WHEELS COLORADO
OCT 2000

Newsletter of the Colorado Motor Vehicle Dealer Board and Auto Industry Division
October 2000, Vol. XXVI, No. 5

30 Days To Deliver Title / 60-Day Permits

The 2000 Legislature passed HB 00-1070 authorizing 60-day temporary permits. The Governor signed the bill and it became law effective August 2, 2000. The law lengthened the temporary permit time from 45 to 60 days, it did not change the length of time to deliver titles. **All titles must be delivered within 30 days.** County clerks and dealers may issue a temporary permit for a period of time up to 60 days.

The permit process consists of two different State forms. The temporary permit is completed and then is placed on the vehicle. The second form is the DR2206A, the permit stub. The pink copy of the 3-part permit stub is given to the consumer to use as a temporary registration. The white copy is forwarded to the Colorado Motor Vehicle Traffic Records Section. The yellow copy is retained by the dealer. It is important that the temporary permit and the permit stub be complete and accurate and distributed correctly.

The information on the permit stub is entered into Colorado's Registration Information System. The State is unable to create a temporary registration record if any of the information on the DR2206A is omitted. If there is inaccurate or omitted information on the permit stub, it is a permit violation by the dealer as well as the dealer's records being incorrect.

Salvage Titles and *S* Branded Titles

Application For Salvage Title.

An application for a "Salvage Title", DR2410, must have a box checked indicating the type of damage and the box checked showing that the damage is in excess of the retail fair market value. Upon receipt of the DR2410, a salvage title will be issued. A salvage title does allow the owner to sell it before making repairs. The buyer must establish another salvage title in his name and pay sales tax, unless the buyer is a licensed dealer. Registration or lien filing is not allowed on salvaged vehicles.

Application For *S* Branded Title.

Vehicles being made roadworthy from a salvage title (with a date of sale after 7/1/2000) will require the buyer to complete and present to a certified officer a "Salvage Title Statement of Fact", DR2424 along with receipts for parts used to rebuild the vehicle. The Certified VIN Inspector (peace officer) will sign the DR2424. The DR2424 along with the "Certified VIN Inspection", DR2704 and the "Application For Title", DR2411 must be submitted to the county motor vehicle office. The new title and any subsequent titles issued for that vehicle will have

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Director's Desk by Kirk Martelon, Executive Secretary

The Motor Vehicle Dealer Board is conducting a Board Rule-Making Hearing on October 10, 2000. The hearing will take place during the regularly scheduled Board meeting.

A notice of rule-making has been filed with the Secretary of State containing the proposed new language. Copies of the proposed changes are available. Contact the Board or your association.

Many of the proposed changes are house cleaning in nature such as changing from the "Dealer Section" to the "Auto Industry Division". Other proposed changes include clarifying regulations 12-6-118 (3)(b) and 12-6-118 (5)(b) regarding a "material misstatement".

Clair Villano resigned from the Motor Vehicle Dealer Board in August 2000. Clair had been a public member on the Board since 1996. The Board and the Auto Industry Division staff extend their gratitude and good wishes to Clair.

Governor Owens is expected to name individuals to fill the two vacant public member positions on the Dealer Board in the near future.

Investigation Insight by Mary Marvin, Investigator Supvr.

The 2000 National Odometer and Title Fraud Enforcement Association's annual conference was hosted by Mary Marvin, Supervisory Investigator for the Auto Industry Division, Investigation Section. Over 125 individuals from the United States and Canada attended the conference held in Denver. The attendees included United States Assistant Attorney Generals, U.S. DOT and NHTSA Special Agents, State Patrol Officers from many different states, DMV Administrators from different jurisdictions, Criminal Investigators and Auto Industry Division staff.

The conference covered topics ranging from title document security to the rebuilding of salvage vehicles, computer and handwriting forensics to federal prosecution of odometer and title fraud and organized crime to electronic auctions.

N.O.T.F.E.A.'s purpose is the detection, suppression and prevention of odometer and title fraud.

Title Application For Tax Class A and B Vehicles

House Bill 00-1140 states that the actual purchase price shall be used for the tax value on tax class A and B vehicles. "Such price shall not include any applicable federal excise tax, transportation or shipping costs, or preparation and delivery costs." 42-3-107(1)(a)(III) reads: "For the purposes of this section, actual purchase price means the gross selling price, including all property traded to the seller in exchange for credit toward the purchase of a vehicle.

The actual purchase price and the MSRP must be on the application for title for tax class A and B vehicles. Tax class A includes IRP vehicles and class B includes all trucks, truck tractors, utility trailers (2001 lbs. Or more) and semi-trailers.

Child Support and Dealer / Salesperson Licenses

In 1997, the legislature passed HB97-1205. This bill states that any application by an individual for a license issued by the Department of Revenue shall require the applicant's name, address and Social Security number.

The bill also states that the Department of Revenue and any of its divisions or agents shall deny, suspend or revoke any license if the Department receives a notice to deny, suspend or revoke such license from the State Child Support Enforcement Agency. The Child Support Agency may notify the Department if the licensee or applicant is out of compliance with a court or administrative order regarding child support.

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Salvage Titles and *S* Branded Titles

an *S* brand in the front upper left-hand corner. The *S* indicates that the vehicle has previously been salvaged.

On all transfers of vehicles that have been rebuilt from salvage (*S* branded title), the seller must disclose to the buyer what repairs were done to the vehicle on the DR2710, "Rebuilt From Salvage Disclosure". The "Rebuilt From Salvage Disclosure" must be submitted with the DR2411 when the buyer applies for a title.

Title questions should be handled through the State's Motor Vehicle Title Section at (303) 205-5608.

DEALER BOARD MEMBERS
President, Mike Faricy
First Vice President, Steve Perkins
Second Vice President, Fred Emich
Lee Payne, Mark Striegnitz, Jim Varner
Mike Weiman
Executive Secretary, Kirk J. Martelon

AUTO INDUSTRY DIVISION
Division Director, Kirk J. Martelon
Licensing Manager, Larry Dyslin
Investigator Supervisor, Mary Marvin
Correspondence is welcome. Address to:
Larry Herold, Auto Industry Division
1881 Pierce Street, Lakewood, CO 80214
Phone: (303) 205-5604 FAX: (303) 205-5977
E-mail: dealers@spike.dor.state.co.us
Internet: www.mv.state.co.us/dealer.html

CALENDAR

Dealer Board Business Meeting: Second Tuesday of each month at 9:00 am, 1881 Pierce St, Lakewood.

Dealer Board Hearings: Fourth Tuesday of each month, if necessary, at 9:00 am, 1881 Pierce St, Lakewood.

License Law Seminar - Colorado Springs: First Tuesday of each month at 10:00 am, 3650 Austin Bluffs Pkwy, Ste. 188, in the Shops of the Bluffs Mall, Colorado Springs.

License Law Seminar - Lakewood: Third Tuesday of each month at 9:00 am, 1881 Pierce St, Conf. Rm. A, Lakewood.

Note: Times and locations are subject to change.
Call the Auto Industry Division at (303) 205-5604.

Please note: While every effort is made to make the information in *Wheels* as accurate and helpful as possible, it is not offered as a substitute for legal advice.

Licensing Lot by Larry Dyslin, Licensing Manager

Owners, general managers, sales managers and human resource professionals should confirm that a new salesperson's application has been accurately and honestly completed by the applicant. The application requires certain disclosures of the applicant's background including any state, federal, county or municipal criminal arrest, conviction, deferred judgment and criminal charge.

The Auto Industry Division, on behalf of the Dealer Board, runs a criminal background check. A criminal history not disclosed on the application may be considered a material misstatement and grounds for denial. Dealership management should be sure that the applicant accurately and honestly completes the application. When the applicant signs the application, that person is declaring under penalty of perjury in the second degree that the statements on the application are true and complete.

When the applicant does have a criminal record the applicant **must** provide the required documents. The documents must contain the findings of the presiding court.

To assist the applicant in securing the court documents, be sure the applicant follows these steps:

1) Identify the county where the charges were filed; i.e. if the arresting agency was Lakewood P.D. then the court would be Jefferson County. Do not expect to get Jefferson County records from Arapahoe County.

2) Request records in person and expect a fee to be charged.

3) Records are kept with each court's clerk; i.e. District Court vs County Court. The applicant may need to contact more than one clerk's office to obtain all of the records.

4) Complete the record request card (slip) at the clerk's counter. The clerk will locate the court file and the applicant must locate the court's findings from within the file. Some courts may provide a computer printout.

5) Be prepared to make copies of the documents themselves and have plenty of change to feed the copier.

Applicants must mail the documents along with the application to the Auto Industry Division. The Investigation Section conducts the criminal background check and reviews the results and the information provided by the applicant.

Dealership Signature:

When an authorized dealership manager signs the application, that person certifies that he has reviewed the information on the application. The information provided on the application may also aide the dealership in its hiring decision.

Compliance Corner by Mary Marvin

Recently, the Auto Industry Division has run across dealers at the Southwest Plaza Mall that had salespersons at an "off-premise" event but did not obtain an off-premise permit.

A dealer must obtain an off-premise permit to offer, display and sell vehicles away from the dealer's licensed place of business. The request for off-premise permits must be made in writing and list the dates and location of the sale. Requests are to be made prior to the event and the fee is $50. The permit must be available for inspection at the sale.

Off-premise permits are valid up to 6 days except for the National Western Stock Show, the Colorado State Fair and the Denver Auto Show which cannot exceed 20 days. A dealer may not get consecutive permits for the same location. Also, off-premise permits do not negate the Sunday closing law.

All salespersons at an off-premise sale must be properly licensed. A salesperson may not sell or negotiate for a dealer at a sale unless he/she is licensed to that dealer.

Salesperson Transfers / Reissues On Correct Form

Salesperson Leaving A Dealership:

When a salesperson leaves a dealership, the dealership should write "Terminated" and the effective date on the salesperson license that is posted at the dealership and return the copy of the license to the Auto Industry Division via the mail, FAX or hand delivery to the Lakewood office.

Salesperson Joining Another Dealership:

When that salesperson is employed at a new employing dealer, the salesperson and the new employing dealer complete the back of the **salesperson's copy** of his/her license. The front and back of the license is then forwarded to the Auto Industry Division. This may be done via the mail, FAX or hand delivered to the Lakewood office.

License Copies To Dealer And Salesperson:

It is very important that all of your salespersons are provided their copy of their salesperson license when it is originally mailed to the dealership. It is also important that the "reissue" or "change of employer notification" be completed on the salesperson's copy of their license. Because many salespersons have multiple licenses, it is very important that the above "reissue" procedures are followed. Some dealers are trying to notify the Auto Industry Division of "reissues" on original applications or hand written notes. "Reissues" should be completed on the prescribed forms.

"Reissues" should not be communicated to the Auto Industry Division on an expired license.

DEALER BOARD ACTIONS

Tom Iamonico dba ATM Auto Sales, #8110, Salida CO - failure to deliver titles, defrauding a buyer, seller, salesperson or financial institution and selling from a non-licensed location. **LICENSE REVOKED.**

Steven Brinker, Salesperson - indulging in fraudulent business practices, violating a federal or state law regarding the commerce of a motor vehicle. **1- YEAR LICENSE SUSPENSION, $30,000 FINE.**

Jerry Johnson, Salesperson - improperly withholding, misappropriating or converting funds belonging to a customer or dealer. **LICENSE REVOKED, $10,000 FINE.**

Robert L. Rice, Salesperson - indulging in fraudulent business practices, violating a federal or state law regarding the commerce of a motor vehicle, improperly withholding, misappropriating or converting funds belonging to a customer or dealer. **90-DAY LICENSE SUSPENSION, $5000 FINE, 2-YEAR PROBATION.**

Wholesaler Laws And Regulations

A wholesalers may offer and sell vehicles only to other motor vehicle wholesalers and dealers. A wholesaler cannot offer, sell or exchange an interest in new or used vehicles to consumers. A wholesaler may not hold a salesperson license at the same time they are licensed as a wholesaler. Also, wholesalers may not employ a salesperson.

Wholesalers must use a trade name other than their personal name on all business documents when they are purchasing or selling motor vehicles to differentiate themselves as a wholesaler from a private party. The license of a wholesaler is subject to suspension or revocation for violating these statutes and regulations.

STATE OF COLORADO
MOTOR VEHICLE DEALER BOARD
DENVER CO 80261-0016

FORWARDING & RETURN POSTAGE GUARANTEED
ADDRESS CORRECTION REQUESTED

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