COLORADO REGULATIONS RELATED TO THE AUTO INDUSTRY

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DEPARTMENT OF REVENUE, Auto Industry Division, 1 CCR 205-1

REGULATION 12-6-102 (1.5)

The term, "Computer Display," means any electronic device capable of presenting a commercial message.

REGULATION 12-6-102(12)

A new motor vehicle, is defined as "any motor vehicle being transferred for the first time from a manufacturer or importer, or dealer or agent or agent of a manufacturer or importer, and which motor vehicle has heretofore not been used, and is what is commonly known as a "new motor vehicle"."

For the purpose of administration of the Motor Vehicle Dealers and Salesperson Licensing Law, a "new" motor vehicle shall be deemed to be a motor vehicle sold by a Colorado licensed motor vehicle dealer, as defined in the Act, who is franchised by the manufacturer of that make of motor vehicle to sell such motor vehicles. Said motor vehicle shall not have been used as a demonstrator or for private use, or for any other purpose which would indicate "use" in the strict definition of the word "used." A motor vehicle which has been used by a dealer solely for the purpose of demonstration to prospective customers shall be considered a "new vehicle" , unless such demonstration use has been for more than Fifteen Hundred (1500) miles.

New motor vehicles may be exchanged between dealers enfranchised to sell the same make of vehicle by a proper assignment of the Manufacturer's Certificate of Origin.

Only wholesalers or "new" motor vehicle dealers franchised by manufacturers to sell their motor vehicles will be allowed to sell "new" motor vehicles, and only then if they have not previously been sold except by the manufacturer to such dealer.

A "used motor vehicle" is defined as any motor vehicle which has been sold, bargained, exchanged, given away, or the title thereto transferred from the person who first took title thereto from the manufacturer or importer, dealer or agent of the manufacturer or importer, or so used as to have become what is commonly known as a "secondhand motor vehicle"." In the event of transfer on the certificate of origin, from the original franchised dealer to any other dealer or individual other than a franchised dealer of the same make of vehicle, the vehicle shall be considered a "used" motor vehicle, and must be titled in the new owner's name. Vehicles with more Than Fifteen Hundred (1500) miles of demonstration use shall be considered used' vehicles. Such "demonstrators" and other motor vehicles

which have been used by a dealer prior to their sale shall be titled in the dealer's name and sold as "used" motor vehicles.

All vehicles which do not qualify as "new" motor vehicles shall be deemed to be "used" motor vehicles for the purpose of administration of this Act.

REGULATION 12-6-102(13)

"Profit" may be "gain, benefit or advantage," but "gain, benefit or advantage" does not necessarily mean only "profit."

Profit may be defined as the difference between the price paid and the market value of the vehicle after deduction of the expenses incurred in the sale thereof.

Gain of money or other thing of value includes but is not limited to any increase or addition to what one has of that which is of profit, advantage or benefit.

A profit or gain does not necessarily mean a direct return; and therefore, a saving of expense which would otherwise be incurred is also a profit or gain to the person benefited.

REGULATION 12-6-102(16)

1. A motor vehicle dealer or used motor vehicle dealer shall obtain an off-premise permit to offer, display and sell motor vehicles away from the dealer's place of business. A request for an off-premise permit shall be made in writing prior to the event and shall list the location and the date(s) of the sale. The permit shall be posted for inspection at the sale.

2. No off-premise sale shall exceed six days except for the National Western Stock Show, the Colorado State Fair, and the Metro Denver Auto Dealers Association annual Denver Auto Show, which shall not exceed twenty days. Consecutive permits for the same location are not allowed.

3. The books and records of each dealer, excluding financial statements and tax returns, shall be open to inspection Monday through Friday between 9AM and 5PM by the Board and its agents and representatives with cause, including ongoing investigation, compliance audit, sworn complaint, order of the Board. All records, including financial records and tax returns shall be provided upon subpoena by the Board.

4. Additional locations which are immediately adjacent to the principal place of business of the licensed dealer shall be considered contiguous for the purpose of this statute. "Immediately adjacent" shall mean either next to or directly or diagonally across from the dealership even if a public road or thoroughfare is between the additional location and the dealer's principal place of business. Subject to any applicable local zoning or sign requirements, the additional location shall not have any signage which identifies the additional location as being operated under any name other than the name or tradename of the licensee's principal place of business. The additional location may not advertise under a different name than that under which the dealership is licensed.

REGULATION 12-6-102(17)

See Regulation 12-6-102(13).

REGULATION 12-6-102(18)

No person may hold both a wholesaler license and a motor vehicle salesperson license at the same time.

A wholesaler may not employ a motor vehicle salesperson.

For discussion of profit or gain, see Regulation 12-6-102 (13).

Wholesalers shall use a name other than their personal name on all business documents for the purchase and sale of motor vehicles to differentiate between a wholesaler and a private party.

REGULATION 12-6-104(3)(a)

The executive director and his agents or employees shall have the authority to carry out ministerial acts involving the enforcement of rules and regulations as specifically delegated by the Motor Vehicle Dealer Board.

REGULATION 12-6-104(3)(d)(II) DELEGATION OF AUTHORITY

The Board delegates to the Executive Secretary and the Auto Industry Division, the authority to approve and issue all licenses within the authority of the Board in accordance with guidelines established by the Board.

REGULATION 12-6-104(3)(e)

The executive secretary is delegated the authority to enter a default against a licensee who fails to file a written answer as required by 24-4-105(2)(b), C.R.S. Upon entering the default, the executive secretary shall vacate the scheduled hearing and send notice by first class mail to the licensee of the default, and, that the Board will consider appropriate sanction at its next meeting. The licensee shall also be given notice of the right to have the default set aside upon a showing of good cause. If the licensee fails to demonstrate good cause to set aside the default within ten days of the date of the default, the Board's order will become final.

REGULATION 12-6-104(3)(f)(I) INVESTIGATIONS

The Board delegates to the Executive Director or the Executive Director's designee the authority to initiate investigations of complaints filed under the jurisdiction of the Board with the Auto Industry Division, or initiated by the Board, pursuant to and in accordance with guidelines approved by the Board.

REGULATION 12-6-104(3)(g) APPLICATION REQUIREMENTS

1. No application will be considered which is not complete in every material detail, nor which is not accompanied by a remittance in full for the whole amount of the annual license fee, nor by the appropriate bond. An application received by the 15th day of the month will be reviewed for approval at the next regularly scheduled monthly business meeting of the Motor Vehicle Dealer Board.

2. If the applicant is a partnership, it shall submit with the application a certificate of partnership.

3. If the applicant is a corporation, it shall submit with the application a copy of its articles of incorporation, and if a foreign corporation, evidence of its qualification to do business within the state. In addition, each corporation applicant shall submit the names and addresses of all persons holding outstanding and issued capital stock of said corporation.

4. If the applicant is a limited liability company, it shall submit with the application a copy of its articles of organization.

5. If the applicant is a limited liability partnership, it shall submit with the application a copy of its articles of association.

6. Any transfer of any percentage amount of the ownership or membership interest of any corporation, limited liability company, or limited liability partnership, holding a license under the provisions of this article shall be reported to the Board within ten days of such transfer. Reporting requirements on stock transfers apply if the corporation is not subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (public corporations).

7. All such transfers shall be made on business organization letterhead and signed by an officer of the corporation, manager of a limited liability company, or a partner of a limited liability partnership, and shall include the name, address, social security number and employment of any new stockholder or partner.

8. Upon request of the Board, each applicant for a license shall provide suitable additional evidence of his residence, good character and reputation. Applicants and licensees shall also submit upon request by the Board all required information concerning financial and management associations and interests of other persons in the business, and the deed, lease, contract, or other documents governing the terms and conditions of occupancy of the place or places of business licensed or proposed to be licensed.

9. No licensee shall change the name or trade name of the business without submitting written notice to the Board, not less than ten days prior to the change.

10. All information submitted to the Board, by application for license or otherwise, shall be given fully, faithfully, truthfully and fairly. The failure of an applicant or licensee to so inform the Board shall be grounds for suspension, revocation or denial of the license.

11. The Board will conduct a criminal history inquiry of all applicants for a license issued by the Board.

12. Additional places of business are allowed in the name of the principal place of business, but they must display a sign with the same name as that of the principal location as herein provided, and if other than a storage lot only, must provide adequate office facilities and the required sanitary facilities. Locations contiguous to the principal place of business will not be considered additional locations. The books and records of the additional location may be maintained at the principal place of business.

13. Additional places of business carried under a different name from those of the principal locations must be issued separate licenses, necessitating the filing of completed applications, bonds, and fees.

14. A change in the operating entity in a dealer's business shall require a new application, fee and bond, and approval by the Board, prior to the licensee operating under the new entity.

15. Licensees may conduct business only under their licensed name(s), Except that dealers holding multiple franchises with common ownership may advertise under a name that reflects the common ownership. For example, “John doe dealerships”, “joe's automotive group”, or similar such designations which clearly reflect the common ownership of the dealer.

REGULATION 12-6-104(3)(i)

The principal place of business and other locations of the dealer shall display a permanent sign thereon with letters at least six (6) inches in height, clearly visible to the major avenue of traffic, which sign shall clearly designate the name of the business for which the license application is made or under which such business is conducted.

REGULATION 12-6-104(3)(j)

1). Applicants may use the information provided by the Auto Industry Division to study for the examination. The following examination criteria shall apply to the examination process and the examination results: 1) the numerical percentage that will constitute a passing score on the examination, as determined from the ratio of questions correctly answered to questions asked shall be eighty-five percent (85%); 2) the number of times in a calendar day that an applicant may take the examination before being timed out prior to attempting the examination again shall be two (2); 3) the manner in which an applicant and others shall certify both the applicant’s compliance with the required examination process and the authenticity of the examination results shall be by submission of an examination affidavit on the form approved by the Board.

2). An applicant shall neither request nor permit any other person, including but not limited to any person administering the examination, to take the examination on his behalf or otherwise to assist him or to participate in the taking of the examination. An applicant shall neither request nor accept answers to examination questions from any other person, including but not limited to any person administering the examination, either before or during the examination. An applicant who violates this rule is subject to denial, suspension, or revocation of his license. Any licensee who either 1) assists an applicant in violating this rule, 2) conspires with others in violating this rule, 3) falsifies information regarding the results of an applicant’s licensing examination, or 4) otherwise falsely declares to the Board or its

representatives the manner in which an applicant took an examination, is subject to disciplinary action to the limits of the Board's jurisdiction.

3). If an applicant is not licensed within one year of passing the examination, the score is removed from the record and the person must retake and pass the examination again, in accordance with the Board's examination criteria, before a license can be issued.

4). The employing dealer or designated manager of the employing dealer, the Auto Industry Division, or a third party approved by the Board, may administer examinations.

5). If an applicant has held a license during the previous twelve months, the applicant shall not be required to retake the examination.

REGULATION 12-6-104(3)(k) MANDATORY DISCLOSURES

A. DISCLOSURE FORM

1. The Board will prescribe a disclosure form consistent with the provisions of this regulation.

2. The name of the disclosure form will be: "Disclosures Required as Part of a Motor Vehicle/Powersports Vehicle Sale."

3. The Board may, at any time, reexamine and make revisions to the disclosure form, consistent with the provisions of this regulation.

4. The disclosure form in effect prior to the passage of this regulation shall remain in effect until the effective date of the initial edition of the disclosure form prescribed by the Board pursuant to this regulation.

B. DEFINITIONS

1. Contract - For purposes of this regulation, contract means any written agreement, such as a purchase agreement, buyer order or invoice, between a dealer and a buyer for the sale of a motor vehicle, excluding the Retail Installment Sales Contract ("RISC").

2. Dealer - For purposes of this regulation, dealer means a motor vehicle dealer or a used motor vehicle dealer or a representative of the dealership.

3. Deposit – Money or other thing of value accepted by a Dealer as consideration for that Dealer's agreement to hold a motor vehicle for a buyer.

4. Down Payment – Money, trade-in, or money and trade-in made as partial payment towards the purchase of a motor vehicle.

5. Guarantee - For purposes of this regulation, guarantee means a written document or oral representation that would lead a buyer to have a reasonable good faith belief that the financing of a vehicle is certain.

C. APPLICATION

1. The disclosure form is not required for a sale solely between Dealers, between Wholesalers, or, between a Dealer and a Wholesaler.

2. At the time that the buyer signs a Contract, the disclosure form must be read, initialed and signed by the buyer and the Dealer.

3. The completed and signed disclosure form is a separate document that is part of the Contract.

4. The Dealer and buyer must complete only one disclosure form at the time of the signing of a Contract.

5. At the time of the signing of a Contract, a copy of the Contract, including a completed and signed disclosure form, must be given to the buyer.

6. The disclosures in the Credit Sale section of the disclosure form do not apply when the Contract is not contingent upon financing provided by or through the Dealer. In that event, the Credit Sale section should be crossed out.

7. A Dealer must complete a disclosure form with an interest rate that the Dealer reasonably believes can be obtained based on the creditworthiness of that prospective buyer.

8. The interest rate in the disclosure form must be the same as the interest rate in any Retail Installment Sale Contract signed by the buyer for the same vehicle.

D. USAGE FEE AND MILEAGE CHARGE

1. The Dealer must notify the buyer within ten (10) calendar days of the date the Contract is signed by the buyer, in the event financing cannot be arranged as originally agreed upon.

2. If the Dealer and buyer agree that the Dealer will continue to attempt to arrange financing after ten calendar days, the Dealer must remind the buyer in writing that daily usage and mileage rates stated in the disclosure form, apply in the event financing cannot be arranged as originally agreed upon.

3. The Dealer and buyer must complete and sign a new disclosure form that reflects the new interest rate if:

a) funding cannot be arranged at or below the interest rate set forth in the preceding disclosure form; and

b) the Dealer and the buyer agree that the Dealer will attempt to arrange financing at an interest rate different than previously agreed upon.

4. The Dealer must retain a copy of all previously executed disclosure forms.

5. The Dealer must write in “NA” for “not applicable” or “Zero” in

the dollar and cents fields, if the Dealer does not charge usage and mileage fees.

SEE DR FORM 2434, COLORADO DEPARTMENT OF REVENUE.

When considering whether to impose a fine and the amount of the fine, or other administrative penalty, the Board will consider aggravating and mitigating circumstances, the degree of harm to a motor vehicle purchaser, severity of offense, and whether there is a pattern of violations or repeat offenses.

DEALER BOARD REGULATION 12-6-105(1)(b) POWERS AND DUTIES OF THE EXECUTIVE SECRETARY

In addition to any other duties delegated to the Executive Secretary of the Motor Vehicle Dealer Board contained in the board's regulations, the Executive Secretary is delegated the authority to perform the following ministerial acts:

(I) The board permits its Executive Secretary to set and maintain the board's docket, grant motions for continuances and motions for enlargements of time, issue subpoenas, and issue final agency orders pursuant to the board's action.

(II) Board orders and correspondence may be written, signed and issued by the Executive Secretary on behalf of the board consistent with the board's action or direction. Notices of charges may be signed and issued by the Executive Secretary after the board has referred the matter for a hearing pursuant to section 12-6-104 (3)(f)(II), C.R.S., and after drafting and review by the office of the Attorney General.

(III) The Executive Secretary is delegated the authority to conduct informal fact-finding conferences and make recommendations to the board for the granting or denying of an application for a motor vehicle salesperson license.

REGULATION 12-6-105(1)(e) [Recodified as 1 CCR 210-2]

1. All applications for licenses shall be made upon forms prescribed by the administrator. No application will be considered which is not complete in every material detail, nor which is not accompanied by a remittance in full for the whole amount of the annual license fee.

If the applicant is a partnership, it shall submit with the application a certificate of partnership.

If the applicant is a corporation, it shall submit with the application a copy of its articles of incorporation, and if a foreign corporation, evidence of its qualification to do business within the state. In addition, each corporation applicant shall submit the names and addresses of all persons holding over ten percent of the outstanding and issued capital stock of said corporation. Any transfer of ten percent or more of the capital stock of any corporation holding a license under the provisions of this article shall be reported to the administrator not less than ten days prior to such transfer. All such reports shall be made on forms supplied by the administrator.

Upon request of the administrator, each applicant for a license shall provide suitable additional evidence of their residence, good character and reputation. Applicants and licensees shall also submit upon request by the administrator all required information concerning financial and management associations and interests of other persons in the business.

No licensee shall change the name or trade name of the business, his place of business or business address without submitting written notice to the administrator, not less than ten days prior to the change.

All information submitted to the administrator, by application for license or otherwise, shall be given fully,

faithfully, truthfully and fairly. The failure of an applicant or licensee to so inform the administrator shall be grounds for the suspension, revocation, or denial of the license.

2. A change in the operating entity of a licensee's business shall be cause for the revocation of the

license and shall require a new application and fee.

REGULATION 12-6-108(1)(b) COMPENSATION DISCLOSURES

1. Whenever a used motor vehicle dealer negotiates the sale, exchange, or lease of a motor vehicle or used motor vehicle not owned by the used motor vehicle dealer, the following form will be deemed adequate to satisfy the disclosure requirements of section 12-6-108(1)(b), C.R.S., for the used motor vehicle dealer. This form is an example of adequate disclosure; nothing herein shall be construed to limit permissible disclosure to the information shown.

COMPENSATION DISCLOSURES

Pursuant to Colorado law,

_____

hereby discloses to

_____

(used m.v. dealer)

(consumer)

1.My dealership will receive compensation from the consumer. (Check one)

_____ Yes _____ No

2. My dealership will receive compensation from the owner of the vehicle if a sale, exchange or lease is concluded. (Check one)

_____ Yes

_____ No

_____

(NAME OF OWNER)

_____

_____

_____

_____

Used Motor Vehicle Vehicle Dealer

Dealer #

Authorized Dealer Signature

Date

I have been provided a copy of the above disclosure prior to completion of such sale, exchange or lease of a motor vehicle not owned by the licensee.

_____

_____

_____

Signature of Consumer

Printed Name

Date

REGULATION 12-6-108(1)(c)

1). A temporary license shall not issue, and a salesperson shall not be allowed to offer, negotiate or sell vehicles unless the Board has received and date stamped at the main office of the Auto Industry Division a signed application, completed in every respect, with all required details and attachments, including bond, fees, and the licensing examination affidavit required by Regulation 12-6-104 (3) (j). Dealers' payrolls and other evidence will be checked to ascertain that all salespersons for such dealers are licensed.

2). All original applicants shall have a criminal history background investigation conducted prior to the issuance of a permanent license.

3). No temporary license shall issue to any person who has been the subject of disciplinary proceedings before the Board within the past 5 years, unless such disciplinary proceedings resulted in dismissal of all

charges. Such person's application shall require prior Board review and approval of a license before said person shall be permitted to engage in activities requiring a salesperson license.

4). Any salesperson applicant who has been notified by the Auto Industry Division that additional documentation is required by the Board before a license can be approved, and who fails to timely comply with the request for information, shall be deemed not to have submitted a complete application and may not engage in activities requiring a motor vehicle salesperson license until the Board has reviewed and approved the application.

5). The Executive Secretary may issue a notice of denial to any applicant who fails to provide documentation as requested, if the application discloses, on its face, grounds for denial under section 12-6-118 (5) or (6), C.R.S.

6). Any person who allows such applicant to engage in activities requiring a motor vehicle salesperson license may be subject to disciplinary action for violation of section 12-6-109 C.R.S.

REGULATION 12-6-108(1)(e)

All wholesalers must have a place of business or business address which place or address must contain an office wherein the wholesaler shall keep business books and other records. Such books and other records, excluding financial statements and tax returns shall be open to inspection Monday through Friday between 9am and 5pm by the Board and its agents and representatives. All records, including financial records and tax returns shall be provided upon subpoena by the Board.

REGULATION 12-6-108(1)(h)(I)

Each wholesale motor vehicle auction dealer or applicant shall report to the Board in writing whether such dealer or applicant is providing a check and title insurance policy or written guarantees of titles to its customers. A copy of such policy or guarantee shall be included with the report. Any change shall be reported to the Board in writing in one business day.

REGULATION 12-6-108.5(1)

Evidence of a passing test score shall be as required by Regulation 12-6-104 (3) (j).

REGULATION 12-6-108.5(2)

Applicants for an out-of-state temporary dealer license shall submit completed application, bond, and license fee. Specifically identified events shall include the Colorado State Fair, National Western Stock Show, and the annual Denver RV, Sports, Boat and Travel Show. Such out-of-state dealer shall provide evidence that the manufacturer has authorized the dealer to do business at such location in Colorado. No more than three out-of-state dealer licenses shall be issued to any one dealer per license year.

REGULATION 12-6-109

Each salesperson's license shall be posted in a conspicuous place in the dealer's place or places of business.

REGULATION 12-6-110(3)(a) RENEWAL OF LICENSES

Any renewal application submitted after the expiration date of the license may be assessed a late fee as permitted by law.

REGULATION 12-6-113

See Regulation 12-6-104 (3) (j).

REGULATION 12-6-117

1. “Adequate sanitary facilities ” means a permanent sewer hookup, cesspool or septic tank with leaching field, or portable chemical toilet.

2. A dealer's license shall not be issued to a person located at a principal place of business or other additional locations unless such place of business or additional locations are owned or leased by and actually occupied by the applicant. A motor vehicle dealer's license shall be suspended or revoked if the dealer's principal place of business or other additional locations are not owned or leased by and not actually occupied by the licensee.

REGULATION 12-6-118(l)(b) [Recodified as 1 CCR 210-2]

No license shall be issued to or held by any person, unless he is with respect to his character, record and reputation, satisfactory to the administrator.

REGULATION 12-6-118(3)(b)

“Material misstatement” means any material false or misleading statement, omission, or misrepresentation by the applicant or a partner, officer, director or shareholder of any corporation, limited liability company, limited liability partnership or any other business entity authorized under law to hold a license, regarding personal identification information, employment history, personal or business entity financial information, prior occupational licensing history, whether regarding a license issued by the Board or any other licensing/regulatory agency, criminal background and history including arrests, criminal information filings, indictments, municipal, misdemeanor, and/or felony convictions, and deferred judgments, civil judgments, assurances of discontinuance, consent order/decree, and/or stipulation arising from the operation of a business in this state or any other engaged in the sale, lease, or distribution of motor vehicles. This Regulation does not apply to shareholders of corporations that are subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended.

REGULATION 12-6-118(3)(d)

Dealers, wholesalers, wholesale auction dealers, officers, directors or stockholders of corporations owning five per-cent or more, licensed as such, who are convicted of or pled nolo contendere or a plea

in a deferred judgment and sentence to any felony or any crime pursuant to Article 3, 4, or 5 of Title 18, C.R.S., or like crime pursuant to federal law or the law of any other state, shall provide to the board written notice of such conviction within thirty days after receiving such conviction. The licensee shall provide complete information including copies of such conviction and pre-sentence reports within thirty days of the conviction.

REGULATION 12-6-118(3)(i)

A. DEFINITIONS FOR PURPOSES OF THIS REGULATION

1. "Contract" means any written agreement, such as a purchase agreement, buyer order or invoice, between a Dealer and a Buyer for the sale of a motor vehicle, excluding the Retail Installment Sales Contract ("RISC").

2. "Dealer" means a motor vehicle dealer, used motor vehicle dealer, wholesaler, wholesale motor vehicle auction dealer, motor vehicle auctioneer, or a representative of the dealership.

3. "Seller" means Dealer.

4. "Buyer" means a retail consumer or a Dealer.

5. "Material Particulars" means those details concerning a vehicle for sale that are essential or necessary for a reasonable prospective Buyer to know prior to making the decision to buy or not to buy a vehicle.

B. DISCLOSURE PROCESS

Prior to the signing of the Contract, the Seller shall produce a written document disclosing all known Material Particulars. Both the Seller and Buyer must sign the document. The document is deemed to be part of the Contract. A signed copy of the Contract and the disclosure document shall be provided to the Buyer at the time of sale. The Seller shall retain a copy of the Contract and the disclosure document.

C. "AS IS" STATEMENT

A statement by the Seller to the Buyer that a vehicle is sold "as-is" does not relieve the Seller of the disclosure obligations imposed by this regulation, nor does it relieve the Seller of any other disclosure obligations otherwise required by state or federal law. An "as-is" statement solely disclaims implied warranties under provisions of the "Colorado Uniform Commercial Code," Title 4, C.R.S.

D. NON-EXCLUSIVE LIST OF "MATERIAL PARTICULARS"

Material Particulars include but are not limited to any of the following:

1. The motor vehicle is a "Salvage vehicle" as that term is defined in the Colorado "Certificate of Title Act," part 1 of article 6 of title 42, C.R.S.

2. The motor vehicle has sustained damage, whether repaired or not repaired, of the following types:

a. Frame or unibody damage of any grade or type; or

b. Flood, fire or hail damage; or

c. Accident or collision damage.

3. The motor vehicle has been modified in a way that impacts warranty coverage.

4. The motor vehicle had been declared a “total loss” by an insurance company.

5. The motor vehicle had been stolen.

6. The motor vehicle had been used as a police vehicle, vehicle for hire, rental vehicle, or a loaner or courtesy vehicle, if such use is clearly ascertainable from a title brand, from information obtained from a prior owner, from a Vehicle Identification Number (VIN), from a State-issued Identification Number, or from any other source.

7. The motor vehicle had been put to a use or had been altered in such a way that a

reasonable person would consider unusual or extraordinary, such as use as a racing vehicle.

E. MATTERS GENERALLY NOT CONSIDERED “MATERIAL PARTICULARS”

This list is not intended to be all-inclusive. Material Particulars do not generally include the items on the following list:

1. Normal wear and tear.

2. Completed or prior mechanical repair.

3. General maintenance.

4. Repair or replacement of tires, wheels, glass, handlebars, moldings, radios, indash

audio equipment, or the like, provided that the repair or replacement was

completed in a manner reasonably comparable to manufacturer’s specifications

and provided that any repaired or replaced item is functioning at the time of sale

in the manner that a reasonable person would expect.

5. Touch-up paint for minor scratches, dents, or dings.

6. Completed recall repair, provided the repair was done by a dealer authorized

by the manufacturer to perform such repairs.

ADVERTISING

The statutory basis for this regulation is 12-6-118(3)(k), C.R.S.

REGULATION 12-6-118(3)(k)

Advertising shall be construed to be misleading or inaccurate in the following particulars:

Rule 1. Advertising a motor vehicle which is not in operable condition unless specifically disclosed.

Rule 2. Advertising which would imply the dealer is going out of business when such is not the case.

Rule 3. Advertising a specific motor vehicle for sale or lease with price or terms quoted, without fully identifying the vehicle as to year, make, model and dealer stock number. Such vehicle shall be willfully shown and sold at the advertised price and/or terms while such vehicle remains unsold or unleased, for a period of five days following the last date the ad was published, unless the ad states that the advertised price and terms are good only for a specific time and such time has elapsed. If a specific number of motor vehicles is advertised, such vehicles must have been invoiced to the dealer.

Rule 4. Using a picture or photograph of a vehicle in advertising when the picture or photograph is not the same make, year and equipment actually being offered for the price or terms advertised.

Rule 5. Advertising in such a manner which utilizes an asterisk or other reference symbols to contradict or materially change the meaning of any advertising statements.

Rule 6. A used vehicle shall not be advertised in any manner that creates the impression that it is new.

Rule 7. Advertising motor vehicles which are known by the dealer to be salvage, rebuilt from salvage, or flood vehicles, which are not so identified in the advertisement.

Rule 8. Advertising in any manner to imply that a purchaser will be receiving benefits of any existing loan on a vehicle when no such benefit exists.

Rule 9. Advertising or making statements that are not true or that cannot or will not be honored. Advertising which creates the false impression that the purchaser will determine the terms, price or conditions of a sale, such as “write your own deal,” “name your own price,” “no reasonable offer refused,” and “we will not be undersold.” Advertising any item as “free” which is associated with or conditioned upon the negotiated sale of a motor vehicle.

Rule 10. Advertising sales prices for used motor vehicles which claim or imply a specific savings or discount without clearly and accurately documenting the basis for the savings or discount.

Rule 11. Advertising any reference to “dealer cost” or “invoice” price. Advertising the word “wholesale” in connection with the retail offering of motor vehicles.

Rule 12. Advertising a specific trade-in amount or range of amounts without, in fact, offering such a trade-in amount and, failing to disclose or advertise the M.S.R.P., sale price, or capitalized cost of the vehicle from which the trade-in will be deducted.

Rule 13. Advertising the price of a vehicle without including all costs to the purchaser at the time of delivery, except sales tax, finance charges, cost of emissions test, other governmental fees or taxes, and transportation costs, incurred after sale, to deliver the vehicle to the purchaser at the purchaser's request.

Rule 14. Advertising any specific discount or rebate on new motor vehicles without the manufacturer's suggested retail price conspicuously stated in the ad. When advertising rebates, incentives, or other offers, a dealer shall not combine such offers or give the impression that such offers are obtainable, when in fact they are not.

Rule 15. Advertising any qualifying statement or disclosure which is not clear, conspicuous, and readable, and which is not adjacent to the offer or terms it qualifies, and in less than eight-point type.

Rule 16. Advertising any contest that offers to prospective participants the opportunity to receive or compete for gifts or prizes without such advertisement containing the words “no purchase or payment of any kind is necessary to enter or win this contest” in bold-faced type and at least ten-point type.

Rule 17. If any advertisement relates to a lease, the advertisement shall clearly and conspicuously disclose that the advertisement is for the lease of a vehicle.

Rule 18. Statements, such as “Everybody Financed,” “No Credit Rejected,” “We Finance Anyone,” and other statements representing or implying that no prospective credit purchaser will be rejected because of his inability to qualify for credit, are prohibited, unless such statements are true.

Rule 19. Bait advertising, as defined in § 18-5-303, C.R.S., is not allowed.

REGULATION 12-6-118(3)(m)

All motor vehicle dealers and all used motor vehicle dealers must be open for business at least three (3) days per week for a continuous period of time not less than four (4) hours per day between the hours of 8 a.m. and 9 p.m.

Any dealership open less than forty (40) hours a week must post a clear and legible sign on its place of business indicating the days and hours that it is open for business. In addition such dealerships shall notify the Board in writing of any subsequent change in such periods of time.

Any dealership which will not be open for business for a period of at least two (2) weeks must post a clear and legible sign on its place of business indicating this fact as well as notifying the Board in writing of such fact.

A dealer's principal place of business shall be made available to inspection by the Board or its agents and employees at any reasonable time even if such time is outside the usual business hours posted by the dealer.

REGULATION 12-6-118(3)(v)

A dealer shall give notice of rejection of financing to the prospective buyer within ten (10) calendar days from the date of the purchase order or agreement on a finance or consignment sale.

REGULATION 12-6-118(5)(b)

"Material misstatement" in an application for a salesperson license means any relevant false or misleading statement, omission, or misrepresentation regarding personal identification information, employment history, prior occupational licensing history, whether regarding a license issued by the board or any other state licensing/regulatory agency, criminal background and history including arrests, criminal information filings, indictments, municipal, misdemeanor, and/or felony convictions, plea of nolo contendere or a plea in a deferred judgment and sentence.

REGULATION 12-6-118(5)(g) REISSUE OF SALESPERSON LICENSES

1. Salespersons who change employment during their license year shall notify the Auto Industry Division, on the form prescribed by the Board, of the identity of the new employer prior to commencing employment at the new dealership.

2. Upon the submission of the notification, acknowledged by the new employing dealer, the salesperson may begin working as a salesperson at the new employing dealership.

3. After receipt of notification, the Auto Industry Division shall issue a new license to the salesperson for the remainder of the license term.

4. Any salesperson who fails to provide timely notification may be subject to disciplinary action.

REGULATION 12-6-118(5)(j)

A salesperson who is convicted of or pled nolo contendere or a plea in a deferred judgment and sentenced to any felony or any crime pursuant to article 3, 4, or 5 of title 18, C.R.S., or like crime pursuant to federal law or the law of any other state, must give the board written notice of such conviction within thirty days after such conviction. The licensee shall provide complete information including copies of the conviction and pre-sentence reports within thirty days of the conviction.

REGULATION 12-6-118(6)

(a) The Board, in determining whether a licensee or license applicant has demonstrated unfitness of licensing character or record, will consider whether the licensee or license applicant or the licensee's or license applicant's partner, officer, director, or shareholder of any corporation, limited liability company, limited liability partnership or any other business entity authorized under law to hold a license: 1) has had a license fined, denied, suspended or revoked; 2) has been determined to have violated the licensing examination procedures of Regulation 12-6-104 (3) (j); or, 3) has had any complaints, civil judgments, injunctions, consent orders/decrees, or stipulations, arising from the operation of a business in this state or any other state, engaged in the sale, lease or distribution of motor vehicles, and, if so, the nature, severity, and extent of these legal matters. This Regulation does not apply to shareholders of

corporations that are subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended.

(b) The Board, in determining whether a licensee or applicant has demonstrated unfitness of criminal character or record, will consider the nature and date of the convictions; parole or probation status; including whether the licensee or applicant has maintained satisfactory compliance; and/or restitution. A pattern of convictions which, individually may not constitute grounds for denial or disciplinary action, may, taken together, constitute unfitness.

(c) The Board, in determining whether a licensee or applicant has demonstrated unfitness of financial character or record, will consider net worth, liquid assets including cash, lines of credit, marketable securities, credit reports, unpaid judgments and/or tax liens, delinquent debts, and bankruptcy status. Applications for a motor vehicle dealer or used motor vehicle license will be closely evaluated based on the factors herein and the applicant's concept of operation for the business to assess the potential for harm to retail customers.

(l) Failure to timely pay any fine imposed by the Board, or the submission of a draft or check for the payment of any fee required by the Board which is dishonored shall be deemed to demonstrate unfitness of financial character or record.

DEPARTMENT OF REVENUE, Division of Motor Vehicles, TITLES AND REGISTRATIONS, 1 CCR 204-10

RULE 8. DEALER TITLE

Basis: The statutory bases for this regulation are 42-1-204, 42-6-102(2), 42-6-111(2), 42-6-137(6), 42-6-138(4), 12-6-102(15), 12-6-102(18), C.R.S.

Purpose: The purpose of this regulation is to provide guidelines to motor vehicle dealers or wholesalers for proof of ownership and the requirements for the processing of certificates of title.

1.0 Definitions

1.1 "Agent(s)" means any individual authorized by a dealer or wholesaler to act on behalf of that dealer or wholesaler.

1.2 "Chattel Mortgage Company" means a company that has filed a security agreement as defined in section 4-9-102(76), C.R.S.

1.3 "Dealer" means any person, firm, partnership, corporation, or association licensed under the laws of this state to engage in the business of buying, selling, exchanging, or otherwise trading in motor vehicles.

1.4 "Department" for purposes of this regulation means the Colorado Department of Revenue, Division of Motor Vehicles, Title and Registration Section.

1.5 "Manufacturer" means any person, firm, partnership, corporation or association, engaged in the manufacturing of new motor vehicles, trailers, or semitrailers.

1.6 "Manufacturer's Certificate of Origin" (MCO) means the document provided by the manufacturer which sets forth the manufacturer's vehicle description and 17 digit vehicle identification number and is used to convey ownership.

1.7 "Motor Vehicle" means any self-propelled vehicle that is designed primarily for travel on the public highways and is generally and commonly used to transport persons and property over the public highways, including trailers, semitrailers, and trailer coaches, without motive power. "Motor Vehicle" does not include the following:

a. A low-power scooter, as defined in section 42-1-102, C.R.S.; or,

b. A vehicle that operates only upon rails or tracks laid in place on the ground or that travels through the air or that derives its motive power from overhead electric lines; or,

c. A farm tractor, farm trailer, and any other machines and tools used in the production, harvesting, and care of farm products; or,

d. Special mobile machinery or industrial machinery not designed primarily for highway transportation.

1.8 "One Working Day" means the daily period beginning at 8:00 a.m. and ending at 3:00 p.m. Monday through Friday, with the exception of those days designated as official state holidays by statute or Executive Order of the Governor.

1.9 "Secure and Verifiable Identification" means a document issued by a state or federal jurisdiction or recognized by the United States Government and that is verifiable by federal or state law enforcement, intelligence, or the Homeland Security Agency.

1.10 "Letter of Authorization" means a letter on a dealer's or wholesaler's letterhead from a designated representative of a dealer or wholesaler to the Department authorizing a specific person to act as an agent for the dealer or the wholesaler.

1.11 "Wholesaler" means a person who, for commission or with intent to make a profit or gain of money or other thing of value, sells, exchanges, or offers or attempts to negotiate a sale, lease, or exchange of an interest in new or new and used motor vehicles solely to motor vehicle dealers or used motor vehicle dealers.

2.0 Proof of Ownership Requirements

2.1 All Colorado dealers or wholesalers must maintain the following evidence of ownership for each vehicle in their possession:

a. A used vehicle with a Colorado title:

1. A Colorado title assigned to the dealer, wholesaler, or chain of ownership evidenced by the Colorado Dealer's Bill(s) of Sale for a Motor Vehicle; and,

2. Odometer disclosure if required.

b. A used vehicle with an out-of-state title:

1. The out-of-state title assigned to the dealer, wholesaler, or out-of-state title with proper chain of ownership; and,

2. Odometer disclosure if required; and,

3. Colorado Dealer's Out-of-State Vehicle Information Disclosure; and,

4. Colorado verification of Vehicle Identification Number.

c. A new vehicle assigned by MCO to a dealer or wholesaler:

1. MCO assigned or reassigned to a franchised dealer or wholesaler; and,

2. Odometer disclosure if required.

3. No dealer or wholesaler shall hold a MCO unless that dealer or wholesaler is franchised to sell that specific make of vehicle as indicated on the MCO.

d. A new vehicle assigned or re-assigned with its MCO from an out-of-state franchised dealer or wholesaler to a franchised Colorado dealer or wholesaler:

1. MCO reassigned to the franchised dealer or wholesaler; and,

2. Odometer disclosure if required; and,

3. Verification of vehicle identification number.

4. No dealer or wholesaler shall hold a MCO unless that dealer or wholesaler is franchised to sell that specific make of vehicle as indicated on the MCO.

e. If a title or an MCO has been surrendered by the dealer or wholesaler to a bank or financing organization or any other person as collateral under a Floor Plan agreement, the dealer or wholesaler must have in its possession evidence acceptable to the Department of the location of the title or the MCO. The dealer's or wholesaler's right to ownership shall be clear from such evidence. The title or MCO must be procured by the dealer or wholesaler upon the sale and

delivery of the vehicle and delivered or mailed to the purchaser or chattel mortgage company within thirty (30) days pursuant to 42-6-112, C.R.S.

f. Vehicles with incomplete or insufficient titles shall be marked "Not for Sale" and withheld from any public offering.

3.0 Requirements for Obtaining Titles in One Working Day

3.1 Dealers and wholesalers may obtain a "Dealer Resale, No Sales Taxes Paid" title in the licensed name of the dealer or wholesaler within one working day, at the Department of Revenue, Title and Registration Section, Vehicle Services Unit, after submitting the required documents outlined in section 4.0 below and upon payment of the statutorily required fee.

3.2 All dealers or wholesalers requesting one working day service shall submit a letter of authorization to the Department, listing the names of all persons who will be acting as agents on their behalf. All authorization letters will be kept on file at the Department. It shall be the responsibility of the requesting dealer or wholesaler to notify the Department of any changes in agents.

3.3 The agent shall be required to present secure and verifiable identification at the time of application and upon receipt of a certificate of title. The agent shall sign a receipt verifying the certificate of title.

3.4 Agents representing several dealers or wholesalers must have authorization from each individual dealer or wholesaler in order to obtain titles.

4.0 Requirements for Acceptance of Applications

4.1 Applications will only be accepted when:

a. The supporting ownership document is a MCO properly assigned to a dealer or wholesaler or reassigned to a dealer or wholesaler; or,

b. The supporting ownership document is a title properly assigned to a dealer or wholesaler; or,

c. The supporting ownership document is a salvage title for a vehicle that has been made roadworthy and is being submitted for a dealer title in the dealer's or wholesaler's name.

4.2 Applications must be free and clear of all liens and encumbrances.

4.3 All applications must be complete and all documents in the proper order.

4.4 The Department may limit title applications to three title applications per dealer or wholesaler per day. Additional title applications above the maximum limit of three may not be processed in one working day.

RULE 9. DEPOT LICENSE PLATES

Basis: This regulation is promulgated under the authority of 42-1-204, 42-3-116, 42-3-120, 42-3-121 (1) (d) and 42-3-301 CRS.

Purpose: The following rules and regulations are promulgated to establish criteria for the issuance of depot plates.

1.0 Definitions

1.1 “Depot License Plates” or “Depot Tags” - means a numbered plate issued by the department authorizing the movement of dealership vehicles to and from the dealer’s place of business or storage for the purpose of completing work that involves repairing, painting, upholstering, polishing or other similar types of work.

1.2 “Department” - for purposes of this regulation means the department of revenue, state registrations section.

2.0 Requirements

2.1 All applicants for depot plates shall complete and submit to the Department of Revenue, Registration Section, an application for the issuance of depot plates.

2.2 Only the Department of Revenue, Registration Section shall issue depot plates. All issued depot plates are subject to statutory and material fees that are assessed at the point of issuance.

2.3 All depot plates will have a thirty (30) day grace period for renewal. An annual fee described in 42-3-116 CRS, must be remitted with each application. The fee for replacement of a lost or mutilated depot plate will be the issuance fee identified in 42-3-116 CRS plus the material fee identified in 42-3-301 CRS.

2.4 Depot plates shall be limited to one plate per mechanic or service technician employed by the approved licensed dealership. The owner or authorized representative of the dealership shall, at the time of application or renewal, verify the number of mechanics or service technicians currently on the payroll. False information on the application or renewal request may result in denial of the application, cancellation and denial of any plates issued. Applicants suspected of providing false information shall be referred to the Auto Industry Division, Motor Vehicle Dealer Board.

2.5 A depot plate may be used by the dealership to transport vehicles to and from the dealer’s place of business or storage for the purpose of completing work that involves repairing, painting, upholstering, polishing or other similar types of work on the vehicle. A depot plate may also be used for road testing the vehicle after repair. Movement of a vehicle using a depot plate for any purpose other than those listed above shall constitute private use.

2.6 When the vehicle is being repaired or refurbished, the dealer shall provide written verification of authorization for repair. The verification shall be in the vehicle, available for inspection by an authorized law enforcement agency any time the vehicle is being used upon the streets or highways of the state.

2.7 Depot plates shall be mounted in such a position as to be visible from the back of the vehicle. Depot plates shall not be permanently attached or affixed to any vehicle. Depot plates must be maintained in a clearly legible condition at all times.

2.8 It is the responsibility of the dealer to assure that a vehicle being driven using a depot plate is in safe, roadworthy condition.

2.9 Pursuant to 42-3-116(4) (b) violation of the restrictions and methods of use of depot plates may result in sanctions including loss of plate privileges.

2.15 Secure and verifiable identification will be required on all issuances and replacements of depot license plates. The dealership shall provide a letter of authorization to the department listing all authorized personnel that may conduct depot license plate transactions with the department.

2.16 All applicants shall have dealer license status verified with the Motor Vehicle Dealer Board through the Auto Industry Division.

RULE 18. ACCEPTABLE EVIDENCE OF VEHICLE PROOF OF OWNERSHIP

Basis: The statutory bases for this regulation are 42-1-204, 42-6-106(1)(d), 42-6-106(1)(e), 42-6-107, 42-6-109, 42-6-110, 42-6-113, 42-6-114, 42-6-115, and 42-6-119, C.R.S.

Purpose: The following rules and regulations are promulgated to identify documents that are acceptable as evidence of vehicle proof of ownership.

1.0 Definitions

1.1 "Department" means the Department of Revenue of this state acting directly or through its duly authorized officers and agents.

1.2 "Foreign jurisdiction" means any state, territory, country, or sovereign nation other than the State of Colorado.

1.3 "Secure and Verifiable Identification" or "SVID" means a document issued by a state or federal jurisdiction or recognized by the United States Government and that is verifiable by federal or state law enforcement, intelligence, or homeland security agencies.

2.0 Satisfactory Proof of Ownership

2.1 Acceptable vehicle proof of ownership may be evidenced by the following:

a. A Colorado or other state certificate of title transferred in the manner prescribed in 42-6-110, C.R.S., or

b. A registration in owner's name from a non-titling state, or

c. A bill of sale for any vehicle not titled or registered in the State of Colorado, or

d. A bill of sale for any vehicle that was previously in foreign jurisdiction that does not title or register the vehicle. The foreign jurisdiction must be verified through various title and registration reference manuals and the National Motor Vehicle Title Information System as not titling or registering the vehicle, or

e. A current U.S. Military issued registration in owner's name, or

f. A copy of a court order directing the department to issue a title to the applicant or judgment for possession obtained through a civil proceeding pursuant to 42-6-114, C.R.S., or

g. A DR 2409 Statement of Assembly of Homemade Trailer and Assignment of Trailer I.D. Number if the vehicle is a homemade trailer as defined in 42-5-201(4), C.R.S., or

h. Other evidence deemed by the Department to be satisfactory evidence of an applicant's proof of vehicle ownership.

2.2 When the applicant does not have a copy of their title and the Colorado record has been purged, then the following documents submitted together with the DR 2116 Re-Establishment of Ownership Document and Motor Vehicle Bill of Sale For a Purged Colorado Record are considered acceptable proof of ownership.

a. Colorado registration with current owner(s) name, or

b. Colorado registration renewal card, or

c. Photocopy of the Colorado title, or

d. A copy of the Colorado motor vehicle record.

e. The applicant's name must be on all of these documents.

2.3 All documents must contain the vehicle identification number, vehicle year, vehicle make, and applicant(s) name listed as the owner, buyer, or transferee. The Department may require additional information, as needed, in order to determine vehicle and owner requirements.

2.4 Applicants who are unable to provide acceptable proof of vehicle ownership documents are required to satisfy all the requirements set forth in 42-6-115, C.R.S, and Code of Colorado Regulations 1 CCR 204-10 Rule 19. Bonding for Colorado Certificate of Title.

2.5 Document requirements specific to each document must be met (e.g., notary, acceptable transfers assignments etc…). Any document not meeting its specific requirements will not be accepted as proof of ownership.

2.6 Secure and verifiable identification is required at the time of transfer of vehicle ownership.

3.0 Application Rejection Appeal

3.1 Applicants who have been denied issuance of a Colorado certificate of title may request a hearing, in writing, within thirty days after the denial notice is issued. Written hearing requests shall be submitted to the Department of Revenue, Enforcement Unit, Hearings Section, 1881 Pierce Street, Room #106, Lakewood, CO 80214.

3.2 The hearing shall be held at the Department of Revenue, Enforcement Unit, Hearing Section, 1881 Pierce Street, Room #106, Lakewood, CO 80214. The presiding hearing officer shall be an authorized representative designated by the Executive Director. The Department's representative need not be present at the hearing unless his or her presence is required by the presiding officer, or requested by the applicant at the time the written request for hearing is submitted. If the Department's representative is not present at the hearing, any written documents and affidavits submitted by the Department may be considered at the discretion of the hearing officer.

RULE 31. SALVAGE AND REBUILT FROM SALVAGE DISCLOSURE

Basis: The statutory bases for this regulation are 38-20-116(2.5), 42-5-202 through 205, 42-6-102 (10), (15), (16), (17), and (23), 42-6-104, 42-6-110, 42-6-116 and 42-6-136, 42-6-206, C.R.S.

Purpose: The following rules and regulations are promulgated to establish criteria for the notification to the Department when the vehicle is declared disposed of as salvage, a salvage vehicle or rebuilt from salvage vehicle.

1.0 Definitions

1.1 "Department" means the Colorado Department of Revenue and/or its authorized agents.

1.2 "Director- Approved Form" means a Certificate of Title, DR 2173 Motor Vehicle Bill of sale, DR 2407 Dealer's Bill of Sale, invoice, or electronic invoice in a Department approved format.

1.3 "Disposed of as Salvage" means the loss, destruction, crushing and/or dismantling of a vehicle so it no longer meets the definition of roadworthy in 42-6-102(15), C.R.S.

1.4 "Loss" means the difference between the value of the vehicle before and after it was determined to be a salvage vehicle.

1.5 "Owner" means a person or firm in whose name the title to a motor vehicle is registered. The term also includes parties otherwise having lawful use or control or the right to use or control a vehicle for a period of thirty days or more.

1.6 "Rebuilt From Salvage" means a salvage vehicle that has been repaired to a roadworthy condition.

a. A "Rebuilt from Salvage" brand shall be stamped into salvage vehicles that have been repaired to a roadworthy condition as provided for in section 42-6-136(3)(b)(II), C.R.S.

1.7 "Rebuilt From Salvage Certificate of Title" means a Colorado Certificate of Title that contains the designation "Rebuilt from Salvage" in a conspicuous place on the title.

1.8 "Repair Shop" means a person or firm that offers vehicle repair services to the public on a commercial basis and complies with all federal, state, county, and municipal laws that require the person to possess business or tax licenses.

2.0 Disposed of as Salvage Requirements

2.1 The owner of a motor vehicle for which a Colorado certificate of title has been issued, upon the destruction or dismantling of said motor vehicle, upon its being changed so that it is no longer a motor vehicle, or upon its being sold or otherwise disposed of as salvage, shall:

a. Surrender the certificate of title to the motor vehicle to the director or the authorized agent to be canceled; or

b. Notify the director or the authorized agent on director-approved forms indicating the loss, destruction or dismantling, or sale for salvage.

2.2 Upon the owner's procuring the consent of the holders of any unreleased mortgages or liens noted on or recorded as part of the certificate of title, such certificate shall be canceled.

2.3 Upon cancellation of the certificate of title, no subsequent title will be issued.

3.0 Salvage Title Requirements

3.1 Applicants for a rebuilt from salvage certificate of title shall follow the DR 2415 Title Established by Salvage Title Checklist and submit all required documentation listed on the DR 2415 Title Established by Salvage Title Checklist.

3.2 Upon submitting the documentation required on the DR 2415 Title Established by Salvage Title Checklist the applicant must complete the DR 2410 Salvage Title Application.

3.3 The owner of a salvage vehicle may make application for a salvage certificate of title before the sale or transfer of such vehicle. All subsequent purchasers or transferees of a salvage vehicle, other than transactions that are not subject to taxation pursuant to section 39-26-104,

C.R.S., must obtain a salvage certificate of title in the owner's name within 24 months from the date of purchase or transfer.

a. If an insurance company acquires a vehicle that has been declared a salvage vehicle, as defined in section 42-6-102(17), C.R.S., the insurance company must apply for a salvage certificate of title before transferring ownership of the vehicle.

b. If the owner retains a vehicle upon settlement of a claim with an insurance company and the vehicle has been declared a salvage vehicle, as defined in section 42-6-102(17), C.R.S., the owner must apply for a salvage certificate of title in the owner's name within sixty days.

c. A repair shop may apply for a salvage certificate of title for a motor vehicle abandoned at the repair shop, if the retail fair market value of the abandoned motor vehicle is more than $200.00.

i. Motor vehicles abandoned at a repair shop, with a retail fair market value of less than $200.00, shall only be sold for the purposes of junking, scrapping, or dismantling. Sale by the repair shop shall be executed and delivered to the purchaser on a bill of sale.

ii. Under no circumstances shall a purchaser of an abandoned motor vehicle sold for the purposes of junking, scrapping, or dismantling be entitled to a Colorado certificate of title. Repair shops shall inform purchasers that a Colorado certificate of title will not be issued upon execution of the abandoned motor vehicle bill of sale.

3.4 The director or authorized agent shall designate "SALVAGE" in a conspicuous place on the certificate of title of every salvage vehicle, and "REBUILT FROM SALVAGE" on the certificate of title for every salvage vehicle that has been made roadworthy. Such designation shall become a permanent part of the certificate of title for such vehicles, and shall appear on all subsequent certificates of title for any such vehicle

RULE 34. TEMPORARY REGISTRATION PERMITS

Basis: The statutory bases for this regulation are 42-1-204, 42-3-116(5), 42-3-203(3)(b), 42-3-203(3)(c)(II) and 42-3-203(3)(c)(III) C.R.S.

Purpose: The following rules and regulations are promulgated to establish criteria for the issuance of temporary registration permits by licensed Colorado Motor Vehicle Dealers.

1.0 Definitions

1.1 "Authorized Agents" means the officer of a county or city and county designated by law to issue annual registrations of vehicles and to collect any registration or license fee imposed thereon by law.

1.2 "Dealer Stub" means the Department of Revenue form DR 2206A.

1.3 “Department” for the purpose of this regulation means the Department of Revenue, State Registration Section

1.4 “Licensed Colorado Motor Vehicle Dealer” or “Dealer” means every person engaged in the business of buying, selling, or exchanging vehicles of a type required to be registered under articles 1 to 4 of Title 42 of the Colorado Revised Statutes and who has an established place of business for such purpose in this state.

1.5 “Temporary Registration Permit” or “Temporary Permit” means the Department of Revenue form DR 2206.

1.6 “Registration Address” means a person’s principal or primary home or place of abode, to be determined in the same manner as residency for voter registration purposes as provided in sections 1-2-102 and 31-10-201, C.R.S. or for those persons that do not have a principal or primary home or place of abode registration address is the address for which the vehicle is permanently maintained at.

1.7 “Secure and Verifiable Identification” or “SVID” means identification issued by a state or federal jurisdiction or recognized by the United States Government and that is verifiable by federal or state law enforcement, intelligence, or homeland security agencies.

2.0 Requirements

2.1 The cost for temporary permits sold in blocks of twenty-five (25) shall be the fee stated in 42-3-203(3)(b) C.R.S. At the same time the block of temporary permits is purchased the Department’s authorized agents will release twenty-five dealer stubs to the purchasing dealer.

2.2 The cost for temporary permits on an individual basis shall be the individual temporary permit rate applicable to the general public. Dealer stubs will be released by the Department’s authorized agents for the same number of temporary permits purchased.

2.3 Temporary permits and dealer stubs shall be issued by Dealers upon consummation of a sale. Dealers shall not loan, give, borrow, sell, exchange or issue permits for or with another dealer, individual, business, company, or corporation.

2.4 Dealers shall verify SVID prior to issuance of temporary permits, unless the purchaser declares that the vehicle will be titled and registered outside the State of Colorado.

A. The duration of a temporary permit issued under these circumstances shall be issued for 14 days or less.

2.5 Temporary permits and dealer stubs shall be kept in a secure location. Dealers shall contact local law enforcement within 24 hours and file a police report for any temporary permit(s) or dealer stub(s) that are lost or stolen. A copy of the police report shall be supplied to the Department via the address located on the back of the dealer stub or faxed to 303-205-5978.

Replacement purchase of temporary permits shall not be allowed until a filed police report is received by the Department.

2.6 The duration of a temporary permit may not exceed sixty (60) days from the date of sale/issuance. Temporary permits shall not expire on a Saturday, Sunday, or legal holiday. If the 60th day falls on a Saturday, Sunday, or legal holiday the dealer shall make the temporary permit expire on the first weekday prior to the Saturday, Sunday or legal holiday. Temporary permits are not renewable, but when circumstances warrant, subsequent permits may be applied for by the consumer from their County Motor Vehicle Office or the Auto Industry Division.

2.7 Temporary permits shall not be issued to vehicles which are sold as “Tow Away” or to vehicles which are not roadworthy. Temporary permits shall not be used to demonstrate, transport or deliver vehicles.

2.8 Temporary permits shall be completed in permanent black marker/ink or printed using a standard commercial printer in fonts and styles established by the Department and shall be completely filled out ensuring accuracy of information. Missing or incomplete temporary permits shall render the temporary permit void.

A. ABBR. MONTH - shall be the three character designation (i.e., JAN = January) of the month in which the temporary permit expires. Dealers should ensure that the month is written over the hologram strip on the temporary permit. Upon completion of the ABBR. MONTH the dealer shall remove the protective film backer and affix the protective film to the temporary permit ensuring full coverage of the written month and hologram strip.

B. DAY - shall be the work weekday day in the month in which the temporary permit expires. Temporary permits shall not expire on a Saturday, Sunday or legal holiday. In no event shall a temporary permit expire date exceed sixty days. If the expire date falls on a Saturday, Sunday or legal holiday the dealer shall make the temporary permit expire on the first weekday prior to the Saturday, Sunday or legal holiday.

C. YEAR (expired section) - shall be the two digits indicating the year the temporary permit expires (i.e., 08 = 2008).

D. DEALER NUMBER - shall be the dealer number assigned to the licensed Colorado dealer from the Department of Revenue, Enforcement Business Group, Auto Industry Division that is issuing the temporary permit.

2.9 For every temporary permit issued by the dealer a dealer stub shall be completed with the three part copies being distributed as:

A. White copy - shall be submitted to the Department within calendar 5 days of the issued date as detailed below in 2.13.

B. Pink copy - shall be provided to the customer as evidence of temporary registration.

C. Yellow copy - shall be retained by the issuing dealer for a minimum of one year from the issue date.

2.10 The dealer stub shall be completed in permanent black ink or printed using a standard commercial printer in fonts and styles established by the Department and shall be completely filled out ensuring accuracy of information is maintained. Incomplete dealer stubs are not acceptable (unless as indicated below) and shall render the dealer stub void.

A. PERMIT NUMBER field - shall reflect the temporary permit serial number issued in 2.8 above.

B. Owner field - shall reflect the name of the owner of the vehicle as indicated on the SVID.

C. Owner field - shall reflect the name as indicated on the SVID of the second owner if there is a second owner.

D. Address, City, State and Zip field - shall reflect the registration address of the owner of the vehicle.

E. Year field - shall reflect the four digit model year of the vehicle.

F. Make field - shall reflect the make of the vehicle.

G. CWT field - shall reflect the empty weight or curb weight of the vehicle.

H. GVW field - shall reflect the vehicle's "Gross Vehicle Weight" which is equal to the empty weight plus the weight of the heaviest load that will be hauled. If no GVW available then leave blank.

I. VIN field - shall reflect the Vehicle Identification Number for the vehicle.

J. Date Issued field - shall reflect the date in Month, Day, Year format (mm/dd/year) for the date the temporary permit was issued.

K. Date Exp. field - shall reflect the date in Month, Day, Year format (mm/dd/year) for the vehicle that the dealer stub is issued indicating the date of expire of the temporary registration.

L. Dealer field - shall reflect the business name of the dealer.

M. Dealer Lic. # field - shall reflect the dealer number assigned to the licensed Colorado dealer from the Department of Revenue, Enforcement Business Group, Auto Industry Division.

2.11 Strike over and corrections are not permitted on the face of the temporary permit or dealer stub. Voided, damaged or recovered temporary permits and/or dealer stubs shall be mailed to the Department for recording or destruction within five calendar days of being voided. These should be marked "VOID" in bold black ink/marker across the face of the document. The dealer

shall retain the yellow copy of the dealer stub with the word "VOID" written in permanent black ink/marker across the face to indicate that the dealer did not issue or place the temporary permit on the vehicle for auditing purposes.

2.12 Temporary permits should be affixed to the rear of the vehicle in the area normally designed for the normal placement of the license plate. Dealers may place the temporary permits in plastic/protective bags or holders as long as the bags or holders do not cover, distort or make unreadable any part of the temporary permit. Temporary permits may be placed on the inside of the vehicle or on the inside rear window provided the temporary permit is readable.

2.13 The white copy of the dealer stub shall be submitted to the Department within five (5) calendar days of issuance via one of the following methods:

A. Dealer may elect to transcribe the exact information on the issued dealer stub into an electronic file that is transferred to the Department electronically.

1. Format, file type, information and transfer of the electronic file shall be determined by the Department.

2. Dealers that elect to use this method are not required to mail in the white copy of the dealer stubs to the Department.

B. Dealer may mail the white copy of the dealer stub to the Department at the address indicated on the back of the white copy of the dealer stub.

1. Only the dealer stubs are required to be submitted to the Department. Copies of insurance, vehicle registrations, identification cards etc. shall not be mailed to the Department.

2.14 All temporary permits and dealer stubs must be surrendered immediately to the Department of Revenue, Enforcement Business Group, Auto Industry Division when a dealer license has been suspended or revoked by the Colorado Motor Vehicle Dealer Board.

2.15 Dealers that do not comply with this regulation or have been found in violation of this regulation may have their privilege of issuing temporary permits revoked. Revocations will be issued through the Department of Revenue, Enforcement Business Group, Auto Industry Division.

RULE 35. TRANSPORTER LICENSE PLATES

Basis: This regulation is promulgated under the authority of 42-1-204, 42-3-116(1), 42-3-120(2), 42-3- 121(1) (d) and 42-3-304(7) (a) C.R.S.

Purpose: The following rules and regulations are promulgated to establish criteria for the issuance of transporter license plates.

1.0 Definitions

1.1 “Transporter Tags and/or Transporter License Plates” - means a numbered plate issued by the department authorizing the user to operate vehicles upon any highway in lieu of registering each vehicle.

1.2 “Repair Facility” - means a facility engaged in repair activity

1.3 “Repair Activity” - means repairing, painting, upholstering, polishing, or the performing of similar types of work on motor vehicles.

1.4 “Operate” - for the purpose of this rule means vehicles that are being driven upon the roads and highways under their own motive power.

1.5 “Financial institutions” - means a bank, savings bank, savings and loan association, industrial bank, industrial loan company, credit union, or bank or savings association holding company organized under the laws of any state, the District of Columbia, a territory or protectorate of the United States, or an operating subsidiary or affiliate of such entities.

1.6 “Department” - for the purpose of this regulation means the Department of Revenue, Registrations Section.

2.0 Requirements

2.1 Transporter license plates shall only be authorized for use and issued by the department to:

a. Dealers that have a valid and current State of Colorado dealer’s license as authorized and issued by the Colorado Department of Revenue, Auto Industry Division.

b. Dealers of special mobile machinery that can provide such evidence to the department as to the extent of their business as well as documentation detailing previous sales of special mobile machinery.

c. Government agencies that are acting in the capacity of disposing of, auctioning of, or movement of previously owned Government motor vehicles.

d. Facilities engaged in repair activity for a State of Colorado licensed dealer that provide written agreement/contract with such licensed dealer(s).

e. Facilities engaged in repair activity that provide Certificate of Liability Insurance and evidence of Sales Tax License in the entity’s business name.

f. Drive-away or tow-away transporters that operate motor vehicles for State of Colorado licensed dealers that provide written agreement/contract with such licensed dealer(s).

g. Chartered Financial Institutions that provide to the Department their Certificate of Charter, Supervised Lenders that provide a Supervised Lenders License issued by the State of Colorado Office of the Attorney General or such other evidence as may be acceptable to the Director.

h. Businesses that provide Repossessor Bond letter issued by the State of Colorado Office of the Attorney General and Certificate of Liability Insurance.

i. Businesses that are in the business of moving not currently registered motor vehicles that are being operated by other than the registered owner for the purposes of repossession, transit/transport, repair activity, or other stated purposes and not for personal business operations use that provide to the Department sufficient evidence to demonstrate the extent of this business.

2.2 All applicants for transporter license plates shall complete and submit to the Department of Revenue, Registration Section, an application for the issuance of transporter plates.

a. In addition to the application, the applicant shall submit such documentation or evidence as identified in 2.1a through 2.1i of this rule for the category of business.

2.3 Transporter license plates are issued on a calendar year basis and expire on December 31st of each year. All transporter license plates will have a one-month grace period for renewal. An annual fee in accordance with CRS 42-3-116 and 42-3-301 shall be remitted with each application.

2.4 False information on the application or renewal request may result in denial of the application, cancellation and denial of any plates issued. Receipt of complaints and/or abuse of transporter plates may result in the department requesting a review of the plate holder's records.

2.5 A transporter license plate may be used in lieu of registering each vehicle, to transport motor vehicles, trailers, special mobile machinery, or semi trailers upon any highway, to move vehicles to and from the dealer's place of business or storage, to and from the repair facilities place of business or storage, for the purpose of road testing, conducting repairs, or transporting vehicles from point of delivery to the dealers place of business or storage. Additionally, transporter plates may also be used for the movement of repossession or transit/transport vehicles related to repossession activity. Movement of a vehicle using a transporter plate for any purpose other than those listed above shall constitute private use.

2.6 A vehicle displaying a transporter license plate shall be operated under its own motive power, towed, transported singly, saddlemounted, towbar, fullmount, or any lawful combination. When traveling in a convoy, each individual vehicle must display a transporter plate.

2.7 It is the responsibility of the authorized user to assure the vehicles being driven while displaying a transporter license plate are in a safe, roadworthy condition.

2.8 Transporter license plates shall be mounted in such a position as to be visible from the back of the vehicle. Transporter license plates shall not be permanently attached or affixed to any vehicle. Transporter license plates must be maintained in a clearly legible condition at all times.

2.9 With the exception of licensed dealers, all vehicles displaying transporter plates shall have a copy of the agreement/contract with the dealership for whom the vehicle is being transported or copies of evidence of repossession, repair agreements/contracts or transit or transport agreements/contracts of the vehicle in the vehicle at all times.

2.10 Violation of the restrictions and methods of use of transporter license plates may result in sanctions including loss of plate privileges.

2.11 Persons subject to loss of one or more transporter plates may request a hearing, in writing, within thirty days of receiving notice of the pending action. The request for hearing shall be submitted to the Department of Revenue, Enforcement Business Group, Hearings Sections. If a hearing is not requested, within thirty days, the transporter plates in question may be suspended. If so, the plate shall be surrendered to the Department of Revenue, Division of Motor Vehicles, Title and Registration Section within ten days of the date of notice of the suspension at the cost of person/business subject to the loss.

2.12 The hearing shall be held at the Department of Revenue, Enforcement Business Group, Hearing Section. The presiding hearing officer shall be an authorized representative designated by the Executive Director. The law enforcement officer or Department Investigator who submits the documents and affidavit related to the action in question need not be present at the hearing unless his or her presence is required by the presiding officer, or requested by the person/business subject to the loss at the time the written request for hearing is submitted. If the law enforcement officer or investigator is not present at the hearing, the hearing officer may use the written documents and affidavit submitted by the officer or investigator.

2.13 Lost or stolen transporter license plates shall be reported within seventy-two (72) hours to local law enforcement and the Department of Revenue, Division of Motor Vehicles, Registration Section using form number DR2283 Affidavit for Lost or Stolen License Plates/Permits. All transporter license plates shall be replaced for the original statutory fees identified in CRS 42-3-116 and 42-3-301.

2.14 Whenever the business with Transporter license plates ceases to operate or whenever the appropriate Dealer's License, Repossessor Bond, Certificate of Charter, or Supervised Lenders License has been suspended, denied, revoked or expired all transporter license plates issued to such business shall be surrendered, at the cost of the business, within seventy-two (72) hours to the Department of Revenue, Division of Motor Vehicles, Title and Registration Section. The department shall not refund any portion of the original fee paid when the plates are surrendered.

2.15 Applications, renewals, and replacements may be conducted via postal mail. The applicant must provide a pre-paid envelope for plates if postal mail is requested. Transporter plates shall not be mailed to non-Colorado addresses. The department reserves the right to validate addresses to ensure that the address provided is a legitimate State of Colorado business address

for that applicant prior to accepting, approving or completing any transporter license plate application and may request additional information.

2.16 Secure and verifiable identification will be required on all issuances and replacements of transporter license plates. The business may provide letters of authorization to the department listing all authorized personnel that may conduct transporter license plate transactions with the department for their business.

RULE 48. COLORADO DEALER LICENSE PLATES

Basis: The statutory bases for this regulation are sections 42-1-102(22), 42-1-204, 42-3-116, and 42-3-304, C.R.S.

Purpose: The following rules and regulations are promulgated to establish criteria for issuance and use of dealer license plates.

1.0 Definitions

1.1 "Dealer" means every person engaged in the business of buying, selling, or exchanging vehicles of a type required to be registered under articles 1 to 4 of Title 42 of the C.R.S., who has an established place of business for such purpose in this state and who is authorized by the issuance of a DR 2118 Dealer's License from the Department of Revenue, Enforcement Business Group, Auto Industry Division. Dealer for the purpose of this regulation shall also include motor vehicle wholesale businesses, vehicle auction businesses, manufacturers, and all persons selling vehicles under a class of dealer license issued pursuant to Article 6 of Title 12 or Title 42 of the C.R.S.

1.2 "Dealer Demonstration" means the Dealer Demonstration license plate that has stacked "DMO" lettering on the Colorado blue and white graphic license plate.

1.3 "Dealer Full Use" means the Dealer Full Use license plate that has stacked "DLR" lettering on the Colorado blue and white graphic license plate.

1.4 "Dealer In-Transit" means the Dealer In-Transit license plate that has stacked "INT" lettering on the Colorado blue and white graphic license plate.

1.5 "Dealer License Plates" means the Dealer Demonstration, Dealer Full Use, Dealer In-Transit, or SMM Dealer Demonstration license plate.

1.6 "Department" means the Department of Revenue of this state acting directly or through its duly authorized officers and agents.

1.7 "Established Place of Business" means the place actually occupied either continuously or on a regular basis by a dealer where such dealer's books and records are kept and a majority of his or her business is transacted.

1.8 “Legitimate Business Interest” means:

A. One or more specific and identifiable reasons as to why the use of a dealership vehicle by a person serves the bona fide business needs of the dealership; and

B. Use of the vehicle is benefiting the bona fide business need.

1.9 “Motorcycle License Plate” means a license plate manufactured as standard motorcycle size and configuration.

1.10 “Motor Vehicle” means a motor vehicle as defined in section 42-1-102(58), C.R.S.

1.11 “Normal Business Hours” for the purpose of this regulation means 7:00 a.m. – 7:00 p.m. Monday through Saturday or as defined by the Motor Vehicle Dealer Board.

1.12 “Offered for Sale” means a vehicle that meets the following requirements:

A. The title to the vehicle has been properly assigned to the dealership, or if a new motor vehicle, evidence of a manufacturer’s certificate of origin for the vehicle; and

B. The vehicle is identified on the dealership inventory list maintained by the dealership for sale.

1.13 “Passenger Plate” means a license plate manufactured as standard passenger vehicle size and configuration.

1.14 “Registration Expiration Date” means the expiration of the applicable registration period required in section 42-3-102, C.R.S.

1.15 “SMM Dealer” means a person who sells special mobile machinery in the ordinary course of business.

1.16 “SMM Dealer Demonstration” means the SMM Dealer Demonstration license plate that has dual stacked “SMM” and “DMO” lettering on the Colorado blue and white license plate graphic.

1.17 “Special Mobile Machinery” or “SMM” means special mobile machinery as defined in section 42-1-102(93.5), C.R.S.

1.18 “Vehicle” means a vehicle as defined in section 42-1-102(112), C.R.S.

2.0 Requirements

2.1 Dealers meeting all statutory and regulatory requirements may be issued dealer license plates.

2.2 SMM Dealers meeting all statutory and regulatory requirements may be issued SMM Dealer Demonstration license plates.

2.3 Dealer license plates shall be issued, registered, and renewed by the County Motor Vehicle Office in the county in which the dealer or SMM Dealer has an established place of business.

2.4 Dealer license plates shall be manufactured and offered as:

A. Dealer Demonstration – single passenger plate and single motorcycle plate.

B. Dealer In-Transit – single passenger plate.

C. Dealer Full Use – single passenger plate and single motorcycle plate.

D. SMM Dealer Demonstration – single passenger plate.

2.5 Issuance of dealer license plates shall be:

A. Dealer Demonstration license plates may be Issued in unrestricted quantities to:

1. Dealers with the "DEMO:999" indicator on the DR 2118 Dealer's License. The "DEMO:999" indicator must be valid at all times during the registration period if the dealer desires to be issued additional Dealer Demonstration license plates.

B. Dealer In-Transit license plates may be issued in unrestricted quantities to:

1. Dealers with a current and valid DR 2118 Dealer's License.

C. Dealer Full Use license plates may be issued in unrestricted quantities to:

1. Dealers with the "FULL: Y" indicator on the DR 2118 Dealer's License. The "FULL: Y" indicator shall be valid at all times during the registration period if the dealer desires to be issued additional Dealer Full Use license plates.

a. Dealer Full Use license plates shall not be issued to Dealers with a "FULL: N" indicator on the DR 2118.

D. SMM Dealer Demonstration license plates may be issued in unrestricted quantities to:

1. SMM Dealers who provide to the department satisfactory evidence of the scope of their business and documentation detailing previous sales of special mobile machinery.

a. Evidence may be, but is not limited to:

(1) Dealers license issued pursuant to Article 6 of Title 12 or Title 42, C.R.S. or;

(2) A Sales Tax License, or;

(3) Sales invoices (current or from past sales completed), or;

(4) SMM Dealer inventory records listing special mobile machinery being offered for sale.

2. Prior to initial issuance of SMM Dealer Demonstration license plates the SMM Dealers will be assigned a SMM Dealer number that begins with “S” by the County Motor Vehicle Office. This SMM Dealer number shall be used for the issuance, renewal, and reporting of SMM Dealer Demonstration license plates registered under that “S” number. This SMM Dealer number shall be retained by the SMM Dealer and be used for all SMM transactions with regard to SMM Dealer Demonstration license plates.

2.6 Fees for dealer license plates shall be paid upon issuance and renewal as listed below:

A. Dealer Demonstration and Dealer In-Transit license plates shall pay the fees as required by sections 42-3-304(6), 42-3-301, and 42-1-210, C.R.S.

B. Dealer Full Use license plates shall pay the fees as required by sections 42-3-116(6)(b)(II), 42-3-301, and 42-1-210, C.R.S

C. SMM Dealer Demonstration license plates shall pay the fees as required by sections 42-3-116(7)(b)(II), 42-3-301, and 42-1-210, C.R.S.

2.7 Use and display of dealer license plates shall be as listed below:

A. Dealer Demonstration License Plates:

1. Shall only be displayed on vehicles offered for sale by a dealer.

2. May be displayed on vehicles for demonstration drive purposes, during normal business hours, when a dealership employee is in the vehicle with the prospective buyer.

a. May be displayed on vehicles operated by a prospective buyer for demonstration drives. Demonstration drives by a prospective purchaser shall not exceed seven calendar days. The dealer or wholesaler must issue an authorization letter to any prospective buyer operating the vehicle with Dealer Demonstration license plates after normal business hours. The authorization letter must include the name and address of the prospective buyer, Dealer Demonstration license plate number, dates of the demonstration drive, vehicle make, vehicle model, and vehicle identification number. The authorization letter must be maintained in the vehicle when operated and presented to law enforcement upon request.

3. May be displayed on a vehicles being operated by a dealership employee, during normal business hours, for conducting legitimate dealership business.

4. Dealer Demonstration license plates may not be displayed on vehicles that:

a. Have been sold, leased, or rented, or;

b. Are being delivered to the purchaser, or;

c. Are dealer or dealership employees’ personal vehicles, or;

d. Are loaned or donated by the dealership, or;

e. Are being pulled, hauled, or are otherwise considered cargo, or;

f. Are tow vehicles or parts pickup/delivery vehicles.

B. Dealer In-Transit License Plates:

1. May be displayed on vehicles that:

a. Are for intra-state and inter-state transport of vehicles offered for sale, consigned to be sold, or owned by a dealer.

b. Are being operated from point of purchase to the point of storage, or from the point of storage to the point of sale.

c. Are for demonstration purposes only when a dealership employee is in the vehicle with the prospective buyer.

d. Are in a safe roadworthy condition.

2. Dealer In-Transit license plates may not be displayed on vehicles that:

a. Are being operated by prospective buyers without a dealership employee being present in the vehicle while being operated, or;

b. Have been sold, leased, or rented, or;

c. Are dealer or dealership employees' personal vehicles, or;

d. Are loaned or donated by the dealership, or;

e. Are being pulled, hauled or are otherwise considered cargo, or;

f. Are tow vehicles or parts pickup/delivery vehicles.

C. Dealer Full Use License Plates:

1. May be displayed on vehicles offered for sale by a dealer.

2. Vehicle must continue to be owned by the dealership while assigned to any of the persons listed below. The DR 2574 Colorado Registration Receipt issued with the Dealer Full Use license plate must be maintained in the vehicle displaying the Dealer Full Use license plate along with the dealer ownership documents.

a. Owners and co-owners of the dealership.

b. Employees of the dealership.

c. Any person, including former, current, and prospective customers, in order to serve the legitimate business interest of the dealership.

d. Spouse or dependent child living in the same household as the dealer.

3. Dealer Full Use license plates may not be displayed on vehicles that:

a. Have been sold, leased, rented, or donated by the dealership.

b. Are being pulled, hauled, or are otherwise considered cargo.

c. Are tow vehicles or parts pickup/delivery vehicles.

D. SMM Dealer Demonstration License Plates:

1. May be displayed on special mobile machinery:

a. Offered for sale by a SMM Dealer, or:

b. Being demonstrated for purposes of a sale, or;

c. That is either designed for operation on the highway or off of the highway.

2. May not be displayed on:

a. Special Mobile Machinery that has been sold, leased, or rented, or;

b. Special Mobile Machinery that is loaned or donated by the SMM dealer, or;

c. Vehicles or motor vehicles that do not meet the definition of Special Mobile Machinery.

2.8 The registered name of a dealer may only be changed upon approval from the Department of Revenue, Enforcement Business Group, Auto Industry Division.

2.9 Dealers and SMM Dealers shall maintain a record of all dealer license plates issued to them which shall include the name, address, and phone number of the individual currently authorized to use the dealer license plate.

2.10 All dealer license plates shall be immediately surrendered to the Department, at the cost of the dealer or SMM dealer, whenever:

A. Through either a voluntary or an involuntary action, the dealer or SMM dealer ceases to be a dealer or SMM dealer.

B. Upon suspension or revocation of the dealer's DR 2118 Dealer's License by the Motor Vehicle Dealer Board.

2.11 A change of dealership or SMM dealer operating entity status requires the issuance of new dealer license plates. Dealer license plates are not transferable between entities.

2.12 Lost or stolen dealer license plates must be reported within seventy-two hours to local law enforcement and to the County that issued the dealer license plates. A copy of the police report must be attached to the DR 2283 Lost or Stolen License Plate / Permit Affidavit when submitted to the County.

2.13 Secure and verifiable identification shall be required for issuance and replacement of dealer license plates. Dealers and SMM Dealers shall provide letters to the Department listing all personnel authorized to conduct dealer license plate transactions with the Department on the dealer's or SMM dealer's behalf.