Division may rescind all dealer license plates issued to the
dealer whose plate was displayed on the motor vehicle.

A penalty imposed under subdivision (1) of this subsection is payable
to the county where the infraction occurred, as required by G. S. 14-
3.1. A civil penalty imposed under subdivision (2) of this subsection
shall be credited to the Highway Fund as nontax revenue.

(f) Transfer of Dealer Registration.-No change in the name of a firm,
partnership or corporation, nor the taking in of a new partner, nor the
withdrawal of one or more of the firm, shall be considered a new
business; but if any one or more of the partners remain in the firm, or if
there is change in ownership of less than a majority of the stock, of a
corporation, the business shall be regarded as continuing and the
dealers' plates originally issued may continue to be used.
G. S. 20-79.01.
Special sports event temporary license plates.

(a) Application.-A dealer who is licensed under Article 12 of this Chapter and who agrees to loan to another for use at a special sports event a vehicle that could display a dealer license plate if driven by an officer or employee of the dealer may obtain a temporary special sports event license plate for that vehicle by filing an application with the Division and paying the required fee. A "special sports event" is a sports event that is held no more than once a year and is open to the public. An application must be filed on a form provided by the Division and contain the information required by the Division. The fee for a temporary special sports event license plate is five dollars ($5.00).

(b) Form and Duration.-A temporary special sports event license plate must state on the plate the date it was issued, the date it expires, and the make, model, and serial number of the vehicle for which it is issued. A temporary special sports event license plate may be issued for no more than forty-five (45) days. The dealer to whom the plate is issued must destroy the plate on or before the date it expires.

(c) Restrictions on Use.-A temporary special sports event license plate may be displayed only on the vehicle for which it is issued. A vehicle displaying a temporary special sports event license plate may be driven by anyone who is licensed to drive the type of vehicle for which the plate is issued and may be driven for any purpose.

G.S. 20-79.1.
Use of temporary registration plates or markers by purchasers of motor vehicles in lieu of dealers' plates.

(a) The Division may, subject to the limitations and conditions hereinafter set forth, deliver temporary registration plates or markers designed by said Division to a dealer duly registered under the provisions of this Article who applies for at least 25 such plates or markers and who encloses with such application a fee of one dollar ($1.00) for each plate or marker for which application is made. Such application shall be made upon a form prescribed and furnished by the Division. Dealers, subject to the limitations and conditions hereinafter set forth, may issue such temporary registration plates or markers to owners of vehicles, provided that such owners shall comply with the pertinent provisions of this section.

(b) Every dealer who has made application for temporary registration plates or markers shall maintain in permanent form a record of all temporary registration plates or markers delivered to him, and shall
also maintain in permanent form a record of all temporary registration plates or markers issued by him, and in addition thereto, shall maintain in permanent form a record of any other information pertaining to the receipt or the issuance of temporary registration plates or markers that the Division may require. Each record shall be kept for a period of at least one year from the date of entry of such record. Every dealer shall allow full and free access to such records during regular business hours, to duly authorized representatives of the Division and to peace officers.

(c) Every dealer who issues temporary registration plates or markers shall also issue a temporary registration certificate upon a form furnished by the Division and deliver it with the registration plate or marker to the owner.

(d) A dealer shall:

(1) Not issue, assign, transfer, or deliver temporary registration plates or markers to anyone other than a bona fide purchaser or owner of a vehicle which he has sold.

(2) Not issue a temporary registration plate or marker without first obtaining from the purchaser or owner a written application for titling and registration of the vehicle and the applicable fees.

(3) Within 10 working days, mail or deliver the application and fees to the Division or deliver the application and fees to a local license agency for processing. Delivery need not be made if the contract for sale has been rescinded in writing by all parties to the contract.

(4) Not deliver a temporary registration plate to anyone purchasing a vehicle that has an unexpired registration plate that is to be transferred to the purchaser.

(5) Not lend to anyone, or use on any vehicle that he may own, any temporary registration plates or markers. A dealer may issue temporary markers, without obtaining the written application for titling and registration or collecting the applicable fees, to nonresidents for the purpose of removing the vehicle from the State.

(e) Every dealer who issues temporary plates or markers shall write clearly and indelibly on the face of the temporary registration plate or marker:

(1) The dates of issuance and expiration;
(2) The make, motor number, and serial numbers of the vehicle; and

(3) Any other information that the Division may require. It shall be unlawful for any person to issue a temporary registration plate or marker containing any misstatement of fact or to knowingly write any false information on the face of the plate or marker.

(f) If the Division finds that the provisions of this section or the directions of the Division are not being complied with by the dealer, he may suspend, after a hearing, the right of a dealer to issue temporary registration plates or markers.

(g) Every person to whom temporary registration plates or markers have been issued shall permanently destroy such temporary registration plates or markers immediately upon receiving the annual registration plates from the Division: Provided, that if the annual registration plates are not received within 30 days of the issuance of the temporary registration plates or markers, the owner shall, notwithstanding, immediately upon the expiration of such 30-day period, permanently destroy the temporary registration plates or markers.

(h) (Effective May 1, 2001) Temporary registration plates or markers shall expire and become void upon the receipt of the annual registration plates from the Division, or upon the rescission of a contract to purchase a motor vehicle, or upon the expiration of 30 days from the date of issuance, depending upon whichever event shall first occur. No refund or credit or fees paid by dealers to the Division for temporary registration plates or markers shall be allowed, except in the event that the Division discontinues the issuance of temporary registration plates or markers or unless the dealer discontinues business. In this event the unissued registration plates or markers with the unissued registration certificates shall be returned to the Division and the dealer may petition for a refund. Upon the expiration of the 30 days from the date of issuance, a second 30-day temporary registration plate or marker may be issued by the dealer upon showing the vehicle has been sold, a temporary lien has been filed as provided in G.S. 20-58, and that the dealer, having used reasonable diligence, is unable to obtain the vehicle's statement of origin or certificate of title so that the lien may be perfected.

(i) A temporary registration plate or marker may be used on the vehicle for which issued only and may not be transferred, loaned, or assigned to another. In the event a temporary registration plate or marker or temporary registration certificate is lost or stolen, the owner shall
permanently destroy the remaining plate or marker or certificate and no operation of the vehicle for which the lost or stolen registration certificate, registration plate or marker has been issued shall be made on the highways until the regular license plate is received and attached thereto.

(j) The Commissioner of Motor Vehicles shall have the power to make such rules and regulations, not inconsistent herewith, as he shall deem necessary for the purpose of carrying out the provisions of this section.

(k) The provisions of G.S. 20-63, 20-71, 20-110 and 20-111 shall apply in like manner to temporary registration plates or markers as is applicable to nontemporary plates. (1957, c. 246, s. 1; 1963, c. 552, s. 8; 1975, c. 716, s. 5; 1985, c. 95; c. 263; 1997-327, ss. 1, 2; 2000-182, s. 5.)

G. S. 20-79.2.
Transporter Plates

(a) Who Can Get a Plate. – A person engaged in a business requiring the limited operation of a motor vehicle for any of the following purposes may obtain a transporter plate authorizing the movement of the vehicle for the specific purpose:
(1) To facilitate the manufacture, construction, rebuilding, or delivery of new or used truck cabs or bodies between manufacturer, dealer, seller, or purchaser.
(2) To repossess a motor vehicle.
(3) To pick up a motor vehicle that is to be repaired or otherwise prepared for sale by a dealer, to road-test the vehicle, if it is repaired, within a 10-mile radius of the place where it is repaired, and to deliver the vehicle to the dealer.
(4) To move a motor vehicle that is owned by the business and is a replaced vehicle offered for sale.
(5) To take a motor vehicle either to or from a motor vehicle auction where the vehicle will be or was offered for sale.
(6) To road-test a repaired truck whose GVWR is at least 15,000 pounds when the test is performed within a 10-mile radius of the place where the truck was repaired and the truck is owned by a person who has a fleet of at least five trucks whose GVWRs are at least 15,000 pounds and who maintains the place where the truck was repaired.
(7) To move a mobile office, a mobile classroom, or a mobile or manufactured home.
(8) To drive a motor vehicle that is at least 25 years old to and from a parade or another public event and to drive the motor vehicle in that event. A person who owns a motor vehicle that is at least 25 years old is considered to be in the business of collecting those vehicles.
(9) To drive a motor vehicle that is part of the inventory of a dealer to and from a motor vehicle trade show or exhibition or to, during, and from a parade in which the motor vehicle is used.
(10) To drive special mobile equipment in any of the following circumstances:
   a. From the manufacturer of the equipment to a facility of a dealer.
   b. From one facility of a dealer to another facility of a dealer.
   c. From a dealer to the person who buys the equipment from the dealer.

(b) How to Get a Plate. – A person may obtain a transporter plate by filing an
application with the Division and paying the required fee. An application must be
on a form provided by the Division and contain the information required by the
Division. The fee for a transporter plate is one-half the fee set in G.S. 20-87(5) for
a passenger motor vehicle of not more than 15 passengers.

(b1) Number of Plates. – The total number of transporter and dealer plates
issued to a dealer may not exceed the number of dealer plates that can be
issued to the dealer under G.S. 20-79(b). This restriction does not apply to a
person who is not a dealer. Transporter plates issued to a dealer shall bear the
words "Dealer-Transporter."

(b2) Sanctions. – The following sanctions apply when a motor vehicle displaying
a "Dealer-Transporter" license plate is driven in violation of the restrictions on the
use of the plate:
   (1) The individual driving the motor vehicle is responsible for an infraction and is
       subject to a penalty of fifty dollars ($50.00).
   (2) The dealer to whom the plate is issued is subject to a civil penalty imposed by
       the Division of two hundred dollars ($200.00).
   (3) The Division may rescind all dealer license plates issued to the dealer whose
       plate was displayed on the motor vehicle. A penalty imposed under subdivision
       (1) of this subsection is payable to the county where the infraction occurred, as
       required by G.S. 14-3.1. A civil penalty imposed under subdivision (2) of this
       subsection shall be credited to the Highway Fund as nontax revenue.

(c) (See editor's note) Form, Duration, and Transfer. – A transporter plate is a
type of commercial license plate. A transporter plate issued to a dealer is issued
on a fiscal-year basis. A transporter plate issued to a person who is not a dealer
is issued on a calendar-year basis. During the year for which it is issued, a
person may transfer a transporter plate from one vehicle to another as long as
the vehicle is driven only for a purpose authorized by subsection (a) of this
section. The Division may rescind a transporter plate that is displayed on a motor
vehicle driven for a purpose that is not authorized by subsection (a) of this
section.

(d) A county may obtain one transporter plate, without paying a fee, by filing an
application with the Division on a form to be provided by the Division. A
transporter plate issued pursuant to this subsection may only be used to
transport motor vehicles as part of a program established by the county to
receive donated motor vehicles and make them available to low-income
individuals. If a motor vehicle is operated on the highways of this State using a
transporter plate authorized by this section, all of the following requirements shall
be met:
(1) The driver of the vehicle shall have in his or her possession the certificate of
title for the motor vehicle, which has been properly reassigned by the previous
owner to the county or the affected donor program.
(2) The vehicle shall be covered by liability insurance that meets the
requirements of Article 9A of this Chapter.
The form and duration of the transporter plate shall be as provided in subsection
(c) of this section.

G. S. 20-87(7).
Dealer License Plates.

The fee for a dealer license plate is the regular fee for each of the first five plates
issued to the same dealer and is one-half the regular fee for each additional
dealer license plate issued to the same dealer. The "regular fee" is the fee set in
subdivision (5) of this section for a private passenger motor vehicle of not more
than fifteen (15) passengers.

G. S. 20-87(8).
Driveaway Companies

Any person engaged in the business of driving new motor vehicles from the place
of manufacture to the place of sale in this State for compensation shall pay a fee
of one-half of the amount that would otherwise be payable under this section for
each set of plates.

Conspicuous disclosure of dealer administrative fees

(a) A motor vehicle dealer shall not charge an administrative, origination,
documentary, procurement, or other similar administrative fee related to
the sale or lease of a motor vehicle, whether or not that fee relates to
costs or charges that the dealer is required to pay to third parties or is
attributable to the dealer's internal overhead or profit, unless the dealer
complies with all of the following requirements:

(1) The dealer shall post a conspicuous notice in the sales or
finance area of the dealership measuring at least 24 inches on
each side informing customers that a fee regulated by this
section may or will be charged and the amount of the fee.

(2) The fact that the dealer charges a fee regulated by this section
and the amount of the fee shall be disclosed whenever the
dealer engages in the price advertising of vehicles.
(3) The amount of a fee regulated by this section shall be separately identified on the customer's buyer's order, purchase order, or bill of sale.

(b) Nothing contained in this section or elsewhere under the law of this State shall be deemed to prohibit a dealer from, in the dealer's discretion, deciding not to charge an administrative, origination, documentary, procurement, or other similar administrative fee or reducing the amount of the fee in certain cases, as the dealer may deem appropriate.

(c) Notwithstanding the terms of any contract, franchise, novation, or agreement, it shall be unlawful for any manufacturer, manufacturer branch, distributor, or distributor branch to prevent, attempt to prevent, prohibit, coerce, or attempt to coerce, any new motor vehicle dealer located in this State from charging any administrative, origination, documentary, procurement, or other similar administrative fee related to the sale or lease of a motor vehicle. It shall further be unlawful for any manufacturer, manufacturer branch, distributor, or distributor branch, notwithstanding the terms of any contract, franchise, novation, or agreement, to prevent or prohibit any new motor vehicle dealer in this State from participating in any program relating to the sale of motor vehicles or reduce the amount of compensation to be paid to any dealer in this State, based upon the dealer's willingness to refrain from charging or reduce the amount of any administrative, origination, documentary, procurement, or other similar administrative fee related to the sale or lease of a motor vehicle.

G. S. 20-101.2.
Conspicuous disclosure of dealer finance yield charges

(a) A motor vehicle dealer shall not charge a fee or receive a commission or other compensation for providing, procuring, or arranging financing for the retail purchase or lease of a motor vehicle, unless the dealer complies with both of the following requirements:

(1) The dealer shall post a conspicuous notice in the sales or finance area of the dealership measuring at least 24 inches on each side informing customers that the dealer may receive a fee, commission, or other compensation for providing, procuring, or arranging financing for the retail purchase or lease of a motor vehicle, for which the customer may be responsible.

(2) The dealer shall disclose conspicuously on the purchase order or buyer's order, or on a separate form provided to the purchaser at or prior to the closing on the sale of the vehicle,
that the dealer may receive a fee, commission, or other compensation for providing, procuring, or arranging financing for the retail purchase or lease of a motor vehicle, for which the customer may be responsible.

(b) Nothing contained in this section or elsewhere under the law of this State shall be deemed to require that a motor vehicle dealer disclose to any actual or potential purchaser the dealer's contractual arrangements with any finance company, bank, leasing company, or other lender or financial institution, or the amount of markup, profit, or compensation that the dealer will receive in any particular transaction or series of transactions from the charging of such fees.

G. S. 20-106.
Receiving or transferring stolen vehicles.

Any person who, with intent to procure or pass title to a vehicle which he knows or has reason to believe has been stolen or unlawfully taken, receives or transfers possession of the same from or to another, or who has in his possession any vehicle which he knows or has reason to believe has been stolen or unlawfully taken, and who is not an officer of the law engaged at the time in the performance of his duty as such officer, shall be punished as a Class H felon.

G. S. 20-106.1.
Fraud in connection with rental of motor vehicles.

Any person with the intent to defraud the owner of any motor vehicle or a person in lawful possession thereof, who obtains possession of said vehicle by agreeing in writing to pay a rental for the use of said vehicle, and further agreeing in writing that the said vehicle shall be returned to a certain place, or at a certain time, and who willfully fails and refuses to return the same to the place and at the time specified, or who secretes, converts, sells or attempts to sell the same or any part thereof shall be guilty of a Class I felony.

G. S. 20-106.2.
Sublease and loan assumption arranging regulated.

(a) As used in this section:

(1) "Buyer" means a purchaser of a motor vehicle under the terms of a retail installment contract. "Buyer" shall include any co-buyer on the retail installment contract.

(2) "Lease" means an agreement between a lessor and lessee whereby the lessee obtains the possession and use of a motor vehicle for the period of time, for the purposes, and for the
consideration set forth in the agreement whether or not the agreement includes an option to purchase the motor vehicle; provided, however, "lease" shall not include a residential rental agreement of a manufactured home which is subject to Chapter 42 of the General Statutes.

(3) "Lessor" means any person who in the regular course of business or as a part of regular business activity leases motor vehicles under motor vehicle lease agreements, purchases motor vehicle lease agreements, or any sales finance company that purchases motor vehicle lease agreements.

(4) "Lessee" means a person who obtains possession and use of a motor vehicle through a motor vehicle lease agreement. "Lessee" shall include any co-lessee listed on the motor vehicle lease agreement.

(5) "Person" means an individual, partnership, corporation, association or any other group however organized.

(6) "Security interest" means an interest in personal property that secures performance of an obligation.

(7) "Secured party" means a lender, seller, or other person in whose favor there is a security interest, including a person to whom accounts or retail installment sales contracts have been sold.

(8) "Sublease" means an agreement whether written or oral:

a. To transfer to a third party possession of a motor vehicle which is and will, while in that third party's possession, remain the subject of a security interest which secures performance of a retail installment contract or consumer loan; or

b. To transfer or assign to a third party any of the buyer's rights, interests, or obligations under the retail installment contract or consumer loan; or

   c. To transfer to a third party possession of a motor vehicle which is and will, while in the third party's possession, remain the subject of a motor vehicle lease agreement; or
d. To transfer or assign to a third party any of the lessee's or buyer's rights, interests, or obligations under the motor vehicle lease agreement.

(9) "Sublease arranger" means a person who engages in the business of inducing by any means buyers and lessees to enter into subleases as sublessors and inducing third parties to enter into subleases as sublessees, however such contracts may be called. "Sublease arranger" does not include the publisher, owner, agent or employee of a newspaper, periodical, radio station, television station, cable-television system or other advertising medium which disseminates any advertisement or promotion of any act governed by this section.

(10) "Third party" means a person other than the buyer or the lessee of the vehicle.

(11) "Transfer" means to transfer possession of a motor vehicle by means of a sale, loan assumption, lease, sublease, or lease assignment.

(b) A sublease arranger commits an offense if the sublease arranger arranges a sublease of a motor vehicle and:

(1) Does not first obtain written authorization for the sublease from the vehicle's secured party or lessor; or

(2) Accepts a fee without having first obtained written authorization for the sublease from the vehicle's secured party or lessor; or

(3) Does not disclose the location of the vehicle on the request of the vehicle's buyer, lessee, secured party, or lessor; or

(4) Does not provide to the third party new, accurate disclosures under the Consumer Credit Protection Act, 15 U.S.C. Section 1601, et seq.; or

(5) Does not provide oral and written notice to the buyer or lessee that he will not be released from liability; or

(6) Does not ensure that all rights under warranties and service contracts regarding the motor vehicle transfer to the third party, unless a pro rata rebate for any unexpired coverage is applied to reduce the third party's cost under the sublease; or
(7) Does not take reasonable steps to ensure that the third party is financially able to assume payment obligations of the buyer or lessee according to the terms of the lease agreement, retail installment contract, or consumer loan.

(c) It is not a defense to prosecution under subsection (b) of this section that the motor vehicle’s buyer or lessee, secured party or lessor has violated a contract creating a security interest or lease in the motor vehicle, nor may any sublease arranger shift to the lessee, buyer or third party the arranger's duty under subdivision (b)(1) or (b)(2) to obtain prior written authorization for formation of sublease.

(d) An offense under subdivision (b)(1) or (b)(2) of this section is a Class I felony.

(e) All other offenses under subsection (b) of this section are misdemeanors under G.S. 14-3(a). Each failure to disclose the location of the vehicle under subdivision (b)(3) shall constitute a separate offense.

(f) Any buyer, lessee, sublessee, secured party or lessor injured or damaged by reason of any act in violation of this section, whether or not there is a conviction for the violation, may file a civil action to recover damages based on the violation with the following available remedies:

(1) Three times the amount of any actual damages or fifteen hundred dollars ($1500), whichever is greater;

(2) Equitable relief, including a temporary restraining order, a preliminary or permanent injunction, or restitution of money or property;

(3) Reasonable attorney fees and costs; and

(4) Any other relief which the court deems just.

The rights and remedies provided by this section are in addition to any other rights and remedies provided by law.

(g) This section and G.S. 14-114 and G.S. 14-115 are mutually exclusive and prosecution under those sections shall not preclude criminal prosecution or civil action under this section.

G. S. 20-108.
Vehicles or component parts of vehicles without manufacturer's numbers.
(a) Any person who knowingly buys, receives, disposes of, sells, offers for sale, conceals, or has in his possession any motor vehicle, or engine or transmission or component part which has been stolen or removed from a motor vehicle and from which the manufacturer's serial or engine number or other distinguishing number or identification mark or number placed thereon under assignment from the Division has been removed, defaced, covered, altered, or destroyed for the purpose of concealing or misrepresenting the identity of said motor vehicle or engine or transmission or component part is guilty of a Class 2 misdemeanor.

(b) The Commissioner and such officers and inspectors of the Division of Motor Vehicles as he has designated may take and possess any motor vehicle or component part if its engine number, vehicle identification number, or manufacturer's serial number has been altered, changed, or obliterated or if such officer has probable of the motor vehicle or component part and any other facts that may assist in locating of the motor vehicle or component part has violated subsection (a) above. Any officer who or establishing so takes possession of a motor vehicle or component part shall immediately notify the rightful Division of Motor Vehicles and the rightful ownership thereof or in prosecuting any person for a violation cription of the provisions of this Article.

(c) Within 15 days after seizure of a motor vehicle or component part pursuant to this section, the Division shall send notice by certified mail to the person from whom the property was seized and to all claimants to the property whose interest or title is in the registration records in the Division of Motor Vehicles that the Division has taken custody of the motor vehicle or component part. The notice shall also contain the following information:

1. The name and address of the person or persons from whom the motor vehicle or component part was seized;

2. A statement that the motor vehicle or component part has been seized for investigation as provided in this section and that the motor vehicle or component part will be released to the rightful owner:

   (a) Upon a determination that the identification number has not been altered, changed or obliterated; or

   (b) Upon presentation of satisfactory evidence of the ownership of the motor vehicle or component part if no other person claims an interest in it within 30 days of the
date the notice is mailed. Otherwise, a hearing regarding the disposition of the motor vehicle or component part may take place in a court having jurisdiction.

(3) The name and address of the officer to whom evidence of ownership of the motor vehicle or component part may be presented; and

(4) A copy statement of the text contained in this section.

(d) Whenever a motor vehicle or component part comes into the custody of an officer, the Division of Motor Vehicles may commence a civil action in the District Court in the county in which the motor vehicle or component part was seized to determine whether the motor vehicle or component part should be destroyed, sold, converted to the use of the Division or otherwise disposed of by an order of the court. The Division shall give notice of the commencement of such an action to the person from whom the motor vehicle or component part was seized and all claimants to the property whose interest or title is in the registration records of the Division of Motor Vehicles. Notice shall be by certified mail sent within 10 days after the filing of the action. In addition, any possessor of a motor vehicle or component part described in this section may commence a civil action under the provisions of this section, to which the Division of Motor Vehicles may be made a party, to provide for the proper disposition of the motor vehicle or component part.

(e) Nothing in this section shall preclude the Division of Motor Vehicles from returning a seized motor vehicle or component part to the owner following presentation of satisfactory evidence of ownership, and, if determined necessary, requiring the owner to obtain an assignment of an identification number for the motor vehicle or component part from the Division of Motor Vehicles.

(f) No court order providing for disposition shall be issued unless the person from whom the motor vehicle or component was seized and all claimants to the property whose interest or title is in the registration records in the Division of Motor Vehicles are provided a postseizure hearing by the court having jurisdiction. Ten days’ notice of the postseizure hearing shall be given by certified mail to the person from whom the motor vehicle was seized and all claimants to the property whose interest or title is in the registration records in the Division of Motor Vehicles. If such motor vehicle or component part has been held or identified as evidence in a pending civil or criminal action or proceeding, no final disposition of such motor vehicle or component part.
part shall be ordered without prior notice to the parties in said proceeding.

(g) At a hearing held pursuant to any action filed by the Division to determine the disposition of any motor vehicle or component part seized pursuant to this section, the court shall consider the following:

(1) If the evidence reveals either that the motor vehicle or component part identification number has not been altered, changed or obliterated or that the identification number has been altered, changed, or obliterated but satisfactory evidence of ownership has been presented, the motor vehicle or component part shall be returned to the person entitled to it. If ownership cannot be established, nothing in this section shall preclude the return of said motor vehicle or component part to a good faith purchaser following the presentation of satisfactory evidence of ownership thereof and, if necessary, upon the good faith purchaser's obtaining as assigned number from the Division of Motor Vehicles and posting a reasonable bond for a period of three years. The amount of the bond shall be set by the court.

(2) If the evidence reveals that the motor vehicle or component part identification number has been altered, changed, or obliterated and satisfactory evidence of ownership has not been presented, the motor vehicle or component part shall be destroyed, sold, converted to the use of the Division of Motor Vehicles or otherwise disposed of, as provided for by order of the court.

(h) At the hearing, the Division shall have the burden of establishing, by a preponderance of the evidence, that the motor vehicle or component part has been stolen or that its identification number has been altered, changed, or obliterated.

(i) At the hearing any claimant to the motor vehicle or component part shall have the burden of providing satisfactory evidence of ownership.

(j) An officer taking into custody a motor vehicle or component part under the provision of this act is authorized to obtain necessary removal and storage services, but shall incur no personal liability for such services. The person or company so employed shall be entitled to reasonable compensation as a claimant under (e), and shall not be deemed an unlawful possessor under (a).

Altering or changing engine or other numbers.
(a) It shall be unlawful and constitute a felony for:

(1) Any person to willfully deface, destroy, remove, cover, or alter the manufacturer’s serial number, transmission number, or engine number; or

(2) Any vehicle owner to knowingly permit the defacing, removal, destroying, covering, or alteration of the serial number, transmission number, or engine number; or

(3) Any person except a licensed vehicle manufacturer as authorized by law to place or stamp any serial number, transmission number, or engine number upon a vehicle, other than one assigned thereto by the Division; or

(4) Any vehicle owner to knowingly permit the placing or stamping of any serial number or motor number upon a motor vehicle, except such numbers as assigned thereto by the Division.

A violation of this subsection shall be punishable as a Class I Felony.

(b) It shall be unlawful and constitute a felony for:

(1) Any person, with intent to conceal or misrepresent the true identity of the vehicle, to deface, destroy, remove, alter, or use any serial or motor number assigned to a vehicle by the Division; or

(2) Any vehicle owner, with intent to conceal or misrepresent the true identity of the vehicle, to permit the defacing, destruction, removal, covering, alteration, or use of a serial or motor number assigned to a vehicle by the Division; or

(3) Any vehicle owner, with the intent to conceal or misrepresent the true identity of a vehicle, to permit the defacing, destruction, removal, covering, alteration, use, gift, or sale of any manufacturer’s serial number, serial number plate, or any part or parts of a vehicle containing the serial number or portions of the serial number.

A violation of this subsection shall be punishable as a Class I felony.

G. S. 20-110.
When registration shall be rescinded.
(a) The Division shall rescind and cancel the registration of any vehicle which the Division shall determine is unsafe or unfit to be operated or is not equipped as required by law.

(b) The Division shall rescind and cancel the registration of any vehicle whenever the person to whom the registration card or registration number plates therefor have been issued shall make or permit to be made any unlawful use of the said card or plates or permit the use thereof by a person not entitled thereto.

(c) Repealed by Session Laws 1993, c. 440, s. 8.

(d) The Division shall rescind and cancel the certificate of title to any vehicle which has been erroneously issued or fraudulently obtained or is unlawfully detained by anyone not entitled to possession.

(e) and (f) Repealed by Session Laws 1993, c. 440, s. 8.

(g) The Division shall rescind and cancel the registration plates issued to a carrier of passengers or property which has been secured by such carrier as provided under G.S. 20-50 when the license is being used on a vehicle other than the one for which it was issued or which is being used by the lessor-owner after the lease with such lessee has been terminated.

(h) The Division may rescind and cancel the registration or certificate of title on any vehicle on the grounds that the application therefor contains any false or fraudulent statement or that the holder of the certificate was not entitled to the issuance of a certificate of title or registration.

(i) The Division may rescind and cancel the registration or certificate of title of any vehicle when the Division has reasonable grounds to believe that the vehicle is a stolen or embezzled vehicle, or that the granting of registration or the issuance of certificate of title constituted a fraud against the rightful owner or person having a valid lien upon such vehicle.

(j) The Division may rescind and cancel the registration or certificate of title of any vehicle on the grounds that the registration of the vehicle stands suspended or revoked under the motor vehicle laws of this State.

(k) The Division shall rescind and cancel a certificate of title when the Division finds that such certificate has been used in connection with
the registration or sale of a vehicle other than the vehicle for which the certificate was issued.

(I) The Division may rescind and cancel the registration and certificate of title of a vehicle when presented with evidence, such as a sworn statement, that the vehicle has been transferred to a person who has failed to get a new certificate of title for the vehicle as required by G.S. 20-73. A person may submit evidence to the Division by mail. (1937, c. 407, s. 74; 1945, c. 576, s. 5; 1947, c. 220, s. 4; 1951, c. 985, s. 1; 1953, c. 831, s. 4; 1955, c. 294, s. 1; c. 554, s. 11; 1975, c. 716, s. 5; 1981, c. 976, s. 11; 1991, c. 183, s. 1; 1993, c. 440, s. 8.)

G. S. 20-112.
Making false affidavit perjury.

Any person who shall knowingly make any false affidavit or shall knowingly swear or affirm falsely to any matter or thing required by the terms of this Article to be sworn or affirmed to shall be guilty of a Class I felony.

G. S. 20-123.2
Speedometer.

(a) Every self-propelled motor vehicle when operated on the highway shall be equipped with a speedometer which shall be maintained in good working order.

(b) Any person violating this section shall have committed an infraction and may be ordered to pay a penalty of not more than twenty-five dollars ($25.00). No drivers license points, insurance points or premium surcharge shall be assessed on or imputed to any party on account of a violation of this section.

G. S. 20-136.2
Air bag installation.

It shall be unlawful for any person, firm, or corporation to knowingly install or reinstall any object in lieu of an airbag, other than an air bag that was designed in accordance with federal safety regulations for the make, model, and year of vehicle, as part of a vehicle inflation restraint system. Any person, firm, or corporation violating this section shall be guilty of a Class 1 misdemeanor. (2003-258, s. 3.)

G. S. 20-183.4C.
When a vehicle must be inspected; one-way trip permit.
(a) Inspection. – A vehicle that is subject to a safety inspection, an emissions inspection, or both must be inspected as follows:

(1) A new vehicle must be inspected before it is sold at retail in this State. Upon purchase, a receipt approved by the Division must be provided to the new owner certifying compliance.

(1a) A new motor vehicle dealer who is also licensed pursuant to this Article may, notwithstanding subdivision (1) of this section, examine the safety and emissions control devices on a new motor vehicle and perform such services necessary to ensure the motor vehicle conforms to the required specifications established by the manufacturer and contained in its predelivery check list. The completion of the predelivery inspection procedure required or recommended by the manufacturer on a new motor vehicle shall constitute the inspection required by subdivision (1) of this section. For the purposes of this subdivision, the date of inspection shall be deemed to be the date of the sale of the motor vehicle to a purchaser.

(2) A used vehicle must be inspected before it is offered for sale at retail in this State by a dealer. Upon purchase, a receipt approved by the Division must be provided to the new owner certifying compliance.

(3) Repealed by Session Law 2007-503, s. 5, effective October 1, 2008.

(4) A new or used vehicle acquired by a resident of this State from outside the State must be inspected within 10 days after the vehicle is registered with the Division.

(5) A vehicle owned by a new resident of this State who transfers the registration of the vehicle from the resident's former home state to this State must be inspected within 10 days after the vehicle is registered with the Division.

(5a) Repealed by Session Law 2007-503, s. 5, effective October 1, 2008.

(6) A vehicle that has been inspected in accordance with this Part must be inspected by the last day of the month in which the registration on the vehicle expires.

(7) A vehicle that is required to be inspected in accordance with this Part may be inspected 90 days prior to midnight of the last day of the month as designated by the vehicle registration sticker.

(8) A new or used vehicle acquired from a retailer in this State and registered with the Division with a new registration or a transferred registration must be inspected in accordance with this Part when the current registration expires.

(9) A used vehicle acquired from a private sale in this State must be inspected in accordance with this Part within 30 days after the vehicle is registered with the
Division or when the current registration expires if it has not received a passing inspection within the previous 12 months.

(10) An unregistered vehicle must be inspected within 30 days after the vehicle is registered with the Division or not later than 30 days after a transferred registration expires.

(11) A person who owns a vehicle located outside of this State when its emissions inspection becomes due may obtain an emissions inspection in the jurisdiction where the vehicle is located, in lieu of a North Carolina emissions inspection, as long as the inspection meets the requirements of 40 C.F.R. § 51.

(b) Permit. - The Division may issue a one-way trip permit to a person that authorizes the person to drive to an inspection station a vehicle whose inspection sticker has expired. The permit must describe the vehicle whose inspection sticker has expired. The permit authorizes the person to drive the described vehicle only from the place the vehicle is parked to an inspection station. The Division may issue a 10-day temporary permit to a person that authorizes the person to drive a vehicle that failed to pass either the safety inspection or emissions inspection. The permit must describe the vehicle that failed to pass inspection and the date that it failed to pass inspection.

This Article shall provide State remedies for persons injured by motor vehicle odometer alteration, and to provide purchasers of motor vehicles with information to assist them in determining the condition and value of such vehicles. Such remedies shall be in addition to remedies provided by the federal odometer law (Motor Vehicle Information and Cost Savings Act, Public Law 92-513, 86 Stat. 947, enacted October 20, 1972).

G. S. 20-341. Definitions. As used in this Article:
(1) The term "odometer" means an instrument for measuring and recording the actual distance a motor vehicle travels while in operation; but shall not include any auxiliary odometer designed to be reset by the operator of the motor vehicle for the purpose of recording mileage on trips.
(2) The term "repair and replacement" means to restore to a sound working condition by replacing the odometer or any part thereof or by correcting what is inoperative.
(3) The term "transfer" means to change ownership by purchase, gift, or any other means.
(4) The term "transferee" means any person to whom the ownership in a motor vehicle is transferred or any person who, as agent, accepts transfer of ownership in a motor vehicle for another by purchase, gift, or any means other than by creation of a security interest.
(5) The term "transferor" means any person who or any person who, as agent, transfers his ownership in a motor vehicle by sale, gift or any means other than by creation of a security interest.

(6) The term "lessee" means any person, or the agent for any person, to whom a motor vehicle has been leased for a term of at least four months.

(7) The term "lessor" means any person, or the agent for any person, who has leased five or more vehicles in the past 12 months.

(8) The term "mileage" means the actual distance that a vehicle has traveled.

G. S. 20-342.
Unlawful devices.

It is unlawful for any person knowingly to advertise for sale, to sell, to use, or to install or to have installed, any device which causes an odometer to register any mileage other than the true mileage driven. For the purposes of this section, the true mileage driven is that mileage driven by the vehicle as registered by the odometer within the manufacturer's designed tolerance.

G. S. 20-343.
Unlawful change of mileage.

It is unlawful for any person or his agent to disconnect, reset, or alter the odometer of any motor vehicle with the intent to change the number of miles indicated thereon. Whenever evidence shall be presented in any court of the fact that an odometer has been reset or altered to change the number of miles indicated thereon, it shall be prima facie evidence in any court in the State of North Carolina that the resetting or alteration was made by the person, firm or corporation who held title or by law was required to hold title to the vehicle in which the reset or altered odometer was installed at the time of such resetting or alteration or if such person has more than 20 employees and has specifically and in writing delegated responsibility for the motor vehicle to an agent, that the resetting or alteration was made by the agent. (1973, c. 679, s. 1;1979, c. 696.)

G. S. 20-344.
Operation of vehicle with intent to defraud.

It is unlawful for any person with the intent to defraud to operate a motor vehicle on any street or highway knowing that the odometer of such vehicle is disconnected or nonfunctional.

G. S. 20-345.
Conspiracy.

**G. S. 20-346.**
Lawful service, repair, or replacement of odometer.

Nothing in this Article shall prevent the service, repair, or replacement of an odometer, provided the mileage indicated thereon remains the same as before the service, repair, or replacement. Where the odometer is incapable of registering the same mileage as before such service, repair, or replacement, the odometer shall be adjusted to read zero, and a notice in writing shall be attached to the left door frame of the vehicle by the owner or his agent specifying the mileage prior to repair or replacement of the odometer and the date on which it was repaired or replaced. Any removal or alteration of such notice so affixed shall be unlawful.

**G.S. 20-347. Disclosure requirements.**

(a) In connection with the transfer of a motor vehicle, the transferor shall disclose the mileage to the transferee in writing on the title or on the document used to reassign the title. This written disclosure must be signed by the transferor, including the printed name, and shall contain the following information:

(1) The odometer reading at the time of the transfer (not to include tenths of miles);

(2) The date of the transfer;

(3) The transferor's name and current address; (3a) The transferee's printed name, signature and current address;

(4) The identity of the vehicle, including its make, model, body type, and vehicle identification number, and the license plate number most recently used on the vehicle; and

(5) Certification by the transferor that to the best of his knowledge the odometer reading
   a. Reflects the actual mileage; or
   b. Reflects the amount of mileage in excess of the designed mechanical odometer limit; or
   c. Does not reflect the actual mileage and should not be relied on.

(6) Repealed by Session Laws 1989, c. 482, s. 2.
(7) Repealed by Session Laws 1989, c. 482, s. 2.

(a1) Before executing any transfer of ownership document, each lessor of a leased motor vehicle shall notify the lessee in writing that the lessee is required to provide written disclosure to the lessor regarding mileage. In connection with the transfer of ownership of the leased motor vehicle, the lessee shall furnish to the lessor a written statement signed by the lessee containing the following information:

(1) The printed name of the person making the disclosure;

(2) The current odometer reading (not to include tenths of miles);

(3) The date of the statement;

(4) The lessee's printed name and current address;

(5) The lessor's printed name, signature, and current address;

(6) The identity of the vehicle, including its make, model, year, body type, and vehicle identification number;

(7) The date that the lessor notified the lessee of the disclosure requirements and the date the lessor received the completed disclosure statement; and

(8) Certification by the lessee that to the best of his knowledge the odometer reading:
   a. Reflects the actual mileage;
   b. Reflects the amount of mileage in excess of the designed mechanical odometer limit; or
   c. Does not reflect the actual mileage and should not be relied on. If the lessor transfers the leased vehicle without obtaining possession of it, the lessor may indicate on the title the mileage disclosed by the lessee under this subsection, unless the lessor has reason to believe that the disclosure by the lessee does not reflect the actual mileage of the vehicle.

(b) Repealed by Session Laws 1973, c. 1088.

(c) It shall be unlawful for any transferor to violate any rules under this section or to knowingly give a false statement to a transferee in making any disclosure required by such rules.
(d) The provisions of this disclosure statement section shall not apply to the following transfers:

(1) A vehicle having a gross vehicle weight rating of more than 16,000 pounds;

(2) A vehicle that is not self-propelled;

(2a) A vehicle sold directly by the manufacturer to any agency of the United States in conformity with contractual specifications;

(3) A vehicle that is 10 years old or older; or

(4) A new vehicle prior to its first transfer for purposes other than resale.

(1973, c. 679, s. 1; c. 1088; 1983, c. 387; 1989, c. 482, ss. 2, 3, 4, 5; 1993, c. 553, s. 11.)

G. S. 20-347.1.
Odometer disclosure record retention.

(a) Dealers and distributors of motor vehicles who are required by this Part to execute an odometer disclosure statement shall retain, for five years, a photostat, carbon, or other facsimile copy of each odometer mileage statement which they issue or receive. They shall retain all odometer disclosure statements at their primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval.

(b) Lessors shall retain, for five years following the date they transfer ownership of the leased vehicle, each odometer disclosure statement which they receive from a lessee. They shall retain all odometer disclosure statements at their primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval.

(c) Each auction company shall establish and retain at its primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval, for five years following the date of sale of each motor vehicle, the following records:

(1) The name of the most recent owner (other than the auction company);

(2) The name of the buyer;

(3) The vehicle identification number; and
(4) The odometer reading on the date which the auction company took possession of the motor vehicle.

d) Records required to be kept under this section shall be open to inspection and copying by law enforcement officers of the Division in order to determine compliance with this Article.

G. S. 20-348.
Private civil action.

(a) Any person who, with intent to defraud, violates any requirement imposed under this Article shall be liable in an amount equal to the sum of:

(1) Three times the amount of actual damages sustained or one thousand five hundred dollars ($1,500), whichever is the greater; and

(2) In the case of any successful action to enforce the foregoing liability, the costs of the action together with reasonable attorney fees as determined by the court.

(b) An action to enforce any liability created under subsection (a) of this section may be brought in any court of the trial division of the General Court of Justice of the State of North Carolina within four years from the date on which the liability arises.

G. S. 20-349.
Injunctive enforcement.

Upon petition by the Attorney General of North Carolina, a violation of this Article may be enjoined as an unfair and deceptive trade practice, as prohibited by G. S. 75-1.1.

G. S. 20-350.
Criminal offense.

Any person, firm or corporation violating G.S. 20-343 shall be guilty of a Class I felony. A violation of any remaining provision of this Article shall be a Class 1 misdemeanor.

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
meanings respectively prescribed to them in this section except in those instances where the context clearly indicates a different meaning.

(1) "Established Salesroom"-Means a salesroom containing 96 square feet of floor space in a permanently enclosed building or structure which is separate and apart from any living quarters, residence or other business and having a separate entrance; where any vehicles displayed are separate and apart from vehicles of any other dealer; having displayed thereon or immediately adjacent thereto a sign, in block letters of not less than 3 inches in height on a contrasting background, clearly and distinctly designating the trade name of the business at which a permanent business of bartering, trading and selling of motor vehicles will be carried on as such in good faith and at which place of business shall be kept and maintained the books, records and files the Division may require as necessary to conduct the business at such location. Provided, however, the minimum area requirement provided for in this Paragraph is not applicable to any established place of business lawfully in existence and duly licensed on or before January 1, 1978. A building would not be considered permanent if it has wheels. In order for a mobile home to be considered a permanent enclosed building, it would have to be underpinned and wheels removed.

(2) "Established Office" (Wholesaler)-Means an office containing 96 square feet of floor space in a permanently enclosed building or structure which is accessible to Division personnel and is a place where books, records and files are required to be kept.

(3) "Suspension." The temporary withdrawal of a license issued by the Division of Motor Vehicles to a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, wholesaler or their sales representative for a definite period of time.

(4) "Revocation." The termination of a license issued by the Division of Motor Vehicles to a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch wholesaler or their sales representative.

(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,
WHOLESALE, 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 applicants 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) Fees. License fees for each fiscal year, or part thereof, shall be as provided under G. S. 20-289; provided no license shall be issued until the fees for license required by G. S. 20-289 have been paid to the Division.

(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 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.

e. 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. 20-288(e) 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 G. S. 20-79. (See p. 38)

(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) has 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 whom sold or traded. If vehicle junked, date, name and address of person, firm or corporation to whom 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.

A. 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).

B. 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).

C. 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:

(1) 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.

(2) 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.

(3) 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.
(4) 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.

D. Acts That Constitute Type I Violations.

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

(1) Failure to deliver manufacture's certificate at time of transfer, G.S.20-52.1.

(2) Failure to deliver certificate of title at time of transfer, G.S.20-75.

(3) Altering or forging certificate of title, registration card, or application, G.S.20-71.

(4) Reproducing or possessing blank certificate of title, G.S.20-71.

(5) Failure to disclose damage to a vehicle, G.S.20-71.4.

(6) Knowing making false statements about the date a vehicle was sold or acquired. G.S.20-74.

(7) Receiving or transferring stolen vehicles, G.S.20-106.

(8) Injuring or tampering with vehicles, G.S.20-107.

(9) Buy, receive, dispose of, sell, offer for sale, conceal, or possess vehicles or component parts without manufacturer's numbers, G.S.20-108.

(10) Altering or changing engine numbers, G.S.20-109.

(11) Making material misstatement in application for a license, G.S.20-294(1).
(12) Making material misstatement in application for a dealer plate, G.S.20-294(12).

(13) Failure to maintain established salesroom/established office, G.S.20-294(3).

(14) Defrauding retail buyer to the buyer's damage, or other person in the conduct of business, G.S.20-294(4).

(15) Employing fraudulent devices, methods, or practices in connection with the laws regarding retaking (repossession) of motor vehicles under retail installment contracts and the resale of such vehicles, G.S.20-294(5).

(16) Use of unfair methods of competition or unfair deceptive acts of practices, G.S.20-294(6).

(17) Knowing advertising by any means, any assertion, representation or statement of fact, which is untrue, misleading or deceptive in any particular relating to the conduct of business licensed, or for which a license is sought, G.S.20-294(7).

(18) Knowing advertising a used motor vehicle for sale as a new motor vehicle, G.S.20-294(8).

(19) Being convicted of an offense set forth under G.S.20-106, 20-106.1, 20-107, or 20-112 while holding such a license or within five years next preceding the date of filing the application; or being convicted of a felony involving moral turpitude under the laws of this State, another state, or the United States, G.S.20-294(9).

(20) Submitting a bad check to the Division of Motor Vehicles in payment of highway use taxes collected. G.S.20-294(10).

(21) Knowingly giving an incorrect certificate of title, or failing to give a certificate of title to a purchaser, a lien-holder, or the Division, as appropriate, after a vehicle is sold, G.S.20-294(11).

(22) Coerce or offer anything of value to any purchaser of a motor vehicle to provide any type of insurance coverage on said motor vehicle; or accept any policy as collateral on any vehicle sold to secure an interest in such vehicle in any company not qualified under the insurance laws of this State.
G.S.20-298.

(23) Failure to provide and deliver to buyer written installment statement describing clearly the motor vehicle sold, the cash sale price thereof, the cash paid down by the buyer, the amount credited the buyer for any trade-in and a description of the motor vehicle traded, the amount of the finance charge, the amount of any other charge specifying its purpose, the net balance due from the buyer, the terms of the payment of such net balance and a summary of any insurance protection to be effected, G.S.20-303

(24) Violation of any Statute included in or related to the Vehicle Mileage Act (Article 15). G.S.20-340 to 20-350

E. Acts That Constitute Type II Violations.
   It is a Type II violation for a licensee to commit any of the following acts:

(1) Failure to maintain in full force and effect a corporate surety bond as required by G.S.20-288(e).

(2) Display motor vehicles for sale at retail at a location other than established salesroom, G.S.20-292.

(3) 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.

(4) 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.

(5) Improper issuance or use of 30-day temporary markers, G.S.20-79.1.

(6) Violation of any laws or rules in connection with the sale of vehicles on consignment, 19 NCAC 3D.0226.

(7) Violation of any rule in connection with floor plan lien agreements/disclosures, 19 NCAC 3D.0227.

(8) Violation of any laws concerning conspicuous disclosure of dealer administrative fees, or finance yield charges, G.S.20-101.1 and 20-101.2.

F. Acts That Constitute Type III Violations.
It is a Type III violation for a licensee to commit any of the following acts:

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

(2) Failure to include licensee name in any advertisement publications, G.S.20-290(c).

(3) Failure of sales representative, factory representative, or distributive representative to carry license when engaged in business, and display upon request, G.S.20-291.

(4) Failure to post "Buyers Guide" on every used motor vehicle offered for sale with the warranty information as required by the Federal Trade Commission.

G. 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.

H. 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.-

   (a) A person is guilty of an offense under this section if, without the express or implied consent of the owner or person in lawful possession, he takes or operates an aircraft, motorboat, motor vehicle, or other motor-propelled conveyance of another.

   (b) Unauthorized use of an aircraft is a Class I felony. All other unauthorized use of a motor-propelled conveyance is a misdemeanor punishable by a fine, imprisonment not to exceed two years, or both, in the discretion of the court.
(c) Unauthorized use of a motor-propelled conveyance shall be a lesser-included offense of unauthorized use of an aircraft.

(d) As used in this section, "owner" means any person with a property interest in the motor-propelled conveyance.

G. S. 20-109.1. Surrender of titles to salvage vehicles.-

(a) Option to Keep Title. When a vehicle is damaged to the extent that it becomes a salvage vehicle and the owner submits a claim for the damages to an insurer, the insurer must determine whether the owner wants to keep the vehicle after payment of the claim. If the owner does not want to keep the vehicle after payment of the claim, the procedures in subsection (b) of this section apply. If the owner wants to keep the vehicle after payment of the claim, the procedures in subsection (c) of this section apply.

(b) Transfer to Insurer-If a salvage vehicle owner does not want to keep the vehicle, the owner must assign the vehicle's certificate of title to the insurer when the insurer pays the claim. The insurer must send the assigned title to the Division within 10 days after receiving it from the vehicle owner. The Division must then send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.

(c) Owner Keeps Vehicle-If a salvage vehicle owner wants to keep the vehicle, the insurer must give the owner an owner-retained salvage form. The owner must complete the form and give it to the insurer when the insurer pays the claim. The owner's signature on the owner-retained salvage form must be notarized. The insurer must send the completed form to the Division within 10 days after receiving it from the vehicle owner. The Division must then note in its vehicle registration records that the vehicle listed on the form is a salvage vehicle.

(d) Theft Claim on Salvage Vehicle.-An insurer that pays a theft loss claim on a vehicle and, upon recovery of the vehicle, determines that the vehicle has been damaged to the extent that it is a salvage vehicle must send the vehicle's certificate of title to the Division within 10 days after making the determination. The Division and the insurer must then follow the procedures set in subsection (b) of this section.
(e) Out-of-State Vehicle.-A person who acquires a salvage vehicle that is registered in a state that does not require surrender of the vehicle's certificate of title must send the title to the Division within 10 days after the vehicle enters this State. The Division and the person must then follow the procedures set in subsection (b) of this section.

(f) Sanctions-Violation of this section is a Class 1 misdemeanor. In addition to this criminal sanction, a person who violates this section is subject to a civil penalty of up to one hundred dollars ($100.00), to be imposed in the discretion of the Commissioner.

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 engaged in rendering professional services; withdrawal or transfer of assumed name.-

(a) Unless exempt under subsection (e) hereof, before any person or partnership engages in business in any county in this State under an assumed name or under any designation, name or style other than the real name of the owner or owners thereof, before any limited partnership engaged in business in any county in this State other than the name set out in the Certificate filed with the Office of the Secretary of State or before a corporation engages in business in any county other than under its corporate name, such person, partnership, limited partnership, or corporation must file in the office of the register of deeds of such county a certificate giving the following information:

(1) The name under which the business is to be conducted;

(2) The name and address of the owner, or if there is more than one owner, the name and address of each.

(b) If the owner is an individual or a partnership, the certificate must be signed and duly acknowledged by the individual owner, or by each general partner. If the owner is a corporation, it must be signed in the name of the corporation and duly acknowledged as provided by G. S. 47-41.01 or G. S. 47-41.02.

(c) Whenever a general partner withdraws from or a new general partner joins a partnership, a new certificate shall be filed. For
limited partnerships, the requirements of this subsection (c) shall be deemed satisfied if the partnership is identified as the owner as provided in subsection (a) and the partnership's certificate of limited partnership is amended as provided in G. S. 59-202.

(d) It is not necessary that any person, partnership, or corporation file such certificate in any county where no place of business is maintained and where the only business done in such county is the sale of goods by sample or by traveling agents or by mail.

(e) Any partnership engaged in rendering professional services, as defined in G. S. 55B-2(6), in this State, shall be exempt from the requirements of this section if it shall file annually with the licensing board responsible for regulating the rendering of such professional services, or at such intervals as shall be designated from time to time by such licensing board, a listing of the names and addresses of its partners. The listing shall be open to public inspection during normal working hours.

(f) Any person, partnership, or corporation executing and filing a certificate of assumed name as required by this section may, upon ceasing to engage in business in this State under the assumed name, withdraw the assumed name or transfer the assumed name to any other person, partnership, or corporation by filing in the office of the register of deeds of the county in which the certificate of assumed name is filed a certificate of withdrawal or a certificate of transfer executed as provided in subsection (b) of this section and setting forth:

(1) The assumed name being withdrawn or transferred;

(2) The date of filing of the certificate of assumed name;

(3) The name and address of the owner or owners of the business;

(4) A statement that such owner or owners have ceased engaging in business under the assumed name;

(5) If the assumed name is to be withdrawn, the effective date (which shall be a date certain but not more than twenty (20) days from the date of filing) of the withdrawal if it is not to be effective upon the filing of the certificate of withdrawal; and

(6) If the assumed name is to be transferred, the name and address of the transferee or transferees, and the effective
date (which shall be a date certain but not more than twenty (20) days from the date of filing) of the transfer if it is not to be effective upon the filing of the certificate of transfer. This subsection does not relieve a transferee of the obligation to file a certificate of assumed name as required by this Article.

G. S. 66-71. Violation of article a misdemeanor; civil penalty.

(a) Any person, partner or corporation failing to file the certificate as required by this article- (1) Shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than fifty dollars ($50.00) or imprisonment for not more than thirty days, and (2) Shall be liable in the amount of fifty dollars ($50.00) to any person demanding that such certificate be filed if he fails to file the certificate within seven days after such demand. Such penalty may be collected in a civil action therefor.

(b) The failure of any person to comply with the provisions of this article does not prevent a recovery by such person in any civil action brought in any of the courts of this State.

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

Judicial Review
G. S. 150B-43. Right to judicial review.-Any person who is aggrieved by the final decision in a contested case, and who has exhausted all administrative remedies made available to him by statute or agency rule, is entitled to judicial review of the decision under this Article, unless adequate procedure for judicial review is provided by another statute, in which case the review shall be under such other statute. Nothing in this Chapter shall prevent any person from invoking any judicial remedy available to him under the law to test the validity of any administrative action not made reviewable under this Article.

G. S. 150B-44. Right to judicial intervention when decision unreasonably delayed.-Unreasonable delay on the part of any agency or administrative law judge in taking any required action shall be justification for any person whose rights, duties, or privileges are adversely affected by such delay to seek a court order compelling action by the agency or administrative law judge. An agency that is subject to Article 3 of this Chapter and is not a board or commission has 90 days from the day it receives the official record in a contested case from the Office of Administrative Hearings to make a final decision in the case. This time limit may be extended by the parties or, for good cause shown, by the agency for an additional period of
up to 90 days. An agency that is subject to Article 3 of this Chapter and is a board or commission has 90 days from the day it receives the official record in a contested case from the Office of Administrative Hearings or 90 days after its next regularly scheduled meeting, whichever is longer, to make a final decision in the case. This time limit may be extended by the parties or, for good cause shown, by the agency for an additional period of up to 90 days. If an agency subject to Article 3 of this Chapter has not made a final decision within these time limits, the agency is considered to have adopted the administrative law judge's recommended decision as the agency's final decision. Failure of an agency subject to Article 3A of this Chapter to make a final decision within 180 days of the close of the contested case hearing is justification for a person whose rights, duties, or privileges are adversely affected by the delay to seek a court order compelling action by the agency or, if the case was heard by an administrative law judge, by the administrative law judge.

G. S. 150B-45. Procedure for seeking review; waiver.-To obtain judicial review of a final decision under this Article, the person seeking review must file a petition in the Superior Court of Wake County or in the superior court of the county where the person resides. The person seeking review must file the petition within 30 days after the person is served with a written copy of the decision. A person who fails to file a petition within the required time waives the right to judicial review under this Article. For good cause shown, however, the superior court may accept an untimely petition.

G. S. 150B-46. Contents of petition; copies served on all parties; intervention.-The petition shall explicitly state what exceptions are taken to the decision or procedure and what relief the petitioner seeks. Within 10 days after the petition is filed with the court, the party seeking the review shall serve copies of the petition by personal service or by certified mail upon all who were parties of record to the administrative proceedings. Names and addresses of such parties shall be furnished to the petitioner by the agency upon request. Any party to the administrative proceeding is a party to the review proceedings unless the party withdraws by notifying the court of the withdrawal and serving the other parties with notice of the withdrawal. Other parties to the proceeding may file a response to the petition within 30 days of service. Parties, including agencies, may state exceptions to the decision or procedure and what relief is sought in the response. Any person aggrieved may petition to become a party by filing a motion to intervene as provided in G. S. IA-1, Rule 24.

G. S. 150B-47. Records filed with clerk of superior court; contents of record; costs.-Within 30 days after receipt of the copy of the petition for review, or within such additional time as the court may allow, the agency that made the final decision in the contested case shall transmit to the
reviewing court the original or a certified copy of the official record in the contested case under review together with: (i) any exceptions, proposed findings of fact, or written arguments submitted to the agency in accordance with G.S. 150B-36(a); and (ii) the agency's final decision or order. With the permission of the court, the record may be shortened by stipulation of all parties to the review proceedings. Any party unreasonably refusing to stipulate to limit the record may be taxed by the court for such additional costs as may be occasioned by the refusal. The court may require or permit subsequent corrections or additions to the record when deemed desirable.

G. S. 150B-48. Stay of decision.-At any time before or during the review proceeding, the person aggrieved may apply to the reviewing court for an order staying the operation of the administrative decision pending the outcome of the review. The court may grant or deny the stay in its discretion upon such terms as it deems proper and subject to the provisions of G. S. IA-1, Rule 65.

G. S. 150B-49. New evidence.-An aggrieved person who files a petition in the superior court may apply to the court to present additional evidence. If the court is satisfied that the evidence is material to the issues, is not merely cumulative, and could not reasonably have been presented at the administrative hearing, the court may remand the case so that additional evidence can be taken. If an administrative law judge did not make a recommended decision in the case, the court shall remand the case to the agency that conducted the administrative hearing. After hearing the evidence, the agency may affirm or modify its previous findings of fact and final decision. If an administrative law judge made a recommended decision in the case, the court shall remand the case to the administrative law judge. After hearing the evidence, the administrative law judge may affirm or modify his previous findings of fact and recommended decision. The administrative law judge shall forward a copy of his decision to the agency that made the final decision, which in turn may affirm or modify its previous findings of fact and final decision. The additional evidence and any affirmation or modification of a recommended decision or final decision shall be made part of the official record.

G. S. 150B-50. Review by superior court without jury.-The review by a superior court of agency decisions under this Chapter shall be conducted by the court without a jury.

G. S. 150B-51. Scope of review.-

(a) Initial Determination in Certain Cases.-In reviewing a final decision in a contested case in which an administrative law judge made a recommended decision, the court shall make two initial
determinations. First, the court shall determine whether the agency heard new evidence after receiving the recommended decision. If the court determines that the agency heard new evidence, the court shall reverse the decision or remand the case to the agency to enter a decision in accordance with the evidence in the official record. Second, if the agency did not adopt the recommended decision, the court shall determine whether the agency's decision states the specific reasons why the agency did not adopt the recommended decision. If the court determines that the agency did not state specific reasons why it did not adopt a recommended decision, the court shall reverse the decision or remand the case to the agency to enter the specific reasons.

(b) Standard of Review.-After making the determinations, if any, required by subsection (a), the court reviewing a final decision may affirm the decision of the agency or remand the case for further proceedings. It may also reverse or modify the agency's decision if the substantial rights of the petitioners may have been prejudiced because the agency's findings, inferences, conclusions, or decisions are:

(1) In violation of constitutional provisions;

(2) In excess of the statutory authority or jurisdiction of the agency;

(3) Made upon unlawful procedure;

(4) Affected by other error of law;

(5) Unsupported by substantial evidence admissible under G. S. 150B-29(a), G. S. 150B-30, or 150B-31 in view of the entire record as submitted; or

(6) Arbitrary or capricious.

G. S. 150B-52 Appeal; stay of court's decision-A party to a review proceeding in a superior court may appeal to the appellate division from the final judgment of the superior court as provided in G.S. 7A-27. Pending the outcome of an appeal, an appealing party may apply to the court that issued the judgment under appeal for a stay of that judgment or a stay of the administrative decision that is the subject of the appeal as appropriate.

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.
MOTOR VEHICLE DEALER LICENSE

MINIMUM REQUIREMENTS

☐ Have an "established salesroom" (RETAIL) containing at least 96 square feet of floor space in a permanent, enclosed building, or structure, which is separate and apart from any living quarters, residence, or other business and having separate entrance.

☐ Have an "established office" (WHOLESALE) containing at least 96 square feet of floor space in a permanent, enclosed building or structure which is accessible to Division personnel and is a place where books, records and files are required to be kept.

☐ Established salesroom and/or established office is required to be in compliance with all state, county and municipal zoning ordinances or regulations.

☐ A sign designating the trade name of the business in block letters not less than three inches in height on a contrasting background.

☐ Must furnish a corporate surety bond, cash bond or fixed valued equivalent of such bond in the amount of fifty thousand dollars ($50,000.00) for one established salesroom, and twenty-five thousand dollars ($25,000.00) for each additional established salesroom.

☐ 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 as it would appear on the dealer license certificate.

☐ If the business will be conducted as a corporation, articles of incorporation must have been filed with the North Carolina Secretary of State. The first page of the corporate charter must accompany application for license. A foreign corporation must procure a certificate of authority from the North Carolina Secretary of State before being licensed to operate in this State.

☐ Have a comprehensive liability insurance policy or Garage Coverage Form-Automobile Dealer Supplementary Schedule policy number or binder number from the insurance company to cover dealer plates.

☐ Must purchase required local and municipal "Traders" license from municipality and county.

☐ Application for license must accurately describe the physical location of the business such as: street name, street number, city, state and zip code. If a post office box number or rural route number is used, the above information must 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 agents of the Division concerning records and sales transactions.

☐ Any officer of a corporation, partner or owner of a business who has been convicted of an offense of receiving or transferring stolen vehicles (G.S. 20-106), fraud in connection with rental vehicles (G.S. 20-106.1), injuring or tampering with vehicles (G.S. 20-107), or making false affidavit-perjury (20-112) within five years next preceding the date of filing the application for license; or having been convicted in the past of a felony involving moral turpitude under the laws of this State, another state, or the United States, will not be eligible for a dealer's license.

☐ Applicants for "used motor vehicle" dealer's license must show proof that within the last (12) months they have completed a 12-hour licensing course approved by the Division if seeking an initial license, and a 6-hour course approved by the Division if seeking a renewal license. These educational requirements do not apply to the following: 1.) Used motor vehicle dealer (applicants) who under G.S.143-143.11 who complies with the education requirements of G.S. 143-143.11B; 3.) Persons age 62 or older as of July 1, 2002 who are seeking a renewal license. NOTE: Effective July 1, 2002

☐ Prior to license being issued, all the above requirements must be in compliance and the established salesroom and/or established office must be inspected and approved by an agent of the License & Theft Bureau. The record of inspection must accompany the application for license.

| FEES |
|-----------------|----------------|
| Dealer License Certificate .................. $70.00 |
| Sales Representative ........................ $15.00 |
| Dealer Registration Plate ................... $28.00 each for the first five  
  $14.00 each for additional |
| Dealer Transporter Plates ................... $14.00 each |
| Temporary Markers ............................ $25.00 per set of 25 |

Contact: __________________________ |
Office: __________________________ |
Phone: __________________________ |
APPLICATION FOR DEALER LICENSE AND PLATES

License Number ___________________ Fiscal Year _________

1. Check space which indicates Type of Business

Dealer $70.00 □ Distributor $70.00 □ Factory Branch $100.00 □

or

Distributor Branch

Additional Location $70.00 □ Wholesaler $70.00 □ Manufacturer $150.00 □

The undersigned hereby applies for a license to engage in the business of buying, selling, exchanging, or dealing in motor vehicles or offering or displaying motor vehicles for sale as provided by Article 12, Chapter 20 of the North Carolina General Statutes and gives the following information.

2. Complete Firm Name ________________________________ (PRINT OR TYPE)

3. Address __________________________________________ _________________ Zip Code __________

_________________________________________ (CITY) (STATE)

4. County __________________________________________ Telephone Number __________________________

(AREA CODE)

5. If you hold franchise or manufacture, assemble or distribute motor vehicles give following information:

MAKE __________________________ MANUFACTURER, DISTRIBUTOR OR WHOLESALER __________________________ ADDRESS __________________________

__________________________________________

6. Corporations only: Name of Corp. (if other than firm name) __________________________

Date Incorporated __________________________ State _________ If not incorporated

under Laws of N. C., are you in compliance with N.C.G.S. 55-15.01? Yes □ No □

7. Ownership—Check appropriate block:

Individual □ Partnership □ Corporation □ Limited Liability Co. □

Print or Type age, name, address and title of owner, partners or officers of corporation.

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<td></td>
</tr>
</tbody>
</table>
8. If partnership, date of partnership

9. If a corporation, your title? Are you authorized to bind the corporation by your signature?

10. List additional locations within North Carolina owned by you at which motor vehicles are sold.

(IF ADDITIONAL SPACE IS NEEDED ATTACH SEPARATE SHEET)

11. How many qualifying sales representatives do you have employed?

Qualifying Sales Representative—A person who works at least 25 hours per week on a regular basis and is compensated by the dealer for this work.

12. If a business is to be operated under any designation, name or style, other than the real name of the owner, or owners or under its corporate name, an "assumed" name must be filed with the Register of Deeds in the County in which the business is to be operated and proof of that filing must accompany this application. Is it attached?

13. Applicant's home addresses during the past 5 years

14. State your previous businesses or occupations and addresses during the last 5 years

(LIST FIRMS OR ORGANIZATIONS AND POSITIONS HELD, WITH DATES)

15. An "established salesroom" as defined by Statute means an office containing at least 96 square feet in a permanent enclosed building, with a sign in block letters not less than three (3) inches high designating the trade name of the business and at which a permanent business of trading, bartering, and selling motor vehicles will be carried on in good faith.

Does your office meet the requirements of an "established salesroom"? (Retail)

An "established office" as defined by Statute means an office containing at least 96 square feet in a permanent enclosed building is a place where the books, records, and files required by the Division under this Article are kept.

Does your office meet the requirements of an "established office"? (Wholesaler)

Will applicant in good faith carry on said business and keep and maintain the books, records, and files which will be available at all reasonable hours to inspection by the Commissioner of Motor Vehicles or any of his Inspectors or duly appointed agents?

16. If application is for a "used motor vehicle dealer license", has applicant within the last twelve (12) months completed a 12-hour licensing course approved by the Division as required by N.C. G.S. 20-288(A1). If yes, attach copy of certificate. (Note: Effective July 1, 2002)
17. Will applicant keep a book or record of the purchase, sale or exchange, or receipt for the purpose of sale, of any motor vehicle, a description of such motor vehicle, together with the name and address of the seller, the purchaser and the alleged owner or other person from whom such motor vehicle was purchased or received or to whom it was sold or delivered, as the case may be? 

Such description shall include the identification number, and such other numbers or identification marks as may be thereon and shall also include a statement that a number has been obliterated, defaced or changed, if such is the fact and shall be maintained for five (5) years.

18. Before a dealer’s license can be issued, the location and type of business must be in compliance with all zoning ordinances or regulations. Have you determined from the proper authorities that your dealership and its location is in compliance with the zoning ordinances or regulations?

19. Regulations require that you purchase all Local “Traders” License before the Division may issue a dealer’s license. Have you complied with this regulation?

20. Have you ever been convicted of an offense of receiving or transferring stolen vehicles (G.S. 20-106), fraud in connection with rental vehicles (G.S. 20-106.1), injuring or tampering with vehicles (G.S. 20-107), making false affidavit-perjury (20-112) or odometer fraud (G.S. 20-343), within five years next preceding the date of filing this application for license; or have you ever been convicted in the past of a felony involving moral turpitude under the laws of this State, another state, or the United States? 

Yes __________ No _______

21. Has any applicant (which shall include any partner or corporate officer) ever been refused, or had a dealer’s license certificate revoked or suspended? 

If yes, attach statement giving facts.

22. Do you as an applicant understand that you must endorse the application for each sales representative employed by you and that you are responsible for the acts of all sales representatives employed by you while acting as your agent?

23. North Carolina Law (G.S. 20-290) requires a motor vehicle dealer to specify the location of each place of business occupied or to be occupied.

After having been issued a license and you plan to relocate or terminate your business, will you notify your local Motor Vehicle Inspector or the Division prior to relocating or terminating such business?

24. Will applicant have in his possession a duly assigned certificate of title from the owner of each motor vehicle in accordance with the provisions of Chapter 20 of North Carolina General Statutes from the time when the motor vehicle is delivered to him until it has been disposed of by him?

25. Will applicant see to it that all motor vehicles in his possession are operated with proper license plates attached?

26. Will applicant comply with the laws and regulations governing the use of dealer license plates?

27. Is applicant familiar with provisions of applicable laws and DMV regulations?

28. Prior to the issuance or renewal of a motor vehicle dealer, manufacturer, distributor, distributor branch, factory branch license or wholesaler, the applicant must have on file with the Commissioner of Motor Vehicles a surety or cash bond in the amount of $50,000 or the fixed equivalent thereof.

Is bond attached _______ What type? _______

29. If application is for an additional location, applicant must have on file with the Commissioner of Motor Vehicles a surety or cash bond in the amount of $25,000 or the fixed equivalent thereof.

Is bond attached? _______ What type? _______
CERTIFICATION

I certify that, as proprietor, partner, or corporate officer of this firm, I have authority to sign and submit this application and the statements contained therein are true and correct.

I further certify on behalf of said firm, including myself, that every owner, partner or corporate officer is familiar with the North Carolina Motor Vehicle Dealers and Manufacturers Licensing Law and with other North Carolina laws governing the conduct and operation of the business for which license is sought; and will comply with the provisions of these laws and with all lawful regulations of the North Carolina Division of Motor Vehicles; and further, will cooperate with the Division of Motor Vehicles in eliminating fraudulent sales, the employment of fraudulent devices, methods or practices, unfair competition, deceptive or misleading advertising and particularly the advertisement for sale of used motor vehicles as new motor vehicles.

I hereby certify that neither myself nor any other owner, partner or corporate officer has been convicted of receiving or transferring stolen vehicles (GS 20-106), fraud in connection with rental vehicles (GS 20-106.1), injuring or tampering with vehicles (GS 20-107), making a false affidavit-perjury (GS 20-112), or odometer fraud (GS 20-343), within five years next preceding the date of filing this application for license; nor have I ever been convicted in the past of a felony involving moral turpitude under the laws of this state, another state or the United States.

Complete
Firm Name
Signature

Date
Title

ACKNOWLEDGMENT

Date
County
State
Sworn to and Subscribed before me this day by _____________________________________________________________________________ (name principal).
Notary
Signature
Notary Printed or Typed Name

(SEAL)
My Commission Expires

FEES AND INSURANCE CERTIFICATION

Dealer License Certificate..................$  
Check type Dealer Plate: ID □ FD □ TP □
   □ MD □ XD □ MF □
   □ First five (5) plates at $28.00 each ..........$  
   □ Additional Plates at $14.00 each ...............
   □ Check block and complete ENF-404 if
     □ more than one classification of plates
     is desired..............................................$  
   □ Sales, factory and distributor ..................$  
   □ representative licenses at $15.00 each
   □ Sets of 25 Temporary Markers at
     $25.00/set.................................................$  
TOTAL FEES PAID ...........................................

MAKE CHECKS PAYABLE TO——
N. C. DIVISION OF MOTOR VEHICLES

This is to certify that I have liability insurance with

___________________________________________

Policy Number

as required by the North Carolina Financial Responsibility Act of 1957, and certify that there has not been a license plate Revocation.

*In counties where a Special Registration tax has been authorized, an additional fee for each plate may be due.

**The fee for the first five dealer plates is $28.00 each. All plates purchased after the first five will be $14.00 each.
**RENEWAL APPLICATION**  
FOR DEALER LICENSE AND PLATES

<table>
<thead>
<tr>
<th>LICENSE NUMBER</th>
<th>TYPE OF LICENSE</th>
<th>FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **FIRM NAME AND ADDRESS**  
PRINT OR TYPE ANY CHANGE OF NAME AND/OR ADDRESS

| TELEPHONE NUMBER (___________) |
| AREA CODE                      |

2. **FRANCHISE**  
PRINT OR TYPE ANY CHANGE OF FRANCHISE

<table>
<thead>
<tr>
<th>ADDED</th>
<th>DROPPED</th>
</tr>
</thead>
</table>

3. **OWNERSHIP: (Check appropriate block)**  
INDIVIDUAL ☐  PARTNERSHIP ☐  CORPORATION ☐  LLC ☐

LIST NAME, ADDRESS, AND TITLE OF OWNER, PARTNER OR OFFICERS OF CORPORATION (Use reverse side if needed)

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>TITLE</th>
</tr>
</thead>
</table>

4. Have you ever been convicted of an offense of receiving or transferring stolen vehicles (GS 20-106), fraud in connection with rental vehicles (GS 20-106.1), injuring or tampering with vehicles (GS 20-107), making a false affidavit-perjury (GS 20-112), or odometer fraud (GS 20-343), within five years next preceding the date of filing this application for license; or have you ever been convicted in the past of a felony involving moral turpitude under the laws of this State, another state, or the United States?

Yes ☐  No ☐  If yes, attach statements.

5. If application is for renewal of "used motor vehicle dealer license," has applicant within the last twelve (12) months completed a six-hour licensing course approved by the Division as required by G.S. 20-288(A1)? If yes, attach copy of certificate. *(Note: effective July 1, 2002)*

6. I certify that, as proprietor, partner or corporate officer of this firm, I have authority to sign and submit this application and the statements contained therein are true and correct.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
<th>DATE</th>
</tr>
</thead>
</table>

**FEES AND INSURANCE CERTIFICATION**

** License Certificate ...................................... $.................................
** Dealer Plates at $28.00 ......................... $.................................
** Additional Plates at $14.00 each .............. $.................................
** Check block and complete LT-405 if
☐ more than one classification of plates is desired ......................................... $.................................
☐ Sales, factory and distributor representative licenses at $15.00 each .................. $.................................

TOTAL FEES PAID ........................................ $.................................

*In counties where a Special Registration Tax has been authorized, an additional fee for each plate will be due as indicated:

**The fee for the first five dealer plates is $28.00 each. All plates purchased after the first five will be $14.00 each.

<table>
<thead>
<tr>
<th>FULL YEAR</th>
<th>3/4 YEAR</th>
<th>1/2 YEAR</th>
<th>1/4 YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.00</td>
<td>$3.75</td>
<td>$2.50</td>
<td>$1.25</td>
</tr>
</tbody>
</table>

MAKE CHECK PAYABLE TO—  
N. C. DIVISION OF MOTOR VEHICLES

This is to certify that I have liability insurance with

______________  
Policy Number

as required by the North Carolina Financial Responsibility Act of 1957, and certify that there has not been a license plate revocation.
Have any of your current plates been lost, stolen, mutilated or are no longer in your possession?  Yes ☐ No ☐ If yes, list plates on the lower portion of form.

<table>
<thead>
<tr>
<th>Check type of plates requested:</th>
<th>SPECIFY QUANTITY OF PLATES AND FEES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID ☐  FD ☐  MD ☐</td>
<td>First 5 plates at $28.00 each $</td>
</tr>
<tr>
<td>MF ☐  XD ☐  TP ☐</td>
<td>Additional plates at $14.00 each $</td>
</tr>
<tr>
<td></td>
<td>Dealer Transporter plates at $14.00 each $</td>
</tr>
</tbody>
</table>

I certify that I have financial responsibility as required by law.

INSURANCE COMPANY AUTHORIZED IN N.C.  POLICY NUMBER

I certify that as proprietor, partner or corporate officer, I have authority to sign and submit this application and the statements contained therein are true and correct.

SIGNATURE  DATE

G.S. 20-294 provides that a license may be denied, suspended or revoked if a material misstatement was made in application for license.

FOR OFFICE USE ONLY

Plate(s) issued

Check Applicable Block Below

<table>
<thead>
<tr>
<th>Plate(s)</th>
<th>Lost ☐</th>
<th>Stolen ☐</th>
<th>Mutilated ☐</th>
</tr>
</thead>
</table>

Plate(s) issued

I swear or affirm that the information contained herein is true and correct to the best of my knowledge.

SIGNATURE  DATE

* In counties where a Special Registration Tax has been authorized, an additional fee for each plate may be due.

** The fee for the first five dealer plates is $28.00 each. All plates purchased after the first five plates are $14.00 each.
APPLICATION
FOR SALES REPRESENTATIVE LICENSE

(EXPIRATION DATE) (LICENSE CLASSIFICATION)

DRIVER’S LICENSE NUMBER FEE

NAME
STREET
CITY-STATE

BIRTH DATE RACE WEIGHT COLOR HAIR
CUSTOMER ID SEX HEIGHT COLOR EYES

YES NO

Qualifying sales representative works for a dealer at least 25 hours a week on a regular basis and is compensated by the dealer.

ENDORSEMENT BY EMPLOYER

I hereby certify that the person named on this application was employed as a sales representative by the undersigned on (fill in date for original applications only)

MTH DAY YR.

AS EMPLOYER I UNDERSTAND THAT I AM RESPONSIBLE FOR THE ACTS OF ALL SALES REPRESENTATIVES EMPLOYED BY ME WHILE ACTING AS MY AGENT

BUSINESS NAME CITY LIC NO.

SIGNATURE OF EMPLOYER DATE

CERTIFICATION BY EMPLOYER

I hereby certify I have not been convicted of an offense set forth under G. S. 20-106, 20-106.1, 20-107 or 20-112 within 5 years next preceding the date off filing the application; or being convicted of a felony involving moral turpitude under the laws of this State, another state, or the United States, I further certify that I have never been refused or had a license issued under the Dealer Licensing Act suspended or revoked and that I am familiar and will comply with all the laws and regulations governing the conduct of motor vehicle salesmen or representatives and will cooperate with the Division in administering the North Carolina Motor Vehicle Dealers and Manufacturing Act, and information and certification contained in this application are true and correct to the best of my knowledge and belief.

SIGNATURE OF APPLICANT
MOTOR VEHICLE DEALER BOND EXEMPT CERTIFICATION

This is to certify that I am a licensed motor vehicle dealer, licensed to do business under Article 12, Chapter 20 of the North Carolina General Statutes and by being licensed under this Article, I am required by G.S. 20-288(e) to file with the Commissioner of Motor Vehicles a $50,000 bond.

I hereby request that I be declared exempt from filing the $50,000 bond with the Commissioner of Motor Vehicles as provided for in G.S. 20-288(e). By being declared exempt, I certify that I will not engage in the business of buying, selling, trading, advertising for sale, or in any way offering for sale any type of motor vehicle or vehicles except trailers with an empty weight of 4,000 lbs. or less.

I fully understand that if I should offer to buy, sell, trade, or advertise for sale a motor vehicle or a trailer with an empty weight of 4,000 lbs. or more to another person, firm, or corporation, I will, prior to offering for sale or trade, file with the Commissioner of Motor Vehicles a $50,000 bond as required in G.S. 20-288(e) and failure to do so will result in the cancellation of my dealer license certificate, dealer license plates, and be subject to criminal indictment.

I certify that I have read and understand the Motor Vehicle Dealer Bond Exemption Certification.

WITNESSED BY:

__________________________
Name of Business

__________________________
Inspector
License & Theft Bureau
N.C. Division of Motor Vehicles

Signature
(Owner, Partner, or Corporate Officer)

APPROVED BY:

__________________________
Date

__________________________
Inspector
License & Theft Bureau
N.C. Division of Motor Vehicles

DECLARED EXEMPT BY: ________________________________

DATE: ________________________________
INTRODUCTION: The current insurance and financial marketplace has greatly increased the scrutiny by Surety Bond Companies as they consider your application for a dealer’s bond. This article should assist you in understanding what a bond company is seeking from you before you make application for this required coverage. Requirements do vary somewhat between bond companies. This is a general overview.

Q. What are the basic underwriting or selection criteria for a dealer’s surety bond?

A. Properly completed application and good credit. They also prefer that you have experience in the business.

Q. What kind of credit issues would prevent me from getting a bond?

A. Most bond companies require a 680 or better Experian score for their “standard” bonds. Specifically, you will have trouble getting a bond if you have liens, judgements, or a bankruptcy; you have high revolving debt or high overall debt; you have collections; you have habitual or excessive delinquencies; you have a large number of inquiries. You will probably be declined if you have had an automobile repossessed or are in arrears on child support.

Q. Are there requirements other than the good credit score?

A. Yes! Ideally, the applicant will have assets equal to 5 times the amount of the bond AND own real estate.

Q. What if I have no credit history?

A. You may be asked to complete a financial statement. Your real estate, cash, investments and other assets will be considered.

Q. If an applicant for a bond does not have good credit or assets, are there companies that will accept a co-signer?

A. There are very few bond companies that will accept co-signers and those “co-sign” programs are rapidly disappearing from the marketplace. If you find a company that does, you should expect to pay approximately $2000.00 per year for a bond AND the co-signer MUST have near-spotless credit and have assets equal to 7 to 10 times the amount of the bond. Generally only family members are accepted as co-signers. Also, remember that in the event of a claim, the co-signer will be responsible for reimbursing the bond company for any claims paid.

Q. What if I don’t have a co-signer and my personal credit is unacceptable?

A. The only options are to either post a cash bond with the state equal to the bond requirements, or the “instant issue market” for bonds. With “instant issue”, the applicant must post collateral in an amount equal to 10% of the bond (example: $5,000.00 for a $50,000.00 bond) and expect to pay at least $5,000.00 per year for 3 years. Some bond companies may require payment of the collateral and the 3 years bond payment in advance of issuing the bond! Some will allow payments one year at a time. Keep in mind that if you are required to post collateral on your bond, the bonding company holds that collateral until your credit has improved or for at least 6 months after the bond period has expired.

Q. If I am considering a partnership, what if one partner’s credit is good and one partner’s is bad?

A. The rates will be based upon the credit history and assets of the partner with BAD CREDIT. It will still be considered as high risk though the 10% collateral “instant issue market” bond may not become necessary. Bond amounts in this case might run from $1000.00 to $1500.00 per year or more!

Q. What if I’m incorporated or a LLC? If one officer has bad credit and the other 2 or 3 have good credit? How will that be treated?

A. Usually, if two or three of the officers have clean credit and assets, the bonding company will treat the application as “standard” and you should expect to pay somewhere around $500.00 or so per year for the surety bond. The bond company will require personal financial statements and an indemnity (guarantee of payment for a bond claim) from all owners of 10% or more of the dealership.

Q. If I have a good credit score and assets, what should I expect to pay for a bond?

A. In North Carolina, for a $50,000.00 bond, you should expect to pay somewhere between $500.00 and $800.00 for a 3-year bond or approximately $200.00 per year. For a $15,000.00 bond (South Carolina) you should pay approximately $375.00 to $400.00 for a 3-year bond or about $125.00 per year. As a general rule of thumb, a dealer with an acceptable credit history should expect to pay from 3% to 7% of the bond amount annually. As an example, on a $50,000.00 bond the dealer might pay from $150.00 (3%) per year up to $350.00 (7%) per year.
Q. Why are motor vehicle dealer bonds more expensive than other types of bonds?

A. Bonds for motor vehicle dealers are considered to be one the higher risk classes of bonds. They are a "financial guarantee" class of bond and the claims frequency is high. This makes it hard for new, inexperienced or poorly funded dealerships to qualify for the "standard" bond market. Basically, the bond company wants to know if the applicant, if necessary, could walk into a bank and obtain a $60,000.00 unsecured loan to repay the bond company after a claim. If their credit or personal assets would not allow them to do so, they will not qualify for the "standard" bond market.

Q. What are the bond companies seeing from bond applicants that creates difficulties?

A. For some reason, the applicants will report "clean credit" on their application when in many cases they've had bankruptcies, foreclosures and "write-offs" on unsecured credit card debt. In short, applicants for dealer bonds are not making accurate representations on their bond applications. This causes the bond company to be wary of issuing a bond under any program to the applicant.

Q. So? Any advice if I suspect that my personal credit will be a barrier to obtaining a bond?

A. Check your own personal credit history before you apply.

Consider a corporation or LLC as the method to organize your dealership and ensure that those officers and partners have "clean credit". Complete the application accurately, honestly and legibly - no abbreviations. Don't apply for a bond with multiple bond companies at once. Each application will trigger a credit check that will further lower your credit score. If you are declined, do not resubmit your application with a different business name, address, etc. As a general rule of thumb, most bond underwriters would rather have good credit with no experience than experience with bad credit!

Q. Once I've got my bond, do I need to be concerned about renewing it?

A. Yes! If you have a claim against your bond, it will not be renewed. When your bond comes up for renewal, the Bond company may look at your credit again, so keep your credit current and "clean". Most importantly, operate your business in compliance with all local, state, and federal laws.
MOTOR VEHICLE DEALER'S SURETY BOND INSTRUCTIONS

1. Every applicant for a motor vehicle dealer's license must file with such application an executed surety bond in the amount of Fifty Thousand and No/100 Dollars ($50,000.00). Exception: Dealers selling only trailers of 4,000 pounds or less and manufacturers of, or dealers in, mobile or manufactured homes who furnish a bond pursuant to G.S. 143-143.12 are exempt from filing bond.

2. A firm, corporation or individual owning more than one motor vehicle dealership in North Carolina may declare one of the locations as the principal place of business and file a $50,000.00 bond. The other locations owned by the same firm, corporation or individual may file a $25,000.00 bond for each additional location.

3. The North Carolina Division of Motor Vehicles has prescribed a standard form of bond for motor vehicle dealer - Motor Vehicle Dealer's Surety Bond (Form LT-409) which is set forth on the reverse side hereof.

4. This bond must be executed by the principal (Dealer) and surety (Bond Company) and filed with the North Carolina Commissioner of Motor Vehicles at the time of applying for a motor vehicle dealer's license. Applications for dealer's license will not be acted upon until the application, bond and all other required documents are filed, and the appropriate fees paid to the North Carolina Division of Motor Vehicles.

5. The bond must be signed by either the owner, partner or corporate officer of the dealership (Principal).

6. The bond must be signed by a surety company authorized to do business in North Carolina. If signature is by an agent or an attorney-in-fact, a certified copy of Power of Attorney must be attached to the surety bond, or a continuing copy of his appointment must be on file with the Division.

7. The bond must be effective either prior to or at the date of filing of application for license.

8. A change of ownership requires a new bond. A rider will suffice for a change of name and/or change of town address.
Dealer Certificate Number

NORTH CAROLINA DIVISION OF MOTOR VEHICLES

MOTOR VEHICLE DEALER CASH BOND

MEMORANDUM OF UNDERSTANDING

NORTH CAROLINA DIVISION OF MOTOR VEHICLES and ________________________________

This agreement, made and entered into the ______ day of ____________, 20____, between the North Carolina Division of Motor Vehicles, hereinafter referred to as DMV and ________________________________

______________________________, hereinafter referred to as the Company.

WITNESSETH

Whereas, DMV in implementation of G. S. 20-288(e) requires that the Company, in order to renew a license or to obtain a license furnish a bond; and

Whereas, it is mutually agreeable between DMV and the Company that the Company will furnish a cash bond in the principal sum of fifty thousand dollars ($50,000) and an additional principal sum of twenty-five thousand dollars ($25,000) for each additional location within this State at which motor vehicles are sold, for a total amount of $____________________ and subject to the following conditions:

1. Cash bonds must be approved by the Commissioner of Motor Vehicles and will be deposited with DMV, in compliance with G. S. 20-288(e) and may be used by DMV to indemnify any person who may be aggrieved by fraud, fraudulent representation or violation of Article 12 of Chapter 20 of the General Statutes of North Carolina by said Company, salesmen, or representatives acting for such Company, within the scope of the employment of such salesmen or representatives.

2. That the cash bond will remain in effect and held by DMV from license year to license year and upon revocation, suspension or withdrawal of license, either voluntary or involuntary, will remain on deposit with DMV for a period of three (4) years from the effective date of revocation, suspension or withdrawal pursuant to G. S. 1-52.

Now, therefore, in consideration of the benefits accruing to the Company and DMV, same do hereby set their hands and seal this the ______ day of ________________________, 20___.

______________________________

By:

North Carolina Department of Transportation
Division of Motor Vehicles

Sworn to before me and subscribed in my presence this ______ day of______________, 20__.

______________________________

NOTARY PUBLIC

My commission expires: ___________________
NORTH CAROLINA DIVISION OF MOTOR VEHICLES

MOTOR VEHICLE DEALER SURETY BOND

Please read instructions on reverse side before executing bond.

BOND NUMBER _______________ EFFECTIVE DATE _______________ TIME _____ (A.M.) (P.M.)

KNOW ALL MEN BY THESE PRESENTS: That we, _______________, (FIRM NAME AS LICENSED)

as Principal and _______________, as Surety

are duly authorized to do business within the State of North Carolina, as Surety, are held and firmly bound to indemnify any person who may be aggrieved by fraud, fraudulent representation or violation by said Principal or sales representatives acting for such Principal within the scope of the employment of such sales representatives of any of the provisions of Articles 12 and 15 of Chapter 20 of the North Carolina General Statutes in the amount of Fifty Thousand Dollars ($50,000) and Twenty-Five Thousand Dollars ($25,000) for each additional place of business within this State at which motor vehicles are sold, lawful money of the United States of America, for payment of which we bind ourselves, jointly and severally, our joint and several heirs, executors, administrators, successors and assigns; provided that the aggregate liability under this bond shall not exceed _______________ Thousand Dollars ($ _______ ) for each license year for which the bond is effective.

WHEREAS, the Principal desires that a motor vehicle dealer's license be issued and thereafter reissued from time to time by the Commissioner of the North Carolina Division of Motor Vehicles; and

WHEREAS, the bond executed by the Principal and Surety is filed with the Commissioner in compliance with G.S. 20-288(e), to enable the Principal to obtain a license from the Division of Motor Vehicles under the provisions of that law.

NOW, THEREFORE, this bond is conditioned on the Principal's promise to faithfully conform to and abide by the provisions of Articles 12 and 15 of Chapter 20 of the North Carolina General Statutes.

This bond may not be cancelled by the Surety unless: (1) the Principal has terminated the operations or its business or its license has been denied, suspended or revoked under G.S. 20-284; (2) there is a nonpayment of the premium in accordance with the terms for the issuance of the surety bond and the Surety has complied with the requirements of G.S. 20-288(o); or (3) an act or omission by the license holder or his representative that constitutes a substantial and material misrepresentation or nondisclosure of a material fact in obtaining the surety bond or renewing the bond and the Surety has complied with the requirements of G.S. 20-288(f). The Surety may refuse to renew a surety bond by providing written notice of nonrenewal to the license holder and to the Commissioner not less than 30 days prior to the premium anniversary date of the surety bond under the requirements of G.S. 20-288(g). Cancellation under (1), (2), and (3) may be had only upon 30 days' written notice to the Commissioner of Motor Vehicles by the Surety and shall not affect any liability incurred or accrued prior to the termination of such 30 day notice period. Cancellation for nonpayment of premium under (2) is not effective if the amount due is paid before the effective date set forth in the notice of cancellation required under the guidelines set forth in G.S. 20-288(f). The nonrenewal of a surety bond shall not affect any liability incurred or accrued prior to the premium anniversary date of the surety bond.

__________________________  ____________________________
(PRINCIPAL)  (SURETY)

__________________________  ____________________________
(TITLE)  (ADDRESS)

__________________________
(BY:)

__________________________
(TITLE)
NORTH CAROLINA DIVISION OF MOTOR VEHICLES

MOTOR VEHICLE DEALER CERTIFICATE OF DEPOSIT

MEMORANDUM OF UNDERSTANDING

NORTH CAROLINA DIVISION OF MOTOR VEHICLES and

This agreement, made and entered into the __________ day of ______________________, 2_____, between the North Carolina Division of Motor Vehicles, hereinafter referred to as DMV and ________________________________, hereinafter referred to as the Company.

WITNESSETH

Whereas, DMV in implementation of G.S. 20-288(e) requires that the Company, in order to renew a license or to obtain a license furnish a bond; and

Whereas, it is mutually agreeable between DMV and the Company that the Company will furnish a Certificate of Deposit in the principal sum of fifty thousand dollars ($50,000) and an additional principal sum of twenty-five thousand dollars ($25,000) for each additional location within this State at which motor vehicles are sold, for a total amount of $__________________ and subject to the following conditions:

1. Certificates of Deposit (C. D.) must be approved by the Commissioner of Motor Vehicles as to form and terms of deposits as will secure the ultimate beneficiaries of the C. D.; and such C. D. shall not be available for delivery to any person contrary to the rules of the Commissioner.

2. Certificates of Deposit (C. D.) will be deposited with DMV, in compliance with G.S. 20-288(e), made payable to DMV, and may be cashed by DMV to indemnify any person who may be aggrieved by fraud, fraudulent representation or violation of Article 12 of Chapter 20 of the General Statutes of North Carolina by said Company, salesmen, or representatives acting for such Company, within the scope of the employment of such salesmen or representatives.

3. That the Certificate of Deposit will remain in effect, payable to DMV from license year to license year and upon revocation, suspension or withdrawal of license, either voluntary or involuntary, will remain on deposit with DMV for a period of three (4) years from the effective date of revocation, suspension or withdrawal pursuant to G.S. 1-52.

Now, therefore, in consideration of the benefits accruing to the Company and DMV, same do hereby set their hands and seal this the __________ day of ______________________, 2_____

______________________________

By:

North Carolina Department of Transportation
Division of Motor Vehicles

By:

Sworn to before me and subscribed in my presence this
day of ______________, 2_____.

______________________________
NOTARY PUBLIC

My commission expires: ____________________
FLOOR PLAN LIEN DISCLOSURE STATEMENT

I hereby certify that _______________ has a floor plan lien on the following described vehicle:

MAKE: ______________________________________
MODEL: ______________________________________
STYLE: ______________________________________
VIN: ________________________________________

And the Manufacturer’s Certificate of Origin or title for this vehicle is located at: __________________________
_________________________________________, and in the custody of ________________________________.

The Manufacturer’s Certificate of Origin or title may be inspected by an authorized agent of the North Carolina Division of Motor Vehicles at any time during normal business hours.

I, of __________________________, certify that I have read N. C.G.S. 20-52.1 and N.C.G.S. 20-72 and fully understand that the law requires the seller of a motor vehicle to deliver the Manufacturer’s Certificate of Origin or title to that vehicle, properly assigned, at the time the vehicle is delivered and I understand that this floor plan lien disclosure statement is required to be maintained at the sales office of the dealership with other records.

__________________________________________  ____________________________________________
NAME OF LIENHOLDER                          NAME OF DEALERSHIP

By: _______________________________  By: _______________________________
SIGNATURE OF AUTHORIZED PERSON               SIGNATURE OF AUTHORIZED PERSON

Date: _______________________________  Date: _______________________________
AFFIDAVIT

This is to certify that I have the authority to sign for ____________________________
Dealership
and that the answers given to the following questions are true and correct.

What is the average number of qualifying sales representatives you have employed during the
previous twelve (12) months (January 1st through December 31st)? ________________

Qualifying sales representative: A person who works twenty-five (25) hours per week on a regular
basis and is compensated by the dealer for this work.

How many vehicles were sold by your dealership in the previous twelve (12) months (January 1st
through December 31st)? ________________

Note: A sale requires a transfer of ownership and a re-assignment of title.

I understand that any false or incorrect statement may result in the revocation of my dealer license.

________________________
Signature

________________________
Date

________________________
Witness or Notary
North Carolina Division of Motor Vehicles

DEMONSTRATION PERMIT FOR USE OF DEALER PLATE

VOID IF ALTERED

I/we, the undersigned, a licensed dealer in the State of North Carolina, do hereby state that the vehicle described below is the property of the undersigned dealer and that it and the dealer plate designated are loaned to the person indicated for a period of 96 hours from the time indicated. This permit may be renewed by the issuing dealer for an additional 96-hour period by good cause being shown. It is further stated that no compensation has or will be received for the use of this vehicle or dealer plate.

Vehicle and plate issued to ________________________________

Address _____________________________________________

Driver License Number(s) _______________________________

Make of vehicle _______________________________________

Vehicle Serial number _________________________________

Dealer plate number ___________________________________

Date of issuance ___________________ Hour ______ A.M. ______ P.M.

Vehicle & plate must be returned by _______ Hour ______ A.M. ______ P.M.

DEALER'S NAME AND ADDRESS

By: ________________________________________________

(AUTHORIZED REPRESENTATIVE)

It is agreed the vehicle and the dealer plate will be returned by the above date and time.

(SIGNATURE OF PERSON RECEIVING VEHICLE)

Renewal date of this permit _______________ Hour ______ A.M. ______ P.M.

Vehicle & plate must be returned by _______ Hour ______ A.M. ______ P.M.

Notice to Dealer and Operators

This permit and a copy of the registration card must be in the possession of the operator at all times. This permit may be renewed for one additional 96 hour period by good cause being shown as required under North Carolina General Statute 20-79.

Issue in duplicate. Original to be given to the operator of the vehicle.

Copy to be retained by the issuing dealer.
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       VIN NUMBER

DEALER STOCK NUMBER (Optional)

WARRANTIES FOR THIS VEHICLE:

☐ IMPLIED WARRANTIES ONLY

This means that the dealer does not make any specific promises to fix things that need repair when you buy the vehicle or after the time of sale. But, state law “implied warranties” may give you some rights to have the dealer take care of serious problems that were not apparent when you bought the vehicle.

☐ WARRANTY

☐ FULL ☐ 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 document for a full explanation of warranty coverage, exclusions, and the dealer’s repair obligations. Under state law, “implied warranties” may give you even more rights.

SYSTEMS COVERED:

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

DURATION:

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

☐ SERVICE CONTRACT. A service contract is available at an extra charge on this vehicle. Ask for details as to coverage, deductible, price, and exclusions. If you buy a service contract within 90 days of the time of sale, state law “implied warranties” may give you additional rights.

PRE PURCHASE INSPECTION: ASK THE DEALER IF YOU MAY HAVE THIS VEHICLE INSPECTED BY YOUR MECHANIC EITHER ON OR OFF THE LOT.

SEE THE BACK OF THIS FORM for important additional information, including a list of some major defects that may occur in used motor vehicles.
Below is a list of some major defects that may occur in used motor vehicles.

<table>
<thead>
<tr>
<th>Frame &amp; Body</th>
<th>Brake System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frame cracks, corrective welds, or rusted through</td>
<td>Failure warning light broken</td>
</tr>
<tr>
<td>Dog tracks—bent or twisted frame</td>
<td>Pedal not firm under pressure (DOT spec.)</td>
</tr>
<tr>
<td><strong>Engine</strong></td>
<td>Not enough pedal reserve (DOT spec.)</td>
</tr>
<tr>
<td>Oil leakage, excluding normal seepage</td>
<td>Does not stop vehicle in straight line (DOT spec.)</td>
</tr>
<tr>
<td>Cracked block or head</td>
<td>Hoses damaged</td>
</tr>
<tr>
<td>Belts missing or inoperable</td>
<td>Drum or rotor too thin (Mfg. Specs)</td>
</tr>
<tr>
<td>Knocks or misses related to camshaft lifters and push rods</td>
<td>Lining or pad thickness less than 1/32 inch</td>
</tr>
<tr>
<td>Abnormal exhaust discharge</td>
<td>Power unit not operating or leaking</td>
</tr>
<tr>
<td><strong>Transmission &amp; Drive Shaft</strong></td>
<td>Structural or mechanical parts damaged</td>
</tr>
<tr>
<td>Improper fluid level or leakage, excluding normal seepage</td>
<td><strong>Steering System</strong></td>
</tr>
<tr>
<td><strong>Differenti</strong></td>
<td>Too much free play at steering wheel (DOT specs.)</td>
</tr>
<tr>
<td>Improper fluid level or leakage excluding normal seepage</td>
<td>Free play in linkage more than 1/4 inch</td>
</tr>
<tr>
<td><strong>Cooling System</strong></td>
<td>Steering gear binds or jams</td>
</tr>
<tr>
<td>Leakage including radiator</td>
<td>Front wheels aligned improperly (DOT specs.)</td>
</tr>
<tr>
<td>Improperly functioning water pump</td>
<td>Power unit belts cracked or slipping</td>
</tr>
<tr>
<td><strong>Electrical System</strong></td>
<td>Power unit fluid level improper</td>
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<tr>
<td>Battery leakage</td>
<td><strong>Suspension System</strong></td>
</tr>
<tr>
<td>Improperly functioning alternator, generator, battery, or starter</td>
<td>Ball joint seals damaged</td>
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<tr>
<td><strong>Fuel System</strong></td>
<td>Structural parts bent or damaged</td>
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<tr>
<td>Visible leakage</td>
<td>Stabilizer bar disconnected</td>
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<tr>
<td><strong>Inoperable Accessories</strong></td>
<td><strong>Tires</strong></td>
</tr>
<tr>
<td>Gauges or warning devices</td>
<td><strong>Tread depth less than 2/32 inch</strong></td>
</tr>
<tr>
<td>Air conditioner</td>
<td>Sizes mismatched</td>
</tr>
<tr>
<td>Heater &amp; Defroster</td>
<td>Visible damage</td>
</tr>
<tr>
<td></td>
<td><strong>Wheels</strong></td>
</tr>
<tr>
<td></td>
<td>Visible cracks, damage or repairs</td>
</tr>
<tr>
<td></td>
<td><strong>Exhaust System</strong></td>
</tr>
<tr>
<td></td>
<td>Leaks or missing</td>
</tr>
</tbody>
</table>

**DEALER**

**ADDRESS**

**SEE FOR COMPLAINTS**

**IMPORTANT:** The information on this form is part of any contract to buy this vehicle. Removal of this label before consumer purchase (except for purpose of test-driving) is a violation of federal law (16 C.F.R. 455).
APPLICATION TO REGISTER A BUSINESS OPERATING UNDER AN ASSUMED NAME

STATE OF NORTH CAROLINA

          do hereby certify that the business of

conducted at ___________________________ in the county of ___________________________

State of North Carolina, under the name and style of ___________________________

is owned by _______; and that _______ full name _____ and post office address _____ as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>POST OFFICE ADDRESS</th>
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</tbody>
</table>

Witness _____ hand _____ and seal _____, this _______ day of ________, A.D. 2 ______

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

(Seal)

STATE OF NORTH CAROLINA--County of ___________________________

I, ___________________________

in and for the above named State and County, do hereby certify that this day personally appeared before me

and acknowledged ____________ due execution of the foregoing certificate.

Witness my hand and ________________ seal this _______ day of ________________, A.D. 2 ______

_________________________________
North Carolina Division of Motor Vehicles
Eligible Risk Statement for Registration and Certificate of Title

Non-Fleet Private Passenger Vehicle Owner
(Complete this section only if the vehicle is a non-fleet private passenger vehicle as defined below.)

I/We, ____________________________

am an eligible risk for insurance coverage as defined in G.S. 58.37-1(4a). (See Form MVR-615A)

Providing incorrect or false and misleading information as to the owner’s status as an eligible risk can result in criminal prosecution and the denial of insurance coverage for any loss of the owner under any insurance policies for which application is made pursuant to G.S. 58-2-164.

List qualification number(s) from MVR-615A ____________________________

I/We will inform the insurer before the next policy renewal if I/We cease to be an eligible risk.

_________________________________________  ________________
Signature of owner(s)                              Date

“Other Than” Non-Fleet Private Passenger Vehicle Owner
(Complete this section only if the vehicle is NOT a non-fleet private passenger vehicle as defined below.)

I/We, ____________________________

am an eligible risk for insurance coverage as defined in G.S. 58-37-1(4). (See from MVR-615A)

List qualification number(s) from the MVR-615A ____________________________

_________________________________________  ________________
Signature of owner(s)                              Date

Definition of Non-Fleet Private Passenger Vehicle
(Note, the vehicle must meet both definitions below to be a “non-fleet private passenger vehicle”)

“Private Passenger” motor vehicle means one of the following:

- A motor vehicle of the private passenger or station wagon type that is owned or under a long term lease to the insured and is not used for public transportation or rented to others.

- A pick up truck or van that is owned by an individual, or by a husband and wife, or individuals who are residents of the same household and has a gross vehicle weight (GVW) as specified by the manufacturer of less than 10,000 pounds and is not used for the delivery or transportation of goods or materials, unless the delivery or transportation of goods and material is:
  (a) Incidental to the insured’s business of installing, maintaining, repairing furnishings or equipment; or
  (b) For farming or ranching.

- A motorcycle, motorized scooter or other similar motorized vehicle not used for commercial purposes.

“Non-Fleet” motor vehicle means:

A motor vehicle not eligible for classification as a fleet vehicle for the reason that the motor vehicle is one of four or fewer motor vehicles hired under a long term contract or owned by the insured named in the policy.
MVR-615A

Eligible Risk for purpose of non-fleet private passenger motor vehicle insurance (G.S. 58-37-1(4a))

You are an eligible risk for the purpose of non-fleet private passenger motor vehicle insurance if at least one of the following applies to you:

1. You are a resident of North Carolina who owns a motor vehicle registered or principally garaged in North Carolina. ("Principally garaged" means that the vehicle is garaged for six or more months of the current or preceding year on property in this State which is owned, leased, or otherwise lawfully occupied by you as the owner of the vehicle pursuant to G.S.58-37-1(11))
2. You are a resident of North Carolina and you have a valid driver's license issued by the State of North Carolina.
3. You are required to file proof of financial responsibility under Article 9A or 13 of Chapter 20 of the General Statutes in order to register your vehicle or to obtain a driver's license in this State.
4. You are a nonresident of this State and you own a motor vehicle registered and principally garaged in North Carolina. (See Item 1 above for definition of "principally garaged")
5. You are a nonresident of North Carolina and you are one of the following:
   a) A member of the United States armed forces stationed in this State or deployed outside this State from a home base in this State who intends to return to his or her home state;
   b) The spouse of a nonresident member of the United States armed forces stationed or deployed outside this State from a home base in this State who intends to return to his or her home state; or,
   c) An out-of-state student who intends to return to his or her home state upon completion of his or her time as a student enrolled in school in this State; and/or
6. You are the State of North Carolina and its agencies and cities, counties, towns, and municipal corporations in this State and their agencies.

IMPORTANT NOTICE – Even if one of the above applies to you, YOU SHALL NOT BE DEEMED AN ELIGIBLE RISK if timely payment or premium is not tendered or if there is a valid unsatisfied judgment of record against you for recovery of amounts due for motor vehicle insurance premiums and you have not been discharged from paying the judgment or if you do not furnish the information necessary to effect insurance.

Eligible Risk for purpose of "other than" non-fleet private passenger motor vehicle insurance

You are an eligible risk for the purpose of motor vehicle insurance for a vehicle OTHER THAN a non-fleet private passenger motor vehicle if at least one of the following applies to you:

1. You are a resident of North Carolina who owns a motor vehicle registered or principally garaged in North Carolina. ("Principally garaged" means that the vehicle is garaged for six or more months of the current or preceding year on property in this State which is owned, leased, or otherwise lawfully occupied by you as the owner of the vehicle G.S. pursuant to 58-37-1(11))
2. You are a resident of North Carolina and you have a valid driver's license issued by the State of North Carolina.
3. You are required to file proof of financial responsibility under Article 9A or 13 of Chapter 20 of the General Statutes in order to register your vehicle or to obtain a driver's license in this State.
4. You are a nonresident of this State and you own a motor vehicle registered or principally garaged in North Carolina. (see Item 12 above for definition of "principally garaged") and/or
5. You are the State of North Carolina and its agencies and cities, counties, towns, and municipal corporations in this State and their agencies.

IMPORTANT NOTE – Even if one of the above applies to you, YOU SHALL NOT BE DEEMED AN ELIGIBLE RISK if timely payment or premium is not tendered or if there is a valid unsatisfied judgment of record against you for recovery of amounts due for motor vehicle insurance premiums and you have not been discharged from paying the judgment or if you do not furnish the information necessary to effect insurance.