

LD4998819

**HOUSE BILL NO. 2324****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Roads and Internal Navigation  
on February 2, 1995)

(Patron Prior to Substitute—Delegate Rollison)

A *BILL to amend and reenact §§ 2.1-20.4, 9-6.25:3, 46.2-1500, 46.2-1503, 46.2-1504, 46.2-1505, 46.2-1506, 46.2-1507, 46.2-1508, 46.2-1509, 46.2-1510, 46.2-1511, 46.2-1512, 46.2-1513, 46.2-1514, 46.2-1515, 46.2-1516, 46.2-1517, 46.2-1518, 46.1-1519, 46.2-1521, 46.2-1527.1, 46.2-1527.2, 46.2-1727.3, 46.2-1527.4, 46.2-1527.5, 46.2-11527.6, 46.2-1527.7, 46.2-1527.8, 46.2-1528, 46.2-1529, 46.2-1530, 46.2-1532, 46.2-1533, 46.2-1536, 46.2-1539, 46.2-1542, 46.2-1543, 46.2-1544, 46.2-1545, 46.2-1546, 46.2-1547, 46.2-1548, 46.2-1549, 46.2-1550, 46.2-1551, 46.2-1553, 46.2-1554, 46.2-1555, 46.2-1556, 46.2-1566, 46.2-1568, 46.2-1569, 46.2-1573, 46.2-1575, 46.2-1576, 46.2-1577, and 46.2-1582 of the Code of Virginia; to amend the Code of Virginia by adding sections numbered 46.2-1503.1, 46.2-1503.2, 46.2-1503.3, 46.2-1503.4, 46.2-1503.5, 46.2-1506.1, and 46.2-1565.1 and by adding in Title 46.2 a chapter numbered 19, consisting of sections numbered 46.2-1900 through 46.2-1991; and to repeal §§ 46.2-1502 and 46.2-1541 of the Code of Virginia, relating to motor vehicle, trailer, semitrailer, mobile home, motor home and motorcycle dealers; penalties.*

**Be it enacted by the General Assembly of Virginia:**

1. That §§ 2.1-20.4, 9-6.25:3, 46.2-1500, 46.2-1501, 46.2-1503, 46.2-1504, 46.2-1505, 46.2-1506, 46.2-1507, 46.2-1508, 46.2-1509, 46.2-1510, 46.2-1511, 46.2-1512, 46.2-1513, 46.2-1514, 46.2-1515, 46.2-1516, 46.2-1517, 46.2-1518, 46.1-1519, 46.2-1521, 46.2-1527.1, 46.2-1527.2, 46.2-1727.3, 46.2-1527.4, 46.2-1527.5, 46.2-1527.6, 46.2-1527.7, 46.2-1527.8, 46.2-1528, 46.2-1529, 46.2-1530, 46.2-1532, 46.2-1533, 46.2-1536, 46.2-1539, 46.2-1542, 46.2-1543, 46.2-1544, 46.2-1545, 46.2-1546, 46.2-1547, 46.2-1548, 46.2-1549, 46.2-1550, 46.2-1551, 46.2-1553, 46.2-1554, 46.2-1555, 46.2-1556, 46.2-1566, 46.2-1568, 46.2-1569, 46.2-1573, 46.2-1575, 46.2-1576, 46.2-1577, and 46.2-1582 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 46.2-1503.1, 46.2-1503.2, 46.2-1503.3, 46.2-1503.4, 46.2-1503.5, 46.2-1506.1, and 46.2-1565.1 and by adding in Title 46.2 a chapter numbered 19, consisting of sections numbered 46.2-1900 through 46.2-1991 as follows:

§ 2.1-20.4. Bodies receiving compensation.

A. Notwithstanding any other provision of law, the following commissions, boards, etc., shall be those which receive compensation from state funds pursuant to § 2.1-20.3:

Accountancy, Board for  
Agriculture and Consumer Services, Board of  
Air Pollution Control Board, State  
Airports Authority, Virginia  
Apprenticeship Council  
Architects, Professional Engineers, Land Surveyors and Landscape Architects, State Board for  
Athletic Board, Virginia  
Auctioneers Board  
Audiology and Speech-Language Pathology, Board of  
Aviation Board, Virginia  
Barbers, Board for  
Branch Pilots, Board for  
Building Code Technical Review Board, State  
Chesapeake Bay Local Assistance Board  
Child Day Care and Early Childhood Programs, Virginia Council on  
Coal Mining Examiners, Board of  
College Building Authority  
Commonwealth Transportation Board  
Conservation and Development of Public Beaches, Board on  
Conservation and Recreation, Board of  
Contractors, Board for  
Correctional Education, Board of  
Corrections, Board of  
Cosmetology, Board for  
Criminal Justice Services Board  
Deaf and Hard-of-Hearing, Advisory Board for the  
Dentistry, Board of

60 Education, State Board of  
61 Education Loan Authority, Virginia - Board of Directors  
62 Elections, State Board of  
63 Environment, Council on the  
64 Fire Services Board, Virginia  
65 Funeral Directors and Embalmers, Board of  
66 Game and Inland Fisheries, Board of  
67 Geology, Board for  
68 Health, State Board of  
69 Health Professions, Board of  
70 Hearing Aid Specialists, Board for  
71 Higher Education, State Council of  
72 Historic Resources, Board of  
73 Housing and Community Development, Board of  
74 Information Management, Council on  
75 Marine Resources Commission  
76 Medical Assistance Services, Board of  
77 Medical Complaint Investigation Committee  
78 Medicine, Board of  
79 Mental Health, Mental Retardation and Substance Abuse Services Board, State  
80 Milk Commission  
81 Mineral Mining Examiners, Board of  
82 *Motor Vehicle Dealer Board*  
83 Nursing, Board of  
84 Nursing Home Administrators, Board of  
85 Occupational Therapy, Advisory Board on  
86 Oil and Gas Conservation Board, Virginia  
87 Opticians, Board for  
88 Optometry, Board of  
89 Pesticide Control Board  
90 Pharmacy, Board of  
91 Physical Therapy, Advisory Board on  
92 Port Authority, Board of Commissioners of the Virginia  
93 Professional and Occupational Regulation, Board for  
94 Professional Counselors, Board of  
95 Professional Soil Scientists, Board for  
96 Psychology, Board of  
97 Public Defender Commission  
98 Public School Authority, Virginia  
99 Purchases and Supply Appeals Board  
100 Real Estate Appraiser Board  
101 Real Estate Board  
102 Recreation Specialists, Board of  
103 Rehabilitative Services, Board of  
104 Respiratory Therapy, Advisory Board on  
105 Safety and Health Codes Board  
106 Seed Potato Board  
107 Social Services, Board of  
108 Social Work, Board of  
109 State Health Department Sewage Handling and Disposal Appeal Review Board  
110 Substance Abuse Certification Board  
111 Surface Mining Review, Board of  
112 Treasury Board  
113 Veterans' Affairs, Board on  
114 Veterinary Medicine, Board of  
115 Virginia Board for Asbestos Licensing  
116 Virginia Health Planning Board  
117 Virginia Manufactured Housing Board  
118 Virginia Veterans Care Center Board of Trustees  
119 Virginia Waste Management Board  
120 Visually Handicapped, Virginia Board for the  
121 Waste Management Facility Operators, Board for

122 Water Control Board, State  
 123 Waterworks and Wastewater Works Operators, Board for  
 124 Well Review Board, Virginia  
 125 Youth and Family Services, State Board of.  
 126 B. Individual members of boards, commissions, committees, councils, and other similar bodies  
 127 appointed at the state level and receiving compensation for their services on January 1, 1980, but who  
 128 will not receive compensation under the provisions of this article, shall continue to receive compensation  
 129 at the January 1, 1980, rate until such member's current term expires.  
 130 § 9-6.25:3. Supervisory boards.  
 131 There shall be, in addition to such others as may be designated in accordance with § 9-6.25, the  
 132 following supervisory boards:  
 133 Alcoholic Beverage Control Board  
 134 Board for Branch Pilots  
 135 Board of Commissioners, Virginia Port Authority  
 136 Board of Game and Inland Fisheries  
 137 Board of Regents, Gunston Hall Plantation  
 138 Board of Regents, James Monroe Memorial Law Office and Library  
 139 Board of Trustees, Chippokes Plantation Farm Foundation  
 140 Board of Trustees, Frontier Culture Museum of Virginia  
 141 Board of Trustees, Jamestown-Yorktown Foundation  
 142 Board of Trustees, the Science Museum of Virginia  
 143 Board of Trustees, Virginia Museum of Fine Arts  
 144 Board of Trustees, Virginia Retirement System  
 145 Board of Trustees, Virginia Veterans Care Center  
 146 Board of Trustees, Virginia War Memorial Foundation  
 147 (Effective July 1, 1996) Board of the Virginia Higher Education Tuition Trust Fund  
 148 Board of Visitors, Christopher Newport University  
 149 Board of Visitors, George Mason University  
 150 Board of Visitors, James Madison University  
 151 Board of Visitors, Longwood College  
 152 Board of Visitors, Mary Washington College  
 153 Board of Visitors, Norfolk State University  
 154 Board of Visitors, Old Dominion University  
 155 Board of Visitors, Radford University  
 156 Board of Visitors, The College of William and Mary in Virginia  
 157 Board of Visitors, University of Virginia  
 158 Board of Visitors, Virginia Commonwealth University  
 159 Board of Visitors, Virginia Military Institute  
 160 Board of Visitors, Virginia Polytechnic Institute and State University  
 161 Board of Visitors, Virginia State University  
 162 Commonwealth's Attorneys' Services Council  
 163 Compensation Board  
 164 Governing Board, Virginia College Building Authority  
 165 Governing Board, Virginia Public School Authority  
 166 *Motor Vehicle Dealer Board*  
 167 State Board for Community Colleges, Virginia Community College System  
 168 State Board of Education  
 169 State Certified Seed Board  
 170 State Council of Higher Education for Virginia  
 171 Virginia Agricultural Council  
 172 Virginia Bright Flue-Cured Tobacco Board  
 173 Virginia Board for People with Disabilities  
 174 Virginia Cattle Industry Board  
 175 Virginia Corn Board  
 176 Virginia Dark-Fired Tobacco Board  
 177 Virginia Egg Board  
 178 Virginia Horse Industry Board  
 179 Virginia Marine Products Board  
 180 Virginia Peanut Board  
 181 Virginia Pork Industry Board  
 182 Virginia Soybean Board

183 Virginia State Apple Board  
184 Virginia Sweet Potato Board.  
185 § 46.2-1500. Definitions.

186 Unless the context otherwise requires, the following words and terms for the purpose of this chapter  
187 shall have the following meanings:

188 *"Board" means the Motor Vehicle Dealer Board*

189 "Certificate of origin" means the document provided by the manufacturer of a new motor vehicle, or  
190 its distributor, which is the only valid indication of ownership between the manufacturer, its distributor,  
191 its franchised motor vehicle dealers, and the original purchaser not for resale.

192 "Dealer-operator" means the individual who works at the established place of business of a dealer  
193 and who is responsible for and in charge of day-to-day operations of that place of business.

194 "Distributor" means a person who is *licensed by the Department of Motor Vehicles under Chapter 19*  
195 *(§ 46.2-1900 et seq.) of this title and who sells or distributes new motor vehicles pursuant to a written*  
196 *agreement with the manufacturer, to franchised motor vehicle dealers in the Commonwealth.*

197 "Distributor branch" means a branch office *licensed by the Department of Motor Vehicles under*  
198 *Chapter 19 (§ 46.2-1900 et seq.) of this title and maintained by a distributor for the sale of motor*  
199 *vehicles to motor vehicle dealers or for directing or supervising, in whole or in part, its representatives*  
200 *in the Commonwealth.*

201 "Distributor representative" means a person *who is licensed by the Department of Motor Vehicles*  
202 *under Chapter 19 (§ 46.2-1900 et seq.) of this title and employed by a distributor or by a distributor*  
203 *branch, for the purpose of making or promoting the sale of motor vehicles or for supervising or*  
204 *contacting its dealers, prospective dealers, or representatives in the Commonwealth.*

205 "Factory branch" means a branch office maintained by a person for the sale of motor vehicles to  
206 distributors or for the sale of motor vehicles to motor vehicle dealers, or for directing or supervising, in  
207 whole or in part, its representatives in the Commonwealth.

208 "Factory representative" means a person *who is licensed by the Department of Motor Vehicles under*  
209 *Chapter 19 (§ 46.2-1900 et seq.) of this title and employed by a person who manufactures or assembles*  
210 *motor vehicles or by a factory branch for the purpose of making or promoting the sale of its motor*  
211 *vehicles or for supervising or contacting its dealers, prospective dealers, or representatives in the*  
212 *Commonwealth.*

213 "Factory repurchase motor vehicle" means a motor vehicle sold, leased, rented, consigned, or  
214 otherwise transferred to a person under an agreement that the motor vehicle will be resold or otherwise  
215 retransferred only to the manufacturer or distributor of the motor vehicle, and which is reacquired by the  
216 manufacturer or distributor, or their agents.

217 "Family member" means a person who either (i) is the spouse, child, grandchild, spouse of a child,  
218 spouse of a grandchild, brother, sister, or parent of the dealer or owner or (ii) has been employed  
219 continuously by the dealer for at least five years.

220 "Franchise" means a written contract or agreement between two or more persons whereby one  
221 person, the franchisee, is granted the right to engage in the business of offering and selling, servicing, or  
222 offering, selling, and servicing new motor vehicles of a particular line-make or late model or factory  
223 repurchase motor vehicles of a particular line-make manufactured or distributed by the grantor of the  
224 right, the franchisor, and where the operation of the franchisee's business is substantially associated with  
225 the franchisor's trademark, trade name, advertising, or other commercial symbol designating the  
226 franchisor, the motor vehicle or its manufacturer or distributor. The term shall include any severable part  
227 or parts of a franchise agreement which separately provides for selling and servicing different line-makes  
228 of the franchisor.

229 "Franchised late model or factory repurchase motor vehicle dealer" means a dealer in late model or  
230 factory repurchase motor vehicles, including a franchised new motor vehicle dealer, that has a franchise  
231 agreement with a manufacturer or distributor of the line-make of the late model or factory repurchase  
232 motor vehicles.

233 "Franchised motor vehicle dealer" means a dealer in new motor vehicles that has a franchise  
234 agreement with a manufacturer or distributor of new motor vehicles, trailers, or semitrailers.

235 *"Fund" means the Motor Vehicle Dealer Board Fund.*

236 "Independent motor vehicle dealer" means a dealer in used motor vehicles.

237 "Late model motor vehicle" means a motor vehicle of the current model year and the immediately  
238 preceding model year.

239 "Manufacturer" means a person *who is licensed by the Department of Motor Vehicles under Chapter*  
240 *19 (§ 46.2-1900 et seq.) of this title and engaged in the business of constructing or assembling new*  
241 *motor vehicles and, in the case of trucks, also means a person engaged in the business of manufacturing*  
242 *engines, power trains, or rear axles, when such engines, power trains, or rear axles are not warranted by*  
243 *the final manufacturer or assembler of the truck.*

244 "Motor vehicle" means the same as provided in § 46.2-100, except, for the purposes of this chapter,

(i) it shall *not* include (i) trailers and semitrailers, ~~but not~~ ; (ii) mobile homes, sales of which are regulated under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36; (ii) ; (iii) *motor homes*; (iv) *motorcycles*; (v) a nonrepairable ~~vehicle vehicles~~, as defined in § 46.2-1600, ~~shall not be considered a motor vehicle for the purposes of this chapter~~; ; and (iii) a (vi) salvage ~~vehicle vehicles~~, as defined in § 46.2-1600; shall not be considered a motor vehicle for the purposes of this chapter. "Motor vehicle dealer" or "dealer" means any person who:

1. For commission, money, or other thing of value, buys, sells, exchanges, either outright or on conditional sale, bailment lease, chattel mortgage, or otherwise or arranges or offers or attempts to solicit or negotiate on behalf of others a sale, purchase, or exchange of an interest in new motor vehicles, new and used motor vehicles, ~~or used motor vehicles alone, or trailers or semitrailers~~, whether or not the motor vehicles, ~~trailers, or semitrailers~~ are owned by him; or

2. Is wholly or partly engaged in the business of selling new motor vehicles, new and used motor vehicles, or used motor vehicles only, ~~or trailers or semitrailers~~, whether or not the motor vehicles are owned by him; or

3. Offers to sell, sells, displays, or permits the display for sale, of five or more motor vehicles; ~~trailers, or semitrailers~~ within any twelve consecutive months.

The term "motor vehicle dealer" does not include:

1. Receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under judgment or order of any court or their employees when engaged in the specific performance of their duties as employees.

2. Public officers, their deputies, assistants, or employees, while performing their official duties.

3. Persons other than business entities primarily engaged in the leasing or renting of motor vehicles to others when selling or offering such vehicles for sale at retail, disposing of motor vehicles acquired for their own use and actually so used, when the vehicles have been so acquired and used in good faith and not for the purpose of avoiding the provisions of this chapter.

4. Persons dealing solely in the sale and distribution of fire-fighting equipment, ambulances, and funeral vehicles, including motor vehicles adapted therefor; however, this exemption shall not exempt any person from the provisions of §§ 46.2-1519, 46.2-1520 and 46.2-1548.

5. Any financial institution chartered or authorized to do business under the laws of the Commonwealth or the United States which may have received title to a motor vehicle in the normal course of its business by reason of a foreclosure, other taking, repossession, or voluntary reconveyance to that institution occurring as a result of any loan secured by a lien on the vehicle.

6. An employee of an organization arranging for the purchase or lease by the organization of vehicles for use in the organization's business.

7. Any person licensed to sell real estate who sells a mobile home or similar vehicle in conjunction with the sale of the parcel of land on which the mobile home or similar vehicle is located.

8. Any person who permits the operation of a motor vehicle show or permits the display of motor vehicles for sale by any motor vehicle dealer licensed under this chapter.

9. An insurance company authorized to do business in the Commonwealth that sells or disposes of vehicles under a contract with its insured in the regular course of business.

10. Any publication, broadcast, or other communications media when engaged in the business of advertising, but not otherwise arranging for the sale of vehicles owned by others.

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

12. Any credit union authorized to do business in Virginia, provided the credit union does not receive a commission, money, or other thing of value directly from a motor vehicle dealer.

13. Any person licensed as a manufactured home dealer, broker, manufacturer, or salesperson under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

"Motor vehicle salesperson" or "salesperson" means any person who is licensed as and employed as a salesperson by a motor vehicle dealer to sell or exchange motor vehicles.

"Motor vehicle show" means a display of motor vehicles to the general public at a location other than a dealer's location licensed under this chapter where the vehicles are not being offered for sale or exchange during or as part of the display.

"New motor vehicle" means any vehicle which (i) has not been previously sold except in good faith for the purpose of resale, (ii) has not been used as a rental, driver education, or demonstration motor vehicle, or for the personal and business transportation of the manufacturer, distributor, dealer, or any of his employees, (iii) has not been used except for limited use necessary in moving or road testing the vehicle prior to delivery to a customer, (iv) is transferred by a certificate of origin, and (v) has the manufacturer's certification that it conforms to all applicable federal motor vehicle safety and emission standards. Notwithstanding provisions (i) and (iii), a motor vehicle that has been previously sold but not titled shall be deemed a new motor vehicle if it meets the requirements of provisions (ii), (iv), and (v).

"Relevant market area" means as follows:

306 1. In metropolitan localities, the relevant market area shall be a circular area around an existing  
307 franchised dealer with a population of 250,000, not to exceed a radius of ten miles but in no case less  
308 than seven miles.

309 2. If the population in an area within a radius of ten miles around an existing franchised dealer is  
310 less than 250,000, but the population in an area within a radius of fifteen miles around an existing  
311 franchised dealer is 150,000 or more, the relevant market area shall be that area within the fifteen-mile  
312 radius.

313 3. In all other cases the relevant market area shall be an area within a radius of twenty miles around  
314 an existing franchised dealer or the area of responsibility defined in the franchise, whichever is greater.  
315 In any case where the franchise agreement is silent as to area responsibility, the relevant market area  
316 shall be the greater of an area within a radius of twenty miles around an existing franchised dealer or  
317 that area in which the franchisor otherwise requires the franchisee to make significant retail sales or  
318 sales efforts.

319 In determining population for this definition, the most recent census by the U.S. Bureau of the  
320 Census or the most recent population update, either from the National Planning Data Corporation or  
321 other similar recognized source, shall be accumulated for all census tracts either wholly or partially  
322 within the relevant market area.

323 "Retail installment sale" means every sale of one or more motor vehicles to a buyer for his use and  
324 not for resale, in which the price of the vehicle is payable in one or more installments and in which the  
325 seller has either retained title to the goods or has taken or retained a security interest in the goods under  
326 form of contract designated either as a security agreement, conditional sale, bailment lease, chattel  
327 mortgage, or otherwise.

328 "Sale at retail" or "retail sale" means the act or attempted act of selling, bartering, exchanging, or  
329 otherwise disposing of a motor vehicle to a buyer for his personal use and not for resale.

330 "Sale at wholesale" or "wholesale" means a sale to motor vehicle dealers or wholesalers other than to  
331 consumers; a sale to one who intends to resell.

332 "Used motor vehicle" means any vehicle other than a new motor vehicle as defined in this section.

333 "Wholesale auction" means an auction of motor vehicles restricted to sales at wholesale.

334 § 46.2-1503. Motor Vehicle Dealer Board.

335 A. *The Motor Vehicle Dealer Board is hereby created.* The Board shall consist of ~~eleven~~ nineteen  
336 members. *Twelve of these shall be appointed by the Governor, subject to confirmation by the General*  
337 *Assembly. One member shall be appointed from each of the geographic operating districts used by the*  
338 *Department and shall reside in the district from which he is appointed. Every member appointed by the*  
339 *Governor must be a citizen of the United States and must be a resident of Virginia. The Governor may*  
340 *remove any member as provided in subsection B of § 2.1-43. The initial terms of eight members*  
341 *appointed in July of 1995, shall commence when appointed and shall be for terms ending on June 30,*  
342 *1997. Nine members shall be appointed for a full four-year term. The remaining members shall be*  
343 *at-large members and, insofar as practical, should reflect fair and equitable statewide representation.*

344 B. ~~Four~~ Nine members shall be franchised motor vehicle dealers, ~~three~~ who have been licensed as  
345 such for at least five years prior to being appointed by the Governor and seven members shall be  
346 independent motor vehicle dealers who have been licensed as such for at least five years prior to being  
347 appointed by the Governor. One of the independent dealers appointed to the Board ~~member~~ shall be a  
348 licensed motor vehicle dealer primarily engaged in the business of renting vehicles ~~and vehicles, and~~  
349 ~~three members shall be persons who are not dealers or salespersons~~ one shall be a licensed independent  
350 dealer primarily engaged in the motor vehicle salvage business One member shall be an individual who  
351 has no direct interest, other than as a consumer, in or relating to the motor vehicle industry.

352 C. ~~Appointments~~ Members shall be ~~serve~~ for terms of four years, and no ~~member~~ person other than  
353 the Commissioner of the Department of Motor Vehicles and the Commissioner of Agriculture and  
354 Consumer Affairs shall be eligible to serve for more than two full consecutive successive four-year  
355 terms. The Commissioner of the Department of Motor Vehicles shall serve as chairman of the Board.  
356 ~~Vacanciesterms. Appointment and confirmation of the Board members shall occur only as the terms of~~  
357 ~~the current members of the Board expire under prior law.~~ shall be filled by appointment by the  
358 Governor for the unexpired term and shall be effective until thirty days after the next meeting of the  
359 ensuing General Assembly and, if confirmed, thereafter for the remainder of the term. Any person  
360 appointed to fill a vacancy may serve two additional successive terms.

361 D. The Commissioner of the Department of Motor Vehicles and the Commissioner of the Department  
362 of Agriculture and Consumer Affairs shall be full, voting members of the Board.

363 E. Members of the Board shall be reimbursed their actual and necessary expenses incurred in  
364 carrying out their duties, such reimbursement to be paid from the special fund referred to in  
365 § 46.2-1520.

366 § 46.2-1503.1. Board to employ executive director.

367 The Board shall employ an executive director who shall serve at the pleasure of the Board. He shall

direct the affairs of the Board and keep records of all proceedings, transactions, communications, and official acts of the Board. He shall be custodian of all records of the Board and perform such duties as the Board may require. The executive director shall call a meeting of the board at the direction of the chairman or upon written request of three or more Board members. The executive director, with approval of the Board, may employ such additional staff as needed. The annual salary of the executive director shall be at Level II of the Executive Compensation Plan.

§ 46.2-1503.2. State Personnel and Public Procurement Acts not applicable.

A. The executive director and all staff employed by the Board shall be exempt from the Virginia Personnel Act, Chapter 10 (§ 2.1-110 et seq.) of Title 2.1. Personnel actions under this exemption shall be taken without regard to race, sex, color, national origin, religion, age, handicap or political affiliation.

B. The Board and the executive director shall be exempt from the Virginia Public Procurement Act, Chapter 7 (§ 11-35 et seq.) of Title 11.

§ 46.2-1503.3. Motor Vehicle Dealer Board Fund; receipts; disbursements.

The Motor Vehicle Dealer Board Fund is established as a special Fund in the state treasury. Except as otherwise provided in this chapter, all fees collected as provided in this chapter and by regulations promulgated by the Board, shall be paid into the state treasury immediately upon collection and credited to the Motor Vehicle Dealer Board Fund. All disbursements from the Fund shall be made by the State Treasurer upon warrants of the Comptroller issued upon vouchers signed by an authorized officer of the Board or the executive director as authorized by the Board.

§ 46.2-1503.4. General powers and duties of Board.

The powers and duties of the Board shall include, but not necessarily be limited to the following:

1. To establish the qualifications of applicants for certification or licensure, provided that all qualifications shall be necessary to ensure competence and integrity.

2. To examine, or cause to be examined, the qualifications of each applicant for certification or licensure, including the preparation, administration and grading of examinations.

3. To certify or license qualified applicants as motor vehicle dealers and motor vehicle salespersons.

4. To levy and collect fees for certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the Board.

5. To levy on licensees special assessments necessary to cover expenses of the Board.

6. To revoke, suspend, or fail to renew a certificate or license for just cause as set out in articles 2, 3, 4, 8 and 9 of this chapter or enumerated in regulations promulgated by the Board.

7. To ensure that inspections are conducted relating to the motor vehicle sales industry and to ensure that all licensed dealers and salespersons are conducting business in a professional manner, not in violation of any provision of articles 2, 3, 4, 7, 8 and 9 of this chapter and within the lawful regulations promulgated by the Board.

8. To receive complaints concerning the conduct of persons and businesses licensed by the Board and to take appropriate disciplinary action if warranted.

9. To enter into contracts necessary or convenient for carrying out the provisions of this chapter or the functions of the Board.

10. To establish committees of the Board, appoint persons to such committees, and to promulgate regulations establishing the responsibilities of these committees. Each of these committees shall include at least one Board member and the Advertising, Dealer Practices and Transaction Recovery Fund committees shall include at least one citizen member who is not licensed or certified by the Board. The Board may establish one of each committee in each DMV District. Committees to be established shall include, but not be limited to the following:

a. Advertising;

b. Licensing;

c. Dealer Practices;

d. Franchise Review and Advisory Committee; and

e. Transaction Recovery Fund.

11. To do all things necessary and convenient for carrying into effect articles 2, 3, 4, 8 and 9 of this chapter or as enumerated in regulations promulgated by the Board.

§ 46.2-1503.5. Biennial report.

The Board shall submit a biennial report to the Governor and General Assembly on or before November 1 of each even-numbered year. The biennial report shall contain, at a minimum, the following information: (i) a summary of the Board's fiscal affairs, (ii) a description of the Board's activities, (iii) statistical information regarding the administrative hearings and decisions of the Board, and (iv) a general summary of all complaints received against licensees and the procedures used to resolve the complaints. The biennial report shall be distributed in accordance with the provisions of § 2.1-467.

§ 46.2-1504. Board's powers with respect to hearings under this chapter.

429 The ~~Commissioner~~ Board may, in hearings arising under this chapter, *except as provided for in*  
430 *Article 7 (§ 46.2-1566 et seq.),* determine the place in the Commonwealth where they shall be held;  
431 subpoena witnesses; take depositions of witnesses residing outside the Commonwealth in the manner  
432 provided for in civil actions in courts of record; pay these witnesses the fees and mileage for their  
433 attendance as is provided for witnesses in civil actions in courts of record; and administer oaths.

434 § 46.2-1505. Suit to enjoin violations.

435 The ~~Commissioner~~ Board, whenever ~~he~~ *it* believes from evidence submitted to ~~him~~ *the Board* that  
436 any person has been violating, is violating or is about to violate any provision of this chapter, in  
437 addition to any other remedy, may bring an action in the name of the Commonwealth to enjoin any  
438 violation of this chapter.

439 § 46.2-1506. Regulations.

440 The ~~Commissioner~~ Board may promulgate regulations requiring persons licensed under this chapter  
441 to keep and maintain records reasonably required for the enforcement of §§ 46.2-112 and 46.2-629, and  
442 any other regulations, not inconsistent with the provisions of this chapter, as he shall consider necessary  
443 for the effective administration and enforcement of this chapter. A copy of any regulation promulgated  
444 under this section shall be mailed to each motor vehicle dealer licensee thirty days prior to its effective  
445 date.

446 § 46.2-1506.1. Additional training.

447 *The Board may promulgate regulations specifying additional training or conditions for individuals*  
448 *seeking certification, licensure, or renewal of certificates or licenses.*

449 § 46.2-1507. Penalties.

450 Except as otherwise provided in this chapter, any person violating any of the provisions of this  
451 chapter ~~shall may be guilty of a Class 4 misdemeanor assessed a civil penalty by the Board. No such~~  
452 *civil penalty shall exceed \$1,000 for any single violation. Civil penalties collected under this chapter*  
453 *shall be deposited in the Transportation Trust Fund.*

454 § 46.2-1508. Licenses required.

455 It shall be unlawful for any person to engage in business in the Commonwealth as a motor vehicle  
456 dealer; ~~or salesperson; manufacturer, factory branch, distributor, distributor branch, or factory or~~  
457 ~~distributor representative~~ without first obtaining a license as provided in this chapter. ~~Every person~~  
458 ~~licensed as a manufactured home dealer under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36 shall obtain a~~  
459 ~~certificate of dealer registration as provided in this chapter. It shall be unlawful for any person to~~  
460 ~~engage in business in the Commonwealth as a motor vehicle manufacturer, factory branch, distributor,~~  
461 ~~distributor branch, or factory or distributor representative without first obtaining a license as provided~~  
462 ~~in Chapter 19 (§ 46.2-1900 et seq.) of this title.~~ Any person licensed in another state as a motor vehicle  
463 dealer may sell motor vehicles at wholesale auctions in the Commonwealth after having obtained a  
464 certificate of dealer registration as provided in ~~this chapter~~ Chapter 19 (§ 46.2-1900 et seq.) of this title.  
465 The offering or granting of a motor vehicle dealer franchise in the Commonwealth shall constitute  
466 engaging in business in the Commonwealth for purposes of this section, and no new motor vehicle may  
467 be sold or offered for sale in the Commonwealth unless the franchisor of motor vehicle dealer franchises  
468 for that line-make in the Commonwealth, whether such franchisor is a manufacturer, factory branch,  
469 distributor, distributor branch, or otherwise, is licensed under ~~this chapter~~ Chapter 19 (§ 46.2-1900 et  
470 seq.) of this title. In the event a license issued under ~~this chapter~~ Chapter 19 (§ 46.2-1900 et seq.) of  
471 this title to a franchisor of motor vehicle dealer franchises is suspended, revoked, or not renewed,  
472 nothing in this section shall prevent the sale of any new motor vehicle of such franchisor's line-make  
473 manufactured in or brought into the Commonwealth for sale prior to the suspension, revocation or  
474 expiration of the license.

475 § 46.2-1509. Application for license or certificate of dealer registration.

476 Application for license or certificate of dealer registration under this chapter shall be made to the  
477 ~~Commissioner~~ Board and contain such information as the ~~Commissioner~~ Board shall require. The  
478 application shall be accompanied by the ~~required~~ *fee as required by the Board.*

479 The ~~Commissioner~~ Board shall require, in the application or otherwise, information relating to the  
480 matters set forth in § 46.2-1575 as grounds for refusing licenses, certificates of dealer registration, and to  
481 other pertinent matters requisite for the safeguarding of the public interest, including, if the applicant is  
482 a dealer in new motor vehicles with factory warranties, a copy of a current service agreement with the  
483 manufacturer or with the distributor, requiring the applicant to perform within a reasonable distance of  
484 his established place of business, the service, repair, and replacement work required of the manufacturer  
485 or distributor by such vehicle warranty. All of these matters shall be considered by the ~~Commissioner~~  
486 Board in determining the fitness of the applicant to engage in the business for which he seeks a license  
487 or certificate of dealer registration.

488 § 46.2-1510. Dealers required to have established place of business.

489 No license shall be issued to any motor vehicle dealer unless he has an established place of business,  
490 owned or leased by him, where a substantial portion of the sales activity of the business is routinely



conducted and which:

1. Satisfies all local zoning regulations;
2. Has sales, service, and office space devoted exclusively to the dealership of at least 250 square feet in a permanent, enclosed building not used as a residence;
3. Houses all records the dealer is required to maintain by § 46.2-1529;
4. Is equipped with a desk, chairs, filing space, a working telephone listed in the name of the dealership, and working utilities including electricity and provisions for space heating;
5. Displays a sign and business hours as required by this chapter; and
6. Has contiguous space designated for the exclusive use of the dealer adequate to permit the display of at least ten vehicles.

However, any licensee engaging in business exclusively as a dealer in used mobile homes without inventory need not have contiguous display space and need have only 120 square feet of sales and office space devoted exclusively to its business.

Any dealer licensed on or before January 1, 1989 July 1, 1995, shall be considered in compliance with subdivisions 2 and 6 of this section for that licensee.

§ 46.2-1511. Dealer-operator to have certificate of qualification.

No license shall be issued to any motor vehicle dealer unless the dealer-operator holds a valid certificate of qualification issued by the Department Board. Such certificate shall be issued only on application to the Department Board, payment of a twenty-five dollar an application fee of no more than fifty dollars as determined by the Board, the successful completion of an examination prepared and administered by the Department Board, and other prerequisites as set forth in this section. However, any individual who is the dealer-operator of a licensed dealer on July 1, 1989 1995, shall be entitled to such a certificate without examination on application to the Department Board made on or before September 1, 1989 January 1, 1996.

The Commissioner Board may establish minimum qualifications for applicants and require applicants to satisfactorily complete courses of study or other prerequisites prior to taking the examination.

§ 46.2-1512. Salesperson to have certificate of qualification.

No license shall be issued to any motor vehicle salesperson unless he holds a valid certificate of qualification issued by the Department Board. A certificate shall be issued only on application to the Department Board, payment of a twenty-five dollar the required application fee of no more than fifty dollars as determined by the Board, the successful completion of an examination prepared and administered by the Department Board, and other prerequisites as set forth in this section. However, any individual who is licensed as a salesperson on July 1, 1989, shall be entitled to such a certificate without examination on application to the Department made on or before September 1, 1989. , any individual who is licensed as a salesperson on July 1, 1995, shall be entitled to such a certificate without examination on application to the Department made on or before January 1, 1996.

The Commissioner Board may establish minimum qualifications for applicants and require applicants to satisfactorily complete courses of study or other prerequisites prior to taking the examination.

§ 46.2-1513. Continued operation on loss of a dealer-operator holding certificate of qualification.

Each dealer shall notify the Department Board in writing immediately when a dealer-operator who holds a certificate of qualification dies, becomes disabled, retires, is removed, or for any other cause ceases to act as dealer-operator. The dealer may continue to operate for 120 days thereafter without a dealer-operator and may be granted approval by the Department Board to operate for an additional 60 days on application and good cause shown for such delay.

§ 46.2-1514. Action on applications; hearing on denial; denial for failure to have established place of business.

The Commissioner Board shall act on all applications for a license or certificate of dealer registration under this chapter within sixty days after receipt by either granting or refusing the application. Any applicant denied a license or certificate shall, on his written request filed within thirty days, be given a hearing at a time and place determined by the Commissioner Board or a person designated by him the Board. All hearings under this section shall be public and shall be held promptly. The applicant may be represented by counsel.

Any applicant denied a license for failure to have an established place of business as provided in § 46.2-1510 may not, nor shall anyone, apply for a license for premises for which a license was denied for thirty days from the date of the rejection of the application.

§ 46.2-1515. Location to be specified; display of license; change of location.

The licenses of motor vehicle dealers, manufacturers, factory branches, distributors, and distributor branches shall specify the location of each place of business, branch or other location occupied or to be occupied by the licensee in conducting his business and the license issued therefor shall be conspicuously displayed at each of the premises. In the event any licensee intends to change a licensed location, he shall provide the Commissioner Board thirty-days' advance written notice and a successful

inspection of the new location shall be required prior to approval of a change of location. The ~~Commissioner~~ Board shall endorse the change of location on the license, without charge, if the new location is within the same county or city. A change in location to another county or city shall require a new license and fee. Nothing contained in this section shall prevent a licensee engaged in business exclusively as a dealer in used mobile homes without inventory from conducting business in any county or city other than the county or city in which his established place of business is maintained.

§ 46.2-1516. Supplemental sales locations.

The ~~Commissioner~~ Board may issue a license for a licensed motor vehicle dealer to display for sale or sell vehicles at locations other than his established place of business, subject to compliance with local ordinances and requirements.

A permanent supplemental license may be issued for premises less than 500 yards from the dealer's established place of business, provided a sign is displayed as required for the established place of business. A supplemental license shall not be required for premises otherwise contiguous to the established place of business except for a public thoroughfare.

A temporary supplemental license may be issued for a period not to exceed seven days, provided that the application is made fifteen days prior to the sale. A temporary supplemental license for the sale of new motor vehicles may be issued only for locations within the dealer's area of responsibility, as defined in his franchise or sales agreement, unless proof is provided that all dealers in the same line-make in whose areas of responsibility, as defined in their franchise or sales agreements, where the temporary supplemental license is sought do not oppose the issuance of the temporary license.

A temporary supplemental license for sale of used motor vehicles may be issued only for the county, city, or town in which the dealer is licensed pursuant to § 46.2-1510, or for a contiguous county, city, or town. Temporary licenses may be issued without regard to the foregoing geographic restrictions where the dealer operating under a temporary license provides notice, at least thirty days before any proposed sale under a temporary license, to all other dealers licensed in the jurisdiction in which the sale will occur of the intent to conduct a sale and permits any locally licensed dealer who wishes to do so to participate in the sale on the same terms as the dealer operating under the temporary license. Any locally licensed dealer who chooses to participate in the sale must obtain a temporary supplemental license for the sale pursuant to this section.

A temporary supplemental license may be issued for the sale of boat trailers at a boat show. Any such license shall be valid for no more than fourteen days. Application for such a license shall be made and such license obtained prior to the opening of the show. Temporary supplemental licenses for sale of boat trailers at boat shows may be issued for any boat show located anywhere in the Commonwealth without notification of or approval by other boat trailer dealers.

§ 46.2-1517. Changes in form of ownership, make, name.

Any change in the form of ownership or the addition or deletion of a partner shall require a new application, license, and fee.

Any addition or deletion of a franchise or change in the name of a dealer shall require immediate notification to the Department and the Board, and the ~~Commissioner~~ Board shall endorse the change on the license without a fee. The change of an officer or director of a corporation shall be made at the time of license renewal.

§ 46.2-1518. Display of salesperson's license; notice on termination.

No salesperson shall be employed by more than one dealer, unless the dealers are owned by the same person.

Each dealer shall post and maintain in a place conspicuous to the public a list of salespersons employed.

Each salesperson, factory representative, and distributor representative shall carry his license when engaged in his business and shall display it on request.

Each dealer, ~~manufacturer, and distributor~~ shall notify the ~~Department~~ Board in writing not later than the tenth day following the month of the termination of any licensed salesperson's ~~or representative's~~ employment. In lieu of written notification, the license of the terminated salesperson ~~or representative~~ may be returned to the ~~Department~~ Board annotated "terminated" on the face of the license and signed and dated by the dealer-operator, owner, or officer.

§ 46.2-1519. License and registration fees; additional to other licenses and fees required by law.

A. The fee for each license and registration year or part thereof shall be as follows ~~determined by the Board~~, subject to the following:

1. For motor vehicle dealers, ~~\$100 not more than \$300~~ for each principal place of business, plus \$20 not more than \$40 for each supplemental license.

2. ~~For manufacturers, distributors, and each factory branch and distributor branch~~, \$100.

3. For motor vehicle and ~~rebuilder~~ salespersons, factory representatives, and ~~distributor~~ representatives, \$10 not more than \$50.

4. For motor vehicle dealers licensed in other states but not in Virginia, a registration fee of \$50.

5. For manufactured home dealers, a registration fee of \$50.

B. The licenses, registrations, and fees required by this chapter are in addition to licenses, taxes, and fees imposed by other provisions of law and nothing contained in this chapter shall exempt any person from any license, tax, or fee imposed by any other provision of law.

§ 46.2-1521. Issuance, expiration, and renewal of licenses and certificates of registration.

All licenses and certificates of registration issued under this chapter shall be issued for a period of twelve consecutive months except, at the discretion of the ~~Commissioner~~ Board, the periods may be adjusted as is necessary to distribute the licenses and certificates as equally as practicable on a monthly basis. The expiration date shall be the last day of the twelfth month of validity or the last day of the designated month. Every license and certificate of registration shall be renewed annually on application by the licensee or registrant and by payment of fees required by law, the renewal to take effect on the first day of the succeeding month.

~~The Commissioner may offer an optional multi-year license or certificate of registration. When such option is offered and chosen by the licensee or the registrant, all annual and twelve-month fees due at the time of licensing or registration shall be multiplied by the number of years or fraction thereof the license or registrant will be licensed or registered.~~

§ 46.2-1527.1. Motor Vehicle Transaction Recovery Fund established.

All fees in this article shall be deposited in the Motor Vehicle Transaction Recovery Fund, hereinafter referred to in this chapter as "the Fund." The Fund shall be a special fund in the state treasury to pay claims against the Fund and for no other purpose. The Fund shall be used to satisfy unpaid judgments, as provided for in § 46.2-1527.3. Any interest income shall accrue to the Fund. The ~~Commissioner~~ Board shall maintain an accurate record of all transactions involving the Fund. The minimum balance of the Fund shall be \$250,000. However, beginning with April 8, 1994, the Fund balance may decline to \$50,000, in order to pay current claims. Beginning on July 1, 1995, the Fund balance shall be allowed to return to \$250,000.

Effective July 1, 1994, every applicant renewing a motor vehicle dealer's license shall pay, in addition to other license fees, an annual Fund fee of \$100 and every applicant for a motor vehicle salesperson's license shall pay, in addition to other license fees, an annual Fund fee of ten dollars, prior to license issue. However, annual Fund renewal fees from salespersons shall not exceed \$100 per year from an individual dealer. These fees shall be deposited in the Motor Vehicle Transaction Recovery Fund.

Beginning with April 8, 1994, applicants for an original motor vehicle dealer's license shall pay an annual Fund fee of \$250 each year for three consecutive years. During this period, the \$250 Fund fee will take the place of the annual \$100 fund fee.

In addition to the \$250 annual fee, applicants for an original dealer's license shall have a \$25,000 bond pursuant to § 46.2-1527.2 for three consecutive years. Only those renewing licensees who have not been the subject of a claim against their bond or against the Fund for three consecutive years shall pay the annual \$100 fee and will no longer be required to pay the \$250 annual fee or hold the \$25,000 bond.

Persons licensed as motor vehicle dealers as of April 8, 1994, shall not be subject to the \$250 annual fee or the bond, nor shall persons licensed as motor vehicle dealers as of April 8, 1994, who open an additional dealership be subject to the \$250 annual fee or the bond.

At the time of the first renewal after July 1, 1994, the annual Fund fee paid by persons already holding a license shall be doubled from \$10 to \$20 for a salesperson and from \$100 to \$200 for a licensed dealer. The double fee shall be paid one time.

Beginning with April 8, 1994, in addition to other license fees, applicants for an original Certificate of Dealer Registration or its renewal shall pay a Fund fee of \$60.

~~The Commissioner, after consulting with the Motor Vehicle Dealer's Advisory Board, may suspend or reinstate collection of Fund fees.~~

The provisions of this section shall not apply to manufactured home dealers as defined in § 36-85.16. *On and after July 1, 1995, the provisions of this section shall not apply to T&M vehicles as defined in § 46.2-1900.*

§ 46.2-1527.2. Bonding requirements for applicants for an original license.

Before the ~~Commissioner~~ Board shall issue to an applicant an original license, the applicant shall obtain and file with the ~~Commissioner~~ Board a bond in the amount of \$25,000. The bond shall come from a corporate surety licensed to do business in the Commonwealth and approved by the Attorney General. The bond shall be conditioned on a statement by the applicant that the applicant will not practice fraud, make any fraudulent representation, or violate any provision of this chapter in the conduct of the applicant's business. The ~~Commissioner~~ Board may, without holding a hearing, suspend the dealer's license during the period that the dealer does not have a sufficient bond on file.

If a person suffers any of the following: (i) loss or damage in connection with the purchase of a

675 motor vehicle by reason of fraud practiced on him or fraudulent representation made to him by a  
676 licensed motor vehicle dealer or one of the dealer's salespersons acting within his scope of employment,  
677 (ii) loss or damage by reason of the violation by a dealer or salesperson of any provision of this chapter  
678 in connection with the purchase of a motor vehicle, or (iii) loss or damage resulting from a breach of an  
679 extended service contract entered into on or after the effective date of this act, as defined by § 59.1-435,  
680 that person shall have a claim against the dealer and the dealer's bond, and may recover such damages  
681 as may be awarded to such person by final judgment of a court of competent jurisdiction against the  
682 dealer as a proximate result of such loss or damage up to but not exceeding the amount of the bond,  
683 from such surety, who shall be subrogated to the rights of such person against the dealer or salesperson.  
684 The liability of such surety shall be limited to actual damages, and shall not include any punitive  
685 damages or attorneys' fees assessed against the dealer or salesperson.

686 In those cases in which a dealer's surety shall be liable pursuant to this section, the surety shall be  
687 liable only for the first \$25,000 in claims against the dealer. Thereafter, the Fund shall be liable for the  
688 next \$25,000 in those cases in which the Fund itself may be liable. The aggregate liability of the  
689 dealer's surety to any and all persons, regardless of the number of claims made against the bond or the  
690 number of years the bond remains in force, shall in no event exceed \$25,000.

691 The dealer's surety shall notify the ~~Department~~ Board when a claim is made against a dealer's bond,  
692 when a claim is paid and when the bond is cancelled. Such notification shall include the amount of a  
693 claim and the circumstances surrounding the claim. Notification of cancellation shall include the  
694 effective date and reason for cancellation. The bond may be cancelled as to future liability by the  
695 dealer's surety upon thirty days' notice to the ~~Department~~ Board.

696 § 46.2-1527.3. Recovery from Fund, generally.

697 Whenever any person is awarded a final judgment in a court of competent jurisdiction in the  
698 Commonwealth for (i) any loss or damage in connection with the purchase of a motor vehicle by reason  
699 of any fraud practiced on him or fraudulent representation made to him by a licensed or registered  
700 motor vehicle dealer or one of a dealer's salespersons acting for the dealer or within the scope of his  
701 employment, or (ii) any loss or damage by reason of the violation by a dealer or salesperson of any of  
702 the provisions of this chapter in connection with the purchase of a motor vehicle, on or after January 1,  
703 1989, the judgment creditor may file a verified claim with the ~~Commissioner~~ Board, requesting payment  
704 from the Fund of the amount unpaid on the judgment. The claim shall be filed with the ~~Commissioner~~  
705 Board no sooner than thirty days and no later than twelve months after the judgment becomes final.

706 On or after the effective date of this act, the ~~Commissioner~~ Board shall only consider for payment,  
707 claims submitted by retail purchasers of motor vehicles, and for purchases of motor vehicles by licensed  
708 or registered motor vehicle dealers who contribute to the Fund.

709 § 46.2-1527.4. Opportunity to intervene.

710 Any action instituted by a person against a licensed or registered dealer or a salesperson, which may  
711 become a claim against the Fund, shall be served to the ~~Commissioner~~ Board in the manner prescribed  
712 by law. All subsequent pleadings and documents shall also be served to the ~~Commissioner~~ Board.  
713 Included in such service shall be an affidavit stating all acts constituting fraud or violations of this  
714 chapter. Upon service of process, the ~~Commissioner~~ Board, or duly authorized representative, shall have  
715 the right to request leave of the court to intervene. The person shall submit such pleadings or documents  
716 to the ~~Commissioner~~ Board by certified mail or the equivalent.

717 § 46.2-1527.5. Limitations on recovery from Fund.

718 The maximum claim of one judgment creditor against the Fund based on an unpaid final judgment  
719 arising out of any loss or damage by reason of a claim submitted under § 46.2-1527.2 or § 46.2-1527.3  
720 involving a single transaction, shall be limited to \$15,000, regardless of the amount of the unpaid final  
721 judgment of one judgment creditor.

722 The aggregate of claims against the Fund based on unpaid final judgments arising out of any loss or  
723 damage by reason of a claim submitted under § 46.2-1527.3 involving more than one transaction shall  
724 be limited to \$50,000, regardless of the total amounts of the unpaid final judgments of judgment  
725 creditors.

726 However, aggregate claims against the Fund under § 46.2-1527.2 shall be limited to \$25,000 and  
727 then only after the dealer's \$25,000 bond has been exhausted.

728 If a claim has been made against the Fund, and the ~~Commissioner~~ Board has reason to believe that  
729 there may be additional claims against the Fund from other transactions involving the same licensee or  
730 registrant, the ~~Commissioner~~ Board may withhold any payment from the Fund involving the licensee or  
731 registrant for a period not to exceed the end of the relevant license or registration period. After this  
732 period, if the aggregate of claims against the licensee or registrant exceeds \$50,000, a total of \$50,000  
733 shall be prorated among the claimants and paid from the Fund in proportion to the amounts of their  
734 unpaid final judgments against the licensee or registrant.

735 However, claims against motor vehicle dealers and salespersons under § 46.2-1527.2 shall be prorated  
736 when the aggregate exceeds \$25,000. Claims shall be prorated only after the dealer's \$25,000 bond has

737 been exhausted.

738 On receipt of a verified claim filed against the Fund, the ~~Commissioner~~ Board shall forthwith notify  
739 the licensee or registrant who is the subject of the unpaid judgment that a verified claim has been filed  
740 and that the licensee or registrant should satisfy the judgment debt. If the judgment debt is not fully  
741 satisfied thirty days following the date of the notification by the ~~Commissioner~~ Board, the  
742 ~~Commissioner~~ Board shall make payment from the Fund subject to the other limitations contained in  
743 this article.

744 Excluded from the amount of any unpaid final judgment on which a claim against the Fund is based  
745 shall be any sums representing interest, or punitive or exemplary damages.

746 If at any time the Fund is insufficient to fully satisfy any claims or claim filed with the  
747 ~~Commissioner~~ Board and authorized by this article, the ~~Commissioner~~ Board shall pay such claims,  
748 claim, or portion thereof to the claimants in the order that the claims were filed with the ~~Commissioner~~  
749 Board. However, claims by retail purchasers shall take precedence over other claims.

750 § 46.2-1527.6. Assignment of claimant's rights to the Board; payment of claims.

751 Subject to the provisions of this article and on the claimant's execution and delivery to the  
752 ~~Commissioner~~ Board of an assignment to the ~~Department~~ Board of his rights against the licensee or  
753 registrant, to the extent he received satisfaction from the Fund, the ~~Commissioner~~ Board shall pay the  
754 claimant from the Fund the amount of the unpaid final judgment.

755 § 46.2-1527.7. Revocation of license or certificate of registration on payment from the Fund.

756 On payment by the ~~Commissioner~~ Board to a claimant from the Fund as provided in this article, the  
757 ~~Commissioner~~ Board shall immediately notify the licensee or registrant in writing of the ~~Department's~~  
758 Board's payment to the claimant and request full reimbursement be made to the ~~Department~~ Board  
759 within thirty days of the notification. Failure to reimburse the ~~Department~~ Board in full within the  
760 specified period shall cause the ~~Commissioner~~ Board to immediately revoke the license or certificate of  
761 the dealer or the license of a salesperson whose fraud, fraudulent representation, or violation of this  
762 chapter resulted in this payment. Any person whose license or certificate is revoked shall not be eligible  
763 to apply for a license or certificate as a motor vehicle dealer or a license as a salesperson until the  
764 person has repaid in full the amount paid from the Fund on his account, plus interest at the rate of eight  
765 percent per year from the date of payment.

766 § 46.2-1527.8. No waiver by the Board of disciplinary action against licensee or registrant.

767 Nothing contained in this article shall limit the authority of the ~~Department~~ Board to take  
768 disciplinary action against any licensee or registrant for any violation of this chapter or any regulation  
769 promulgated thereunder, nor shall full repayment of the amount paid from the Fund on a licensee's or  
770 registrant's account nullify or modify the effect of any disciplinary action against that licensee or  
771 registrant for any violation.

772 § 46.2-1528. Examination or audit of licensee; costs.

773 The ~~Commissioner~~ Board or authorized representatives of the ~~Department~~ Board may examine,  
774 during the posted business hours, the records required to be maintained by this chapter. If a licensee is  
775 found to have violated this chapter or any order of the ~~Commissioner~~ Board, the actual cost of the  
776 examination shall be paid by the licensee so examined within thirty days after demand therefor by the  
777 ~~Commissioner~~ Board. The ~~Commissioner~~ Board may maintain an action for the recovery of these costs  
778 in any court of competent jurisdiction.

779 § 46.2-1529. Dealer records.

780 All dealer records regarding employees; lists of vehicles in inventory for sale, resale, or on  
781 consignment; vehicle purchases, sales, trades, and transfers of ownership; collections of taxes; titling,  
782 uninsured motor vehicle, and registration fees; odometer disclosure statements; records of permanent  
783 dealer registration plates assigned to the dealer and temporary transport plates and temporary certificates  
784 of ownership; and other records required by the Department or the Board shall be maintained on the  
785 premises of the licensed location. The ~~Commissioner~~ Board may, on written request by a dealer, permit  
786 his records to be maintained at a location other than the premises of the licensed location for good cause  
787 shown. All dealer records shall be preserved in original form for a period of five years in a manner that  
788 permits systematic retrieval. Certain records may be maintained on a computerized record-keeping  
789 system with the prior approval of the ~~Commissioner~~ Board.

790 § 46.2-1530. Buyer's order.

791 A. Every motor vehicle dealer shall complete, in duplicate, a buyer's order for each sale or exchange  
792 of a motor vehicle. A copy of the buyer's order form shall be made available to a prospective buyer  
793 during the negotiating phase of a sale and prior to any sales agreement. The completed original shall be  
794 retained for a period of four years in accordance with § 46.2-1529, and a duplicate copy shall be  
795 delivered to the purchaser at the time of sale or exchange. A buyer's order shall include:

- 796 1. The name and address of the person to whom the vehicle was sold or traded.
- 797 2. The date of the sale or trade.

798 3. The name and address of the motor vehicle dealer selling or trading the vehicle.  
799 4. The make, model year, vehicle identification number and body style of the vehicle.  
800 5. The sale price of the vehicle.  
801 6. The amount of any cash deposit made by the buyer.  
802 7. A description of any vehicle used as a trade-in and the amount credited the buyer for the trade-in.  
803 The description of the trade-in shall be the same as outlined in subdivision 4 of this subsection.  
804 8. The amount of any sales and use tax, title fee, uninsured motor vehicle fee, registration fee, or  
805 other fee required by law for which the buyer is responsible and the dealer has collected. Each tax and  
806 fee shall be individually listed and identified.  
807 9. The net balance due at settlement.  
808 10. Any item designated as "processing fee," and the amount charged by the dealer, if any, for  
809 processing the transaction. As used in this section processing includes obtaining title and license plates  
810 for the purchaser.  
811 11. Any item designated as "dealer's business license tax," and the amount charged by the dealer, if  
812 any.  
813 12. For sales involving dealer-arranged financing, the following notice, printed in bold type no less  
814 than ten-point: "THIS SALE IS CONDITIONED UPON APPROVAL OF YOUR PROPOSED RETAIL  
815 INSTALLMENT SALE CONTRACT AS SUBMITTED TO OR THROUGH THE DEALER. IF THAT  
816 PROPOSED RETAIL INSTALLMENT SALE CONTRACT IS NOT APPROVED UNDER THE  
817 TERMS AGREED TO WITH THE DEALER, YOU MAY CANCEL THIS SALE AND ANY DOWN  
818 PAYMENT AND/OR TRADE-IN YOU SUBMITTED WILL BE RETURNED TO YOU, PROVIDED  
819 THAT ANY VEHICLE DELIVERED TO YOU BY THE DEALER PURSUANT TO THIS  
820 AGREEMENT IS RETURNED TO THE DEALER IN THE SAME CONDITION AS DELIVERED TO  
821 YOU, NORMAL WEAR AND TEAR EXCEPTED, WITHIN TWENTY-FOUR HOURS OF WRITTEN  
822 OR ORAL NOTICE TO YOU OF THE CREDIT DENIAL."  
823 If the transaction does not include a policy of motor vehicle liability insurance, the seller shall stamp  
824 or mark on the face of the bill of sale in boldface letters no smaller than eighteen point type the  
825 following words: "No Liability Insurance Included."  
826 A completed buyer's order when signed by both buyer and seller may constitute a bill of sale.  
827 B. The ~~Commissioner~~ Board shall approve a buyer's order form and each dealer shall file with each  
828 license application, or renewal, its buyer's order form, on which the processing fee amount is stated.  
829 C. If a processing fee is charged, that fact and the amount of the processing fee shall be disclosed by  
830 the dealer. Disclosure shall be by placing a clear and conspicuous sign in the public sales area of the  
831 dealership. The sign shall be no smaller than eight and one-half inches by eleven inches and the print  
832 shall be no smaller than one-half inch, and in a form as approved by the ~~Commissioner~~ Board.  
833 § 46.2-1532. Odometer disclosure.  
834 Every motor vehicle dealer shall comply with all requirements of the Federal Odometer Act and  
835 § 46.2-629 by completing the appropriate odometer mileage statement form for each vehicle purchased,  
836 sold or transferred, or in any other way acquired or disposed of. Odometer disclosure statements shall be  
837 maintained by the dealer in a manner that permits systematic retrieval. *Any person found guilty of*  
838 *violating any of the provision of this section shall be guilty of a Class 1 misdemeanor.*  
839 § 46.2-1533. Business hours.  
840 Each motor vehicle dealer shall be open for business a minimum of twenty hours per week, at least  
841 ten of which shall be between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday, except that  
842 the ~~Commissioner~~ Board, on written request by a dealer, may modify these requirements for good cause.  
843 Each licensee engaged in business exclusively as a dealer in used mobile homes without inventory shall  
844 be open for business a minimum of two consecutive hours per week between the hours of 9:00 a.m. and  
845 5:00 p.m. Monday through Friday. The dealer's hours shall be posted and maintained conspicuously on  
846 or near the main entrance of each place of business.  
847 Each dealer shall include his business hours on the original and every renewal application for a  
848 license, and changes to these hours shall be immediately filed with the Department.  
849 § 46.2-1536. Coercing purchaser to provide insurance coverage on motor vehicle.  
850 It shall be unlawful for any dealer or salesperson or any employee of a dealer or representative of  
851 either to coerce or offer anything of value to any purchaser of a motor vehicle to provide any type of  
852 insurance coverage on the motor vehicle.  
853 Nothing in this section shall prohibit a dealer from requiring that a retail customer obtain automobile  
854 physical damage insurance to protect collateral secured by an installment sales contract. *Any person*  
855 *found guilty of violating any of the provisions of this section shall be guilty of a Class 1 misdemeanor.*  
856 § 46.2-1539. Inspection of vehicles required.  
857 No person required to be licensed as a dealer under this chapter shall sell at retail any motor vehicle  
858 which is intended by the buyer for use on the public highways, and which is required to comply with  
859 the safety inspection requirements provided in Article 21 (§ 46.2-1157 et seq.) of Chapter 10 of this title

unless between the time the vehicle comes into the possession of the dealer and the time it is sold at retail it is inspected by an official safety inspection station. In the event the vehicle is found not to be in compliance with all safety inspection requirements, the dealer shall either take steps to bring it into compliance or shall furnish any buyer intending it for use on the public highway a written disclosure, prior to sale, that the vehicle did not pass a safety inspection. *Any person found guilty of violating any of the provisions of this section shall be guilty of a Class 1 misdemeanor.*

§ 46.2-1542. Temporary certificates of ownership.

A. Notwithstanding §§ 46.2-617 and 46.2-628, whenever a dealer licensed by the ~~Department~~ Board sells and delivers to a purchaser a motor vehicle, ~~trailer, or semitrailer~~, and is unable at the time of the sale to deliver to the purchaser the certificate of title or certificate of origin for the vehicle because the certificate of title or certificate of origin is lost or is being detained by another in possession or for any other reason beyond the dealer's control, the dealer shall execute, on forms provided by the Commissioner, a temporary certificate of ownership. The certificate shall bear its date of issuance, the name and address of the purchaser, the identification number of the vehicle, the registration number to be used temporarily on the vehicle, the name of the state in which the vehicle is to be registered, the name and address of the person from whom the dealer acquired the vehicle, and whatever other information may be required by the Commissioner. A copy of the temporary certificate and a bona fide bill of sale shall be delivered to the purchaser and shall be in the possession of the purchaser at all times when operating the vehicle. One copy of the certificate shall be retained by the dealer and shall be subject to inspection at any time by the Department's agents. The original of the certificate shall be forwarded by the dealer to the Department directly on issuance to the purchaser if the vehicle is to be titled outside the Commonwealth, along with application for title. The issuance of a temporary certificate of ownership to a purchaser pursuant to this section shall have the effect of vesting ownership to the vehicle in the purchaser for the period that the certificate remains effective.

B. A temporary certificate of ownership issued by a dealer to a purchaser pursuant to this section shall expire on receipt by the purchaser of a certificate of title to the vehicle issued by the Department in the name of the purchaser, but in no event shall any temporary certificate of ownership issued under this section be effective for more than thirty days from the date of its issuance. In the event that the dealer fails to produce the old certificate of title or certificate of origin to the vehicle or fails to apply for a replacement certificate of title pursuant to § 46.2-632, thereby preventing delivery to the Department or purchaser before the expiration of the temporary certificate of ownership, the purchaser's ownership of the vehicle may terminate and the purchaser shall have the right to return the vehicle to the dealer and obtain a full refund of all payments made toward the purchase of the vehicle, less any damage to the vehicle incurred while ownership was vested in the purchaser, and less a reasonable amount for use not to exceed one-half the amount allowed per mile by the Internal Revenue Service, as provided by regulation, revenue procedure, or revenue ruling promulgated pursuant to § 162 of the Internal Revenue Code, for use of a personal vehicle for business purposes.

C. Notwithstanding subsection B of this section, if the dealer fails to deliver the certificate of title or certificate of origin to the purchaser within thirty days, a second temporary certificate of ownership may be issued. However, the dealer shall, not later than the expiration of the first temporary certificate, deliver to the Department an application for title, copy of the bill of sale, all required fees and a written statement of facts describing the dealer's efforts to secure the certificate of title or certificate of origin to the vehicle. On receipt of the title application with attachments as described herein, the Department shall record the purchaser's ownership of the vehicle and may authorize the dealer to issue a second thirty-day temporary certificate of ownership. If the dealer does not produce the certificate of title or certificate of origin to the vehicle before the expiration of the second temporary certificate, the purchaser's ownership of the vehicle may terminate and he shall have the right to return the vehicle as provided in subsection B of this section.

D. If the dealer is unable to produce the certificate of title or certificate of origin to the vehicle within the sixty-day period from the date of issuance of the first temporary certificate, the Department may extend temporary ownership for an additional period of up to ninety days, provided the dealer makes application in the format required by the Department. If the dealer does not produce the certificate of title or certificate of origin to the vehicle before the expiration of the additional ninety-day period, the purchaser's ownership of the vehicle may terminate and he shall have the right to return the vehicle as provided in subsection B of this section.

E. The Commissioner, on determining that the provisions of this section or the directions of the Department are not being complied with by a dealer, may suspend, after a hearing, the right of the dealer to issue temporary certificates of ownership.

§ 46.2-1543. Use of old license plates and registration number on another vehicle.

An owner who sells or transfers a registered motor vehicle, ~~trailer, or semitrailer~~ may have the license plates and the registration number transferred to another vehicle titled in the owner's name

921 according to the provisions of Chapter 6 of this title, which is in a like vehicle category as specified in  
922 § 46.2-694 and which requires an identical registration fee, on application to the Department  
923 accompanied by a fee of two dollars or, if the other vehicle requires a greater registration fee than that  
924 for which the license plates were assigned, on the payment of a fee of two dollars and the amount of  
925 the difference in registration fees between the two vehicles, all such transfers to be in accordance with  
926 the regulations of the Department. All fees collected under this section shall be paid by the  
927 Commissioner into the state treasury and shall be set aside as a special fund to be used to meet the  
928 expenses of the Department. For purposes of this section, a motor vehicle dealer licensed by the  
929 ~~Department~~ Board may be authorized to act as an agent of the Department for the purpose of receiving,  
930 processing, and approving applications from its customers for assignment of license plates and  
931 registration numbers pursuant to this section, using the forms and following the procedures prescribed by  
932 the Department. The Commissioner, on determining that the provisions of this section or the directions  
933 of the Department are not being complied with by a dealer, may suspend, after a hearing, the authority  
934 of the dealer to receive, process, and approve the assignment of license plates and registration numbers  
935 pursuant to this section.

936 § 46.2-1544. Certificate of title for dealers.

937 Except as otherwise provided in this chapter, every dealer shall obtain, on the purchase of each  
938 vehicle, a certificate of title issued to the dealer or shall obtain an assignment or reassignment of a  
939 certificate of title for each vehicle purchased *within two full business days*, except that a certificate of  
940 title shall not be required for any new vehicle to be sold as such. *Any person found guilty of violating*  
941 *any of the provisions of this section shall be guilty of a Class 1 misdemeanor.*

942 § 46.2-1545. Termination of business.

943 No dealer, unless his license has been suspended, revoked, or canceled, shall cease business without  
944 a thirty-day prior notification to the Department *and the Board*. On cessation of the business, the dealer  
945 shall immediately surrender to the ~~Department~~ Board the dealer's certificate of license, all salespersons'  
946 licenses, *and any other materials furnished by the Board*. *The dealer shall also immediately surrender to*  
947 *the Department* all dealer and temporary license plates, all fees and taxes collected, and any other  
948 materials furnished by the Department. After cessation of business, the former licensee shall continue to  
949 maintain and make available to the Department *and the Board* dealer records as set forth in this chapter.

950 § 46.2-1546. Registration of dealers; fees.

951 Every manufacturer, distributor, or dealer, before he commences to operate vehicles in his inventory  
952 for sale or resale, shall apply to the Commissioner for a dealer's certificate of vehicle registration and  
953 license plates. For the purposes of this article, a vehicle is in inventory when it is owned by or assigned  
954 to a dealer and is offered and available for sale or resale. All dealer's certificates of vehicle registration  
955 and license plates issued under this section may, at the discretion of the Commissioner, be placed in a  
956 system of staggered issue to distribute the work of issuing vehicle registration certificates and license  
957 plates as uniformly as practicable throughout the year. Dealerships which sold fewer than twenty-five  
958 vehicles during the last twelve months of the preceding license year shall be eligible to receive no more  
959 than two dealer's license plates; dealerships which sold at least twenty-five but fewer than fifty vehicles  
960 during the last twelve months of the preceding license year shall be eligible to receive no more than  
961 four dealer's license plates. However, dealerships which sold fifty or more vehicles during their current  
962 license year may apply for additional license plates not to exceed four times the number of licensed  
963 salespersons employed by that dealership. Dealerships which sold fifty or more vehicles during the last  
964 twelve months of the preceding license year shall be eligible to receive a number of dealer's license  
965 plates not to exceed four times the number of licensed salespersons employed by that dealership. A new  
966 applicant for a dealership shall be eligible to receive a number of dealer's license plates not to exceed  
967 four times the number of licensed salespersons employed by that dealership. For the purposes of this  
968 article, a salesperson or employee shall be considered to be employed only if he (i) works for the  
969 dealership at least twenty-five hours each week on a regular basis and (ii) is compensated for this work.  
970 All salespersons' or employees' employment records shall be retained in accordance with the provisions  
971 of § 46.2-1529. A salesperson shall not be considered employed, within the meaning of this section, if  
972 he is an independent contractor as defined by the United States Internal Revenue Code. The fee for the  
973 issuance of dealer's license plates shall be ~~thirty dollars per year for the first two dealer's license plates~~  
974 ~~and thirteen dollars per year for determined by the Board, but not more than \$30 per license plate;~~  
975 *however, the fee for the first two dealer's plates shall not be less than twenty-four dollars and the fee*  
976 *for additional dealer's license plates shall not be less than ten dollars and forty cents each. For the first*  
977 *two dealer's license plates issued by the Department to a dealer, twenty-four dollars shall be deposited*  
978 *into the Transportation Trust Fund and the remainder shall be deposited into the Motor Vehicle Dealer*  
979 *Fund. For each additional dealer's license plate issued to a dealer, ten dollars and forty cents shall be*  
980 *deposited into the Transportation Trust Fund and the remainder shall be deposited into the Motor*  
981 *Vehicle Dealer Fund. However, for motorcycle dealers, the fee shall be nine dollars per year for each*  
982 *dealer's license plate.*



§ 46.2-1547. License under this chapter prerequisite to receiving dealer's license plates; insurance required; Commissioner may revoke plates.

No motor vehicle ~~manufacturer, distributor, or~~ dealer, unless licensed under this chapter, *nor any motor vehicle manufacturer or distributor, unless licensed under Chapter 19 (§ 46.2-1900 et seq.) of this title*, shall be entitled to receive or maintain any dealer's license plates. It shall be unlawful to use or permit the use of any dealer's license plates for which there is no automobile liability insurance coverage or a certificate of self-insurance as defined in § 46.2-368 on any motor vehicle. No dealer's license plates shall be issued unless the dealer certifies to the Department that there is automobile liability insurance coverage or a certificate of self-insurance with respect to each dealer's license plate to be issued. Such automobile liability insurance or a certificate of self-insurance shall be maintained as to each dealer's license plate for so long as the registration for the dealer's license plate remains valid without regard to whether the plate is actually being used on a vehicle. If insurance or a certificate of self-insurance is not so maintained, the dealer's license plate shall be surrendered to the Department. The Commissioner shall revoke any dealer's license plate as to which there is no insurance or a certificate of self-insurance. The Commissioner may also revoke any dealer's license plate that has been used in any way not authorized by the provisions of this title.

§ 46.2-1548. Transferable dealer's license plates.

In lieu of registering each vehicle of a type described in this section, a manufacturer, distributor, or dealer owning and operating any motor vehicle; ~~trailer, or semitrailer~~ on any highway may obtain a dealer's license plate from the Department, on application therefor on the prescribed form and on payment of the fees required by law. These license plates shall be attached to each vehicle as required by subsection A of § 46.2-711. Each plate shall bear a distinctive number, and the name of the Commonwealth, which may be abbreviated, together with the word "dealer" or a distinguishing symbol indicating that the plate is issued to a manufacturer, distributor, or dealer. Month and year decals indicating the date of expiration shall be affixed to each license plate. Any license plates so issued may, during the calendar year or years for which they have been issued, be transferred from one motor vehicle; ~~trailer, or semitrailer~~ to another, used or operated by the manufacturer, distributor, or dealer, who shall keep a written record of the motor vehicle; ~~trailer, or semitrailer~~ on which the dealer's license plates are used. This record shall be in a format approved by the Commissioner and shall be open to inspection by any law-enforcement officer or any officer or employee of the Department.

Display of a transferable manufacturer's, distributor's, or dealer's license plate or plates on a motor vehicle; ~~trailer, or semitrailer~~ shall subject the vehicle to the requirements of §§ 46.2-1038 and 46.2-1056.

All manufacturer's, distributor's, and dealer's license plates shall be issued for a period of twelve consecutive months except, at the discretion of the Commissioner, the periods may be adjusted as may be necessary to distribute the registrations as equally as practicable on a monthly basis. The expiration date shall be the last day of the twelfth month of validity or the last day of the designated month. Every license plate shall be renewed annually on application by the owner and by payment of fees required by law, such renewal to take effect on the first day of the succeeding month.

The Commissioner may offer an optional multi-year license plate registration to manufacturers, distributors, and dealers licensed pursuant to this chapter provided that he has chosen to offer optional multi-year licensing to such persons pursuant to § 46.2-1521. When such option is offered and chosen by the licensee, all annual and twelve-month fees due at the time of registration shall be multiplied by the number of years or fraction thereof the licensee will be licensed pursuant to § 46.2-1521.

§ 46.2-1549. Dealer's license plates to distinguish between various types of dealers.

The Commissioner shall provide for the issuance of appropriate franchised or independent dealer's license plates so as to distinguish between:

1. ~~Factory dealers;~~
2. ~~Dealers selling passenger vehicles, trucks or tractor trucks;~~
3. ~~Trailer dealers;~~
4. ~~Motor home dealers; and~~
5. ~~Motorcycle dealers.~~

§ 46.2-1550. Use of dealer's license plates, generally.

Dealer's license plates may be used on vehicles in the inventory of licensed motor vehicle manufacturers, distributors, and dealers in the Commonwealth when operated on the highways of Virginia by dealers, their spouses, or employees of manufacturers, distributors, and dealers as permitted in this article. Except as otherwise explicitly permitted in this article, it shall be unlawful for any dealer to cause or permit: (i) use of dealer's license plates on vehicles other than those held in inventory for sale or resale; (ii) dealer's license plates to be lent, leased, rented, or placed at the disposal of any persons other than those permitted by this article to use dealer's license plates; and (iii) use of dealer's license plates on any vehicle of a type for which their use is not authorized by this article. It shall be

1044 unlawful for any dealer to cause or permit dealer's license plates to be used on:

- 1045 1. Motor vehicles such as tow trucks, wrecking cranes, or other service motor vehicles;  
1046 2. Vehicles used to deliver or transport (i) other vehicles; (ii) portions of vehicles; (iii) vehicle  
1047 components, parts, or accessories; or (iv) fuel;  
1048 3. Courtesy vehicles; or  
1049 4. Vehicles used in conjunction with any other business.

1050 A dealer may permit his license plates to be used in the operation of a motor vehicle, ~~trailer, or~~  
1051 ~~semitrailer~~ (i) by any person whom the dealer reasonably believes to be a bona fide prospective  
1052 purchaser who is either accompanied by a licensed salesperson or has the written permission of the  
1053 dealer, or (ii) when the plates are being used by a customer on a vehicle owned by the dealer in whose  
1054 repair shop the customer's vehicle is being repaired. The dealer shall issue to the prospective purchaser  
1055 or customer whose vehicle is being repaired a certificate on forms provided by the Department, a copy  
1056 of which shall be retained by the dealer and open at all times to the inspection of the Commissioner or  
1057 any of the officers or agents of the Department. The certificate shall be in the immediate possession of  
1058 the person operating or authorized to operate the vehicle. The certificate shall entitle the person to  
1059 operate with dealer's license plates for a specific period of no more than five days. Not more than two  
1060 certificates may be issued by a dealer to the same person for successive periods.

1061 § 46.2-1551. Use of dealer's license plates or temporary transport plates on certain vehicles traveling  
1062 from one establishment to another for purpose of having special equipment installed.

1063 Notwithstanding the provisions of § 46.2-1550, dealer's license plates or temporary transport plates  
1064 may be used on tractor trucks, ~~or trucks, trailers, or semitrailers~~ for the purpose of delivering these  
1065 vehicles to another establishment for the purpose of having a fifth wheel, body, or any special  
1066 permanently mounted equipment installed on the vehicles, and for the purpose of returning the vehicle to  
1067 the dealer whose plates are attached to the tractor truck, ~~or truck, trailer, or semitrailer~~, whether or not  
1068 the title to the vehicle has been retained by the dealer, and no other license, permit, warrant, exemption  
1069 card, or classification plate from any other agency of the Commonwealth shall be required under these  
1070 circumstances. No other statute or regulation in conflict with the provisions of this section shall be  
1071 applicable to the extent of the conflict. This section shall also apply to trips into the Commonwealth by  
1072 a vehicle owned and operated outside the Commonwealth to an establishment within the Commonwealth  
1073 and to the return trip of that vehicle from the Commonwealth to another state, provided the operator of  
1074 the vehicle carries on his person when so operating a bill of sale for the fifth wheel, body, or special  
1075 equipment.

1076 § 46.2-1553. Operation without license plate prohibited.

1077 No manufacturer or distributor of or dealer in motor vehicles, ~~trailers, or semitrailers~~ shall cause or  
1078 permit any motor vehicle, ~~trailer, or semitrailer~~ owned by him to be operated or moved on a public  
1079 highway without there being displayed on the motor vehicle, ~~trailer, or semitrailer~~ a license plate or  
1080 plates issued to him, either under § 46.2-711 or under § 46.2-1548, except as otherwise authorized in  
1081 §§ 46.2-733, 46.2-1554 and 46.2-1555.

1082 § 46.2-1554. Movement by manufacturer to place of shipment or delivery.

1083 Any manufacturer of motor vehicles, ~~trailers, or semitrailers~~ may operate or move or cause to be  
1084 moved or operated on the highways for a distance of no more than twenty-five miles motor vehicles,  
1085 ~~trailers, or semitrailers~~, from the factory where manufactured or assembled to a railway depot, vessel, or  
1086 place of shipment or delivery, without registering them and without license plates attached thereto, under  
1087 a written permit first obtained from the local law-enforcement authorities having jurisdiction over the  
1088 highways and on displaying in plain sight on each motor vehicle, ~~trailer, or semitrailer~~ a placard bearing  
1089 the name and address of the manufacturer authorizing or directing the movement.

1090 § 46.2-1555. Movement by dealers to salesrooms.

1091 Any dealer in motor vehicles, ~~trailers, or semitrailers~~ may operate or move, or cause to be operated  
1092 or moved, any motor vehicle, ~~trailer, or semitrailer~~ on the highways for a distance of no more than  
1093 twenty-five miles from a vessel, railway depot, warehouse, or any place of shipment or from a factory  
1094 where manufactured or assembled to a salesroom, warehouse, or place of shipment or transshipment  
1095 without registering them and without license plates attached thereto, under a written permit first obtained  
1096 from the local law-enforcement authorities having jurisdiction over the highways and on displaying in  
1097 plain sight on each motor vehicle, ~~trailer, or semitrailer~~ a placard bearing the name and address of the  
1098 dealer authorizing or directing the movement.

1099 § 46.2-1556. Operation under foreign dealer's license.

1100 It shall be unlawful, except as provided for by reciprocal agreement, for any person to operate a  
1101 motor vehicle, ~~trailer, or semitrailer~~ or for the owner thereof to permit a motor vehicle, ~~trailer, or~~  
1102 ~~semitrailer~~ to be operated in the Commonwealth on a foreign dealer's license, unless the operation of the  
1103 motor vehicle, ~~trailer, or semitrailer~~ on the license is specifically authorized by the Commissioner.

1104 § 46.2-1565.1. Penalties.

1105 *Any person violating any of the provisions of this article shall be guilty of a Class 3 misdemeanor.*

Any summons issued for any violation of any provision of this article relating to use or misuse of temporary license plates shall be served upon the dealership to whom the plates were issued or to the person expressly permitting the unlawful use, or upon the operator of the motor vehicle if the plates are used contrary to the use authorized pursuant to § 46.2-1561.

§ 46.2-1566. Filing of franchises.

A. ~~Each~~ It shall be the responsibility of each motor vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof ~~shall~~ to file with the Commissioner by certified mail a true copy of each new, amended, modified, or different form or addendum offered to more than one dealer which affects the rights, responsibilities, or obligations of the parties of a franchise or sales, service, or sales and service agreement to be offered to a motor vehicle dealer or prospective motor vehicle dealer in the Commonwealth no later than sixty days prior to the date the franchise or sales agreement is offered. In no event shall a new, amended, modified, or different form of franchise or sales, service, or sales and service agreement be offered a motor vehicle dealer in the Commonwealth until the form has been approved determined by the Commissioner as not containing terms inconsistent with the provisions of this chapter. At the time a filing is made with the Commissioner pursuant to this section, the manufacturer, factory branch, distributor, distributor branch, or subsidiary shall also give written notice together with a copy of the papers so filed to the affected dealer or dealers.

B. The Department shall inform the manufacturer, factory branch, distributor, distributor branch, or subsidiary and the dealer or dealers or other parties named in the agreement of a preliminary recommendation as to the consistency of the agreement with the provisions of this chapter. If any of the parties involved have comments on the preliminary recommendation, they must be submitted to the Commissioner within thirty days of receiving the preliminary recommendation. The Commissioner shall render his decision within fifteen days of receiving comments from the parties involved. If the Commissioner does not receive comments within the thirty-day time period, he shall make the final determination as to the consistency of the agreement with the provisions of this chapter.

§ 46.2-1568. Coercion of retail dealer by manufacturer or distributor with respect to retail installment sales contracts prohibited.

A. It shall be unlawful for any manufacturer or distributor, or any officer, agent, or representative of either, to coerce or attempt to coerce any retail motor vehicle dealer or prospective retail motor vehicle dealer in the Commonwealth to sell, assign, or transfer any retail installment sales contract obtained by the dealer in connection with the sale by him in the Commonwealth of motor vehicles manufactured or sold by the manufacturer or distributor, to a specified finance company or class of finance companies or to any other specified persons by any of the following:

1. By any statement, suggestion, promise, or threat that the manufacturer or distributor will in any manner benefit or injure the dealer, whether the statement, suggestion, threat, or promise is express or implied or made directly or indirectly.

2. By any act that will benefit or injure the dealer.

3. By any contract, or any express or implied offer of contract, made directly or indirectly to the dealer, for handling the motor vehicle on the condition that the dealer sell, assign, or transfer his retail installment sales contract on the vehicle, in the Commonwealth, to a specified finance company or class of finance companies or to any other specified person.

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

B. Any such statements, threats, promises, acts, contracts, or offers of contracts, when their effect may be to lessen or eliminate competition or tend to create a monopoly, are declared unfair trade practices and unfair methods of competition and are prohibited.

C. Any person found guilty of violating any of the provisions of this section shall be guilty of a Class 1 misdemeanor.

§ 46.2-1569. Other coercion of dealers; transfer, grant, succession to and cancellation of dealer franchises; delivery of vehicles, parts, and accessories.

Notwithstanding the terms of any franchise agreement, it shall be unlawful for any manufacturer, factory branch, distributor, or distributor branch, or any field representative, officer, agent, or their representatives:

1. To coerce or attempt to coerce any dealer to accept delivery of any motor vehicle or vehicles, parts or accessories therefor, or any other commodities, which have not been ordered by the dealer.

2. To coerce or attempt to coerce any dealer to enter into an agreement with the manufacturer, factory branch, distributor, or distributor branch, or representative thereof, or do any other act unfair to

1167 the dealer, by threatening to cancel any franchise existing between the manufacturer, factory branch,  
1168 distributor, distributor branch, or representative thereof and the dealer.

1169 2a. To coerce or attempt to coerce any dealer to join, contribute to, or affiliate with any advertising  
1170 association.

1171 3. ~~Notwithstanding the terms of any franchise, to~~ To prevent or refuse to approve the sale or transfer  
1172 of the ownership of a dealership by the sale of the business, stock transfer, or otherwise, or the transfer,  
1173 sale, or assignment of a dealer franchise, or a change in the executive management or principal operator  
1174 of the dealership, unless the franchisor provides written notice to the dealer of its objection and the  
1175 reasons therefor at least thirty days prior to the proposed effective date of the transfer, sale, assignment,  
1176 or change. No such objection shall be effective to prevent the sale, transfer, assignment, or change if the  
1177 Commissioner has determined, if requested in writing by the dealer within thirty days after receipt of an  
1178 objection to the proposed sale, transfer, or change, and after a hearing on the matter, that the failure to  
1179 permit or honor the sale, transfer, assignment, or change is unreasonable under the circumstances. No  
1180 franchise may be sold, assigned, or transferred unless (i) the franchisor has been given at least ninety  
1181 days' prior written notice by the dealer as to the identity, financial ability, and qualifications of the  
1182 proposed transferee, and (ii) the sale or transfer of the franchise and business will not involve, without  
1183 the franchisor's consent, a relocation of the business.

1184 4. To grant an additional franchise for a particular line-make of motor vehicle in a relevant market  
1185 area in which a dealer or dealers in that line-make are already located unless the franchisor has first  
1186 advised in writing all other dealers in the line-make in the relevant market area. No such additional  
1187 franchise may be established at the proposed site unless the Commissioner has determined, if requested  
1188 by a dealer of the same line-make in the relevant market area within thirty days after receipt of the  
1189 franchisor's notice of intention to establish the additional franchise, and after a hearing on the matter,  
1190 that there is reasonable evidence that after the grant of the new franchise, the market will support all of  
1191 the dealers in that line-make in the relevant market area. Establishing a franchised dealer in a relevant  
1192 market area to replace a franchised dealer that has not been in operation for more than two years shall  
1193 constitute the establishment of a new franchise subject to the terms of this subdivision. The two-year  
1194 period for replacing a franchised dealer shall begin on the day the franchise was terminated, or, if a  
1195 termination hearing was held, on the day the franchisor was legally permitted finally to terminate the  
1196 franchise. This subdivision shall not apply to (i) the relocation of an existing dealer within that dealer's  
1197 relevant market area if the relocation site is to be more than ten miles distant from any other dealer for  
1198 the same line-make; (ii) the relocation of an existing dealer within that dealer's relevant market area if  
1199 the relocation site is to be more distant than the existing site from all other dealers of the same  
1200 line-make in that relevant market area; or (iii) the relocation of an existing new motor vehicle dealer  
1201 within two miles of the existing site of the relocating dealer.

1202 5. Except as otherwise provided in this subdivision and notwithstanding the terms of any franchise,  
1203 to terminate, cancel, or refuse to renew the franchise of any dealer without good cause and unless (i) the  
1204 dealer and the Commissioner have received written notice of the franchisor's intentions at least sixty  
1205 days prior to the effective date of such termination, cancellation, or the expiration date of the franchise,  
1206 setting forth the specific grounds for the action, and (ii) the Commissioner has determined, if requested  
1207 in writing by the dealer within the sixty-day period and, after a hearing on the matter, that there is good  
1208 cause for the termination, cancellation, or nonrenewal of the franchise. In any case where a petition is  
1209 made to the Commissioner for a determination as to good cause for the termination, cancellation, or  
1210 nonrenewal of a franchise, the franchise in question shall continue in effect pending the Commissioner's  
1211 decision or, if that decision is appealed to the circuit court, pending the decision of the circuit court. In  
1212 any case in which a franchisor neither advises a dealer that it does not intend to renew a franchise nor  
1213 takes any action to renew a franchise beyond its expiration date, the franchise in question shall continue  
1214 in effect on the terms last agreed to by the parties. Notwithstanding the other provisions of this  
1215 subdivision notice of termination, cancellation, or nonrenewal may be provided to a dealer by a  
1216 franchisor not less than fifteen days prior to the effective date of such termination, cancellation, or  
1217 nonrenewal when the grounds for such action are any of the following:

1218 a. Insolvency of the franchised motor vehicle dealer or filing of any petition by or against the  
1219 franchised motor vehicle dealer, under any bankruptcy or receivership law, leading to liquidation or  
1220 which is intended to lead to liquidation of the franchisee's business.

1221 b. Failure of the franchised motor vehicle dealer to conduct its customary sales and service  
1222 operations during its posted business hours for seven consecutive business days, except where the failure  
1223 results from acts of God or circumstances beyond the direct control of the franchised motor vehicle  
1224 dealer.

1225 c. Revocation of any license which the franchised motor vehicle dealer is required to have to operate  
1226 a dealership.

1227 d. Conviction of the dealer or any principal of the dealer of a felony.

1228 The change or discontinuance of a marketing or distribution system of a particular line-make product

by a manufacturer or distributor, while the name identification of the product is continued in substantial form by the same or different manufacturer or distributor, may be considered to be a franchise termination, cancellation, or nonrenewal. The provisions of this paragraph shall apply to changes and discontinuances made after January 1, 1989, but they shall not be considered by any court in any case in which such a change or discontinuance occurring prior to that date has been challenged as constituting a termination, cancellation or nonrenewal.

5a. To fail to provide continued parts and service support to a dealer which holds a franchise in a discontinued line-make for at least five years from the date of such discontinuance. This requirement shall not apply to a line-make which was discontinued prior to January 1, 1989.

6. ~~Notwithstanding the terms of any franchise, to~~ To fail to allow a dealer the right at any time to designate a member of his family as a successor to the dealership in the event of the death or incapacity of the dealer. It shall be unlawful to prevent or refuse to honor the succession to a dealership by a member of the family of a deceased or incapacitated dealer if the franchisor has not provided to the member of the family previously designated by the dealer as his successor written notice of its objections to the succession and of such person's right to seek a hearing on the matter before the Commissioner pursuant to this article, and the Commissioner determines, if requested in writing by such member of the family within thirty days of receipt of such notice from the franchisor, and after a hearing on the matter before the Commissioner pursuant to this article, that the failure to permit or honor the succession is unreasonable under the circumstances. No member of the family may succeed to a franchise unless (i) the franchisor has been given written notice as to the identity, financial ability, and qualifications of the member of the family in question, and (ii) the succession to the franchise will not involve, without the franchisor's consent, a relocation of the business.

7. To fail to ship monthly to any dealer, if ordered by the dealer, the number of new vehicles of each make, series, and model needed by the dealer to receive a percentage of total new vehicle sales of each make, series, and model equitably related to the total new vehicle production or importation currently being achieved nationally by each make, series, and model covered under the franchise. Upon the written request of any dealer holding its sales or sales and service franchise, the manufacturer or distributor shall disclose to the dealer in writing the basis upon which new motor vehicles are allocated, scheduled, and delivered to the dealers of the same line-make. In the event that allocation is at issue in a request for a hearing, the dealer may demand the Commissioner to direct that the manufacturer or distributor provide to the dealer, within thirty days of such demand, all records of sales and all records of distribution of all motor vehicles to the same line-make dealers who compete with the dealer requesting the hearing.

7a. ~~Notwithstanding the terms of any franchise, to~~ To require or otherwise coerce a dealer to underutilize the dealer's facilities.

8. To include in any franchise with a motor vehicle dealer terms that are contrary to, prohibited by, or otherwise inconsistent with the requirements of this chapter.

8a. For any franchise agreement to require a motor vehicle dealer to pay the attorney's fees of the manufacturer or distributor related to hearings and appeals brought under this article.

9. To fail to include in any franchise with a motor vehicle dealer the following language: "If any provision herein contravenes the laws or regulations of any state or other jurisdiction wherein this agreement is to be performed, or denies access to the procedures, forums, or remedies provided for by such laws or regulations, such provision shall be deemed to be modified to conform to such laws or regulations, and all other terms and provisions shall remain in full force," or words to that effect.

§ 46.2-1573. Hearings and other remedies.

A. In every case of a hearing before the Commissioner authorized under this article, the Commissioner shall give reasonable notice of each hearing to all interested parties, and the Commissioner's decision shall be binding on the parties, subject to the rights of judicial review and appeal as provided in Chapter 1.1:1 (§ 9-6.14:1 et seq.) of Title 9.

B. Hearings before the Commissioner under this article shall commence within ninety days of the request for a hearing and the Commissioner's decision shall be rendered within sixty days from the conclusion of the hearing. *Hearings authorized under this article shall be presided over by a hearing officer selected from a list prepared by the Executive Secretary of the Supreme Court of Virginia. On request of the Commissioner, the Executive Secretary will name a hearing officer from the list, selected on a rotation system administered by the Executive Secretary. The hearing officer shall provide recommendations to the Commissioner within ninety days of the conclusion of the hearing.*

C. Notwithstanding any contrary provision of this article, the Commissioner shall initiate investigations, conduct hearings, and determine the rights of parties under this article whenever he is provided information by the Motor Vehicle Dealers' Advisory Dealer Board or any other person indicating a possible violation of any provision of this article. ~~Before rendering any hearing decision under this article, the Commissioner shall request recommendations on the subject from those six~~

1290 members of the Motor Vehicle Dealers' Advisory Board who were selected by the Commissioner in  
1291 accordance with § 46.2-1502 to attend the hearing, and these recommendations shall be provided within  
1292 fifteen days after the Commissioner's request for recommendations.

1293 C D. For purposes of any matter brought to the Commissioner under subdivisions 3, 4, 5, 6 and 7a  
1294 of § 46.2-1569 with respect to which the Commissioner is to determine whether there is good cause for  
1295 a proposed action or whether it would be unreasonable under the circumstances, the Commissioner shall  
1296 consider:

- 1297 1. The volume of the affected dealer's business in the relevant market area;
- 1298 2. The nature and extent of the dealer's investment in its business;
- 1299 3. The adequacy of the dealer's service facilities, equipment, parts, supplies, and personnel;
- 1300 4. The effect of the proposed action on the community;
- 1301 5. The extent and quality of the dealer's service under motor vehicle warranties;
- 1302 6. The dealer's performance under the terms of its franchise;
- 1303 7. Other economic and geographical factors reasonably associated with the proposed action; and
- 1304 8. The recommendations, if any, from those six members of the Motor Vehicle Dealers' Advisory  
1305 Board who were selected by the Commissioner in accordance with § 46.2-1502 to attend the hearing a  
1306 three-member panel composed of members of the Board who are franchised dealers not of the same  
1307 line-make involved in the hearing and who are appointed to the panel by the Commissioner.

1308 With respect to subdivision 6 of this subsection, any performance standard or program for measuring  
1309 dealership performance that may have a material effect on a dealer, and the application of any such  
1310 standard or program by a manufacturer or distributor, shall be fair, reasonable, and equitable and, if  
1311 based upon a survey, shall be based upon a statistically valid sample. Upon the request of any dealer, a  
1312 manufacturer or distributor shall disclose in writing to the dealer a description of how a performance  
1313 standard or program is designed and all relevant information used in the application of the performance  
1314 standard or program to that dealer.

1315 § 46.2-1575. Grounds for denying, suspending, or revoking licenses or certificates of dealer  
1316 registration or qualification.

1317 A license or certificate of dealer registration or qualification issued under this subtitle may be denied,  
1318 suspended, or revoked on any one or more of the following grounds:

- 1319 1. Material misstatement or omission in application for license, dealer's license plates, certificate of  
1320 dealer registration, certificate of qualification, or certificate of title;
- 1321 2. Failure to comply subsequent to receipt of a written warning from the Department or the Board or  
1322 any willful failure to comply with any provision of this chapter or any regulation promulgated by the  
1323 Commissioner or the Board under this chapter;
- 1324 3. Failure to have an established place of business as defined in § 46.2-1510 or failure to have as the  
1325 dealer-operator an individual who holds a valid certificate of qualification;
- 1326 4. Defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the  
1327 licensee's or registrant's business;
- 1328 5. Employment of fraudulent devices, methods or practices in connection with compliance with the  
1329 requirements under the statutes of the Commonwealth with respect to the retaking of vehicles under  
1330 retail installment contracts and the redemption and resale of those vehicles;
- 1331 6. Having used unfair methods of competition or deceptive acts or practices;
- 1332 7. Knowingly advertising by any means any assertion, representation, or statement of fact which is  
1333 untrue, misleading, or deceptive in any particular relating to the conduct of the business licensed or  
1334 registered or for which a license or registration is sought;
- 1335 8. Having been convicted of any fraudulent act in connection with the business of selling vehicles or  
1336 any consumer-related fraud;
- 1337 9. Having been convicted of any criminal act involving the business of selling vehicles;
- 1338 10. Willfully retaining in his possession title to a motor vehicle that has not been completely and  
1339 legally assigned to him;
- 1340 11. Failure to comply with any provision of Chapter 4.1 (§ 36-85.2 et seq.) of Title 36 or any  
1341 regulation promulgated pursuant to that chapter;
- 1342 12. Leasing, renting, lending, or otherwise allowing the use of a dealer's license plate by persons not  
1343 specifically authorized under this title;
- 1344 13. Having been convicted of a felony;
- 1345 14. Failure to submit to the Department, within thirty days from the date of sale, any application,  
1346 tax, or fee collected for the Department on behalf of a buyer;
- 1347 15. Having been convicted of larceny of a vehicle or receipt or sale of a stolen vehicle;
- 1348 16. Having been convicted of odometer tampering or any related violation;
- 1349 17. If a salvage dealer, salvage pool, or rebuilder, failing to comply with any provision of Chapter 16  
1350 of this title or any regulation promulgated by the Commissioner under that chapter; or
- 1351 18. Failing to maintain automobile liability insurance, issued by a company licensed to do business in

the Commonwealth, or a certificate of self-insurance as defined in § 46.2-368, with respect to each dealer's license plate issued to the dealer by the Department.

§ 46.2-1576. Suspension, revocation, and refusal to renew licenses or certificates of dealer registration or qualification; notice and hearing.

A. Except as provided in § 46.2-1527.7 and subsection B of this section, no license or certificate of dealer registration or qualification issued under this subtitle shall be suspended or revoked, or renewal thereof refused, until a written copy of the complaint made has been furnished to the licensee, registrant, or qualifier against whom the same is directed and a public hearing thereon has been had before the ~~Commissioner~~ *a hearing officer selected from a list prepared by the Executive Secretary of the Supreme Court of Virginia. The Board shall determine whether the hearing officer is to hear the case alone or whether the Board is to hear the case with the hearing officer.* At least ten days' written notice of the time and place of the hearing shall be given to the licensee, registrant, or qualifier by registered mail addressed to his last known post-office address or as shown on his license or certificate or other record of information in possession of the ~~Commissioner Board~~. At the hearing the licensee, registrant, or qualifier shall have the right to be heard personally or by counsel. *The hearing officer shall provide recommendations to the Board within ninety days of the conclusion of the hearing. After hearing receiving the recommendations from the hearing officer, the Commissioner Board may suspend, revoke, or refuse to renew the license or certificate in question. A Board member shall disqualify himself and withdraw from any case in which he cannot accord fair and impartial consideration. Any party may request the disqualification of any Board member by stating with particularity the grounds upon which it is claimed that fair and impartial consideration cannot be accorded. The remaining members of the Board shall determine whether the individual should be disqualified.* Immediate notice of any suspension, revocation, or refusal shall be given to the licensee, registrant, or qualifier in the manner provided in this section in the case of notices of hearing.

B. Should a dealer fail to maintain an established place of business, the ~~Commissioner Board~~ may cancel the license of the dealer without a hearing after notification of the intent to cancel has been sent, by return receipt mail, to the dealer at the dealer's residence and business addresses, and the notices are returned undelivered or the dealer does not respond within twenty days from the date the notices were sent. Any subsequent application for a dealer's license shall be treated as an original application.

§ 46.2-1577. Appeals from actions of the Board.

Any person aggrieved by the action of the ~~Commissioner Board~~ in refusing to grant or renew a license or certificate of dealer registration or qualification issued under this chapter, or by any other action of the ~~Commissioner Board~~ which is alleged to be improper, unreasonable, or unlawful under the provisions of this chapter is entitled to judicial review in accordance with the provisions of the Administrative Process Act (§ 9-6.14:1 et seq.).

§ 46.2-1582. Enforcement; regulations.

The ~~Commissioner Board~~ may promulgate regulations reasonably necessary for enforcement of this article.

In addition to any other sanctions or remedies available to the ~~Commissioner Board~~ under this chapter, the ~~Commissioner Board~~ may assess a civil penalty not to exceed \$1,000 for any single violation of this article. Each day that a violation continues shall constitute a separate violation.

#### CHAPTER 19

#### T&M VEHICLE DEALERS

##### Article 1.

##### *T&M Vehicle Dealers Generally.*

§ 46.2-1900. Definitions.

*Unless the context otherwise requires, the following words and terms for the purpose of this chapter shall have the following meanings:*

"Certificate of origin" means the document provided by the manufacturer of a new T&M vehicle, or its distributor, which is the only valid indication of ownership between the manufacturer, its distributor, its franchised T&M vehicle dealers, and the original purchaser not for resale.

"Dealer-operator" means the individual who works at the established place of business of a dealer and who is responsible for and in charge of day-to-day operations of that place of business.

"Distributor" means a person who sells or distributes new T&M vehicles pursuant to a written agreement with the manufacturer, to franchised T&M vehicle dealers in the Commonwealth.

"Distributor branch" means a branch office maintained by a distributor for the sale of T&M vehicles to T&M vehicle dealers or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Distributor representative" means a person employed by a distributor or by a distributor branch, for the purpose of making or promoting the sale of T&M vehicles or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

1413 *"Factory branch" means a branch office maintained by a person for the sale of T&M vehicles to*  
1414 *distributors or for the sale of T&M vehicles to T&M vehicle dealers, or for directing or supervising, in*  
1415 *whole or in part, its representatives in the Commonwealth.*

1416 *"Factory representative" means a person employed by a person who manufactures or assembles*  
1417 *T&M vehicles, or by a factory branch for the purpose of making or promoting the sale of its T&M*  
1418 *vehicles, or for supervising or contacting its dealers, prospective dealers, or representatives in the*  
1419 *Commonwealth.*

1420 *"Factory repurchase T&M vehicle" means a T&M vehicle sold, leased, rented, consigned, or*  
1421 *otherwise transferred to a person under an agreement that the T&M vehicle will be resold or otherwise*  
1422 *retransferred only to the manufacturer or distributor of the T&M vehicle, and which is reacquired by*  
1423 *the manufacturer or distributor, or their agents.*

1424 *"Family member" means a person who either (i) is the spouse, child, grandchild, spouse of a child,*  
1425 *spouse of a grandchild, brother, sister, or parent of the dealer or owner, or (ii) has been employed*  
1426 *continuously by the dealer for at least five years.*

1427 *"Franchise" means a written contract or agreement between two or more persons whereby one*  
1428 *person, the franchisee, is granted the right to engage in the business of offering and selling, servicing,*  
1429 *or offering, selling, and servicing new T&M vehicles of a particular line-make or late model or factory*  
1430 *repurchase T&M vehicles of a particular line-make manufactured or distributed by the grantor of the*  
1431 *right, the franchisor, and where the operation of the franchisee's business is substantially associated*  
1432 *with the franchisor's trademark, trade name, advertising, or other commercial symbol designating the*  
1433 *franchisor, the T&M vehicle or its manufacturer or distributor. The term shall include any severable*  
1434 *part or parts of a franchise agreement which separately provides for selling and servicing different*  
1435 *line-makes of the franchisor.*

1436 *"Franchised late model or factory repurchase T&M vehicle dealer" means a dealer in late model or*  
1437 *factory repurchase T&M vehicles, including a franchised new T&M vehicle dealer, that has a franchise*  
1438 *agreement with a manufacturer or distributor of the line-make of the late model or factory repurchase*  
1439 *T&M vehicles.*

1440 *"Franchised T&M vehicle dealer" means a dealer in new T&M vehicles that has a franchise*  
1441 *agreement with a manufacturer or distributor of new T&M vehicles.*

1442 *"Independent T&M vehicle dealer" means a dealer in used T&M vehicles.*

1443 *"Late model T&M vehicle" means a T&M vehicle of the current model year and the immediately*  
1444 *preceding model year.*

1445 *"Manufacturer" means a person engaged in the business of constructing or assembling new T&M*  
1446 *vehicles and, in the case of motor homes, also means a person engaged in the business of*  
1447 *manufacturing engines, power trains, or rear axles, when such engines, power trains, or rear axles are*  
1448 *not warranted by the final manufacturer or assembler of the motor home.*

1449 *"Motor vehicle" means the same as provided in § 46.2-100, except, for the purposes of this chapter*  
1450 *(i) it shall not include trailers and semitrailers; (ii) mobile homes, sales of which are regulated under*  
1451 *Chapter 4.2 (§ 36-85.16 et seq.) of Title 36; (iii) motor homes; (iv) motorcycles; (v) nonrepairable*  
1452 *vehicles, as defined in § 46.2-1600; or (vi) salvage vehicles, as defined in § 46.2-1600.*

1453 *"T&M vehicle" means trailers, semitrailers, motor homes, and motorcycles but not mobile homes,*  
1454 *sales of which are regulated under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.*

1455 *New T&M vehicle" means any vehicle which (i) has not been previously sold except in good faith for*  
1456 *the purpose of resale, (ii) has not been used as a rental, driver education, or demonstration T&M*  
1457 *vehicle, or for the personal and business transportation of the manufacturer, distributor, dealer, or any*  
1458 *of his employees, (iii) has not been used except for limited use necessary in moving or road testing the*  
1459 *vehicle prior to delivery to a customer, (iv) is transferred by a certificate of origin, and (v) has the*  
1460 *manufacturer's certification that it conforms to all applicable federal T&M vehicle safety and emission*  
1461 *standards. Notwithstanding provisions (i) and (iii), a T&M vehicle that has been previously sold but not*  
1462 *titled shall be deemed a new T&M vehicle if it meets the requirements of provisions (ii), (iv), and (v).*

1463 *"T&M vehicle dealer" or "dealer" means any person who:*

1464 *1. For commission, money, or other thing of value, buys, sells, exchanges, either outright or on*  
1465 *conditional sale, bailment lease, chattel mortgage, or otherwise or arranges or offers or attempts to*  
1466 *solicit or negotiate on behalf of others a sale, purchase, or exchange of an interest in new T&M*  
1467 *vehicles, new and used T&M vehicles, used T&M vehicles alone, whether or not the T&M vehicles are*  
1468 *owned by him; or*

1469 *2. Is wholly or partly engaged in the business of selling new T&M vehicles, new and used T&M*  
1470 *vehicles, or used T&M vehicles only, whether or not the T&M vehicles are owned by him; or*

1471 *3. Offers to sell, sells, displays, or permits the display for sale, of five or more T&M vehicles, within*  
1472 *any twelve consecutive months.*

1473 *The term "T&M vehicle dealer" does not include:*

1474 *1. Receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting*



under judgment or order of any court or their employees when engaged in the specific performance of their duties as employees.

2. Public officers, their deputies, assistants, or employees, while performing their official duties.

3. Persons other than business entities primarily engaged in the leasing or renting of T&M vehicles to others when selling or offering such vehicles for sale at retail, disposing of T&M vehicles acquired for their own use and actually so used, when the vehicles have been so acquired and used in good faith and not for the purpose of avoiding the provisions of this chapter.

4. Persons dealing solely in the sale and distribution of fire-fighting equipment, ambulances, and funeral vehicles, including T&M vehicles adapted therefor; however, this exemption shall not exempt any person from the provisions of §§ 46.2-1919, 46.2-1920 and 46.2-1949.

5. Any financial institution chartered or authorized to do business under the laws of the Commonwealth or the United States which may have received title to a T&M vehicle in the normal course of its business by reason of a foreclosure, other taking, repossession, or voluntary reconveyance to that institution occurring as a result of any loan secured by a lien on the vehicle.

6. An employee of an organization arranging for the purchase or lease by the organization of vehicles for use in the organization's business.

7. Any person licensed to sell real estate who sells a mobile home or similar vehicle in conjunction with the sale of the parcel of land on which the mobile home or similar vehicle is located.

8. Any person who permits the operation of a T&M vehicle show or permits the display of T&M vehicles for sale by any T&M vehicle dealer licensed under this chapter.

9. An insurance company authorized to do business in the Commonwealth that sells or disposes of vehicles under a contract with its insured in the regular course of business.

10. Any publication, broadcast, or other communications media when engaged in the business of advertising, but not otherwise arranging for the sale of vehicles owned by others.

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

12. Any credit union authorized to do business in Virginia, provided the credit union does not receive a commission, money, or other thing of value directly from a T&M vehicle dealer.

13. Any person licensed as a manufactured home dealer, broker, manufacturer, or salesperson under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

"T&M vehicle salesperson" or "salesperson" means any person who is licensed as and employed as a salesperson by a T&M vehicle dealer to sell or exchange T&M vehicles.

"T&M vehicle show" means a display of T&M vehicles to the general public at a location other than a dealer's location licensed under this chapter where the vehicles are not being offered for sale or exchange during or as part of the display.

"Relevant market area" means as follows:

1. In metropolitan localities with a population of 250,000, the relevant market area shall be a circular area around an existing franchised dealer not to exceed a radius of ten miles, but in no case less than seven miles.

2. If the population in an area within a radius of ten miles around an existing franchised dealer is less than 250,000, but the population in an area within a radius of fifteen miles around an existing franchised dealer is 150,000 or more, the relevant market area shall be that area within the fifteen-mile radius.

3. In all other cases the relevant market area shall be an area within a radius of twenty miles around an existing franchised dealer or the area of responsibility defined in the franchise, whichever is greater. In any case where the franchise agreement is silent as to area responsibility, the relevant market area shall be the greater of an area within a radius of twenty miles around an existing franchised dealer or that area in which the franchisor otherwise requires the franchisee to make significant retail sales or sales efforts.

In determining population for this definition, the most recent census by the U.S. Bureau of the Census or the most recent population update, either from the National Planning Data Corporation or other similar recognized source, shall be accumulated for all census tracts either wholly or partially within the relevant market area.

"Retail installment sale" means every sale of one or more T&M vehicles to a buyer for his use and not for resale, in which the price of the vehicle is payable in one or more installments and in which the seller has either retained title to the goods or has taken or retained a security interest in the goods under form of contract designated either as a security agreement, conditional sale, bailment lease, chattel mortgage, or otherwise.

"Sale at retail" or "retail sale" means the act or attempted act of selling, bartering, exchanging, or otherwise disposing of a T&M vehicle to a buyer for his personal use and not for resale.

"Sale at wholesale" or "wholesale" means a sale to T&M vehicle dealers or wholesalers other than to consumers; a sale to one who intends to resell.

1536 *"Used T&M vehicle" means any vehicle other than a new T&M vehicle as defined in this section.*

1537 *"Wholesale auction" means an auction of T&M vehicles restricted to sales at wholesale.*

1538 *§ 46.2-1901. General powers of Commissioner.*

1539 *The Commissioner shall promote the interest of the retail buyers of T&M vehicles and endeavor to*  
1540 *prevent unfair methods of competition and unfair or deceptive acts or practices.*

1541 *§ 46.2-1902. T&M vehicle Dealers' Advisory Board; functions.*

1542 *The T&M Dealers' Advisory Board is hereby created within the Department and hereinafter referred*  
1543 *to as "the Board." The Board will advise the Commissioner on matters relating to this chapter and*  
1544 *Chapter 16.*

1545 *§ 46.2-1903. Composition of T&M vehicle Dealers' Advisory Board.*

1546 *The Board shall consist of eleven licensed T&M vehicle dealers appointed by the Commissioner. At*  
1547 *least one of these appointees shall be a boat trailer dealer, at least one shall be a motor home dealer,*  
1548 *at least one shall be a motorcycle dealer, and at least one shall be a salvage dealer. Members shall*  
1549 *serve for terms of four years, and no member shall serve for more than two full consecutive terms.*

1550 *Members of the Board shall be reimbursed their actual and necessary expenses incurred in carrying*  
1551 *out their duties, such reimbursement to be paid from the special fund referred to in § 46.2-1920.*

1552 *§ 46.2-1904. Commissioner's powers with respect to hearings under this chapter.*

1553 *The Commissioner may, in hearings arising under this chapter, determine the place in the*  
1554 *Commonwealth where they shall be held; subpoena witnesses; take depositions of witnesses residing*  
1555 *outside the Commonwealth in the manner provided for in civil actions in courts of record; pay these*  
1556 *witnesses the fees and mileage for their attendance as is provided for witnesses in civil actions in courts*  
1557 *of record; and administer oaths.*

1558 *§ 46.2-1905. Suit to enjoin violations.*

1559 *The Commissioner, whenever he believes from evidence submitted to him that any person has been*  
1560 *violating, is violating or is about to violate any provision of this chapter, in addition to any other*  
1561 *remedy, may bring an action in the name of the Commonwealth to enjoin any violation of this chapter.*

1562 *§ 46.2-1906. Regulations.*

1563 *The Commissioner may promulgate regulations requiring persons licensed under this chapter to keep*  
1564 *and maintain records reasonably required for the enforcement of §§ 46.2-112 and 46.2-629, and any*  
1565 *other regulations, not inconsistent with the provisions of this chapter, as he shall consider necessary for*  
1566 *the effective administration and enforcement of this chapter. A copy of any regulation promulgated*  
1567 *under this section shall be mailed to each T&M vehicle dealer licensee thirty days prior to its effective*  
1568 *date.*

1569 *§ 46.2-1907. Penalties.*

1570 *Except as otherwise provided in this chapter, any person violating any of the provisions of this*  
1571 *chapter may be assessed a civil fine not to exceed \$1,000 for any single violation. Civil penalties*  
1572 *collected under this chapter shall be deposited into the Transportation Trust Fund.*

1573 *Article 2.*

1574 *T&M Vehicle Dealer Licenses.*

1575 *§ 46.2-1908. Licenses required.*

1576 *It shall be unlawful for any person to engage in business in the Commonwealth as a T&M vehicle*  
1577 *dealer, salesperson, manufacturer, factory branch, distributor, distributor branch, or factory or*  
1578 *distributor representative or as a motor vehicle manufacturer, factory branch, distributor, distributor*  
1579 *branch, or factory or distributor representative as defined in § 46.2-1600, without first obtaining a*  
1580 *license as provided in this chapter. Every person licensed as a manufactured home dealer under*  
1581 *Chapter 4.2 (§ 36-85.16 et seq.) of Title 36 shall obtain a certificate of dealer registration as provided*  
1582 *in this chapter. Any person licensed in another state as a motor vehicle dealer or T&M vehicle dealer*  
1583 *may sell motor vehicles or T&M vehicles at wholesale auctions in the Commonwealth after having*  
1584 *obtained a certificate of dealer registration as provided in this chapter. The offering or granting of a*  
1585 *T&M vehicle dealer franchise in the Commonwealth shall constitute engaging in business in the*  
1586 *Commonwealth for purposes of this section, and no new T&M vehicle may be sold or offered for sale in*  
1587 *the Commonwealth unless the franchisor of T&M vehicle dealer franchises for that line-make in the*  
1588 *Commonwealth, whether such franchisor is a manufacturer, factory branch, distributor, distributor*  
1589 *branch, or otherwise, is licensed under this chapter. In the event a license issued under this chapter to a*  
1590 *franchisor of T&M vehicle dealer franchises is suspended, revoked, or not renewed, nothing in this*  
1591 *section shall prevent the sale of any new T&M vehicle of such franchisor's line-make manufactured in*  
1592 *or brought into the Commonwealth for sale prior to the suspension, revocation or expiration of the*  
1593 *license.*

1594 *§ 46.2-1909. Application for license or certificate of dealer registration.*

1595 *Application for license or certificate of dealer registration under this chapter shall be made to the*  
1596 *Commissioner and contain such information as the Commissioner shall require. The application shall be*  
1597 *accompanied by the required fee.*

The Commissioner shall require, in the application or otherwise, information relating to the matters set forth in § 46.2-1985 as grounds for refusing licenses, certificates of dealer registration, and to other pertinent matters requisite for the safeguarding of the public interest, including, if the applicant is a dealer in new T&M vehicles with factory warranties, a copy of a current service agreement with the manufacturer or with the distributor, requiring the applicant to perform within a reasonable distance of his established place of business, the service, repair, and replacement work required of the manufacturer or distributor by such vehicle warranty. All of these matters shall be considered by the Commissioner in determining the fitness of the applicant to engage in the business for which he seeks a license or certificate of dealer registration.

§ 46.2-1910. Dealers required to have established place of business.

No license shall be issued to any T&M vehicle dealer unless he has an established place of business, owned or leased by him, where a substantial portion of the sales activity of the business is routinely conducted and which:

1. Satisfies all local zoning regulations;
2. Has sales, service, and office space devoted exclusively to the dealership of at least 250 square feet in a permanent, enclosed building not used as a residence;
3. Houses all records the dealer is required to maintain by § 46.2-1929;
4. Is equipped with a desk, chairs, filing space, a working telephone listed in the name of the dealership, and working utilities including electricity and provisions for space heating;
5. Displays a sign and business hours as required by this chapter; and
6. Has contiguous space designated for the exclusive use of the dealer adequate to permit the display of at least ten vehicles.

However, any licensee engaging in business exclusively as a dealer in used mobile homes without inventory need not have contiguous display space and need have only 120 square feet of sales and office space devoted exclusively to its business.

Any dealer licensed on or before July 1, 1995, shall be considered in compliance with subdivisions 2 and 6 of this section for that licensee.

§ 46.2-1911. Dealer-operator to have certificate of qualification.

No license shall be issued to any T&M vehicle dealer unless the dealer-operator holds a valid certificate of qualification issued by the Department. Such certificate shall be issued only on application to the Department, payment of a twenty-five dollar application fee, the successful completion of an examination prepared and administered by the Department, and other prerequisites as set forth in this section. However, any individual who is the dealer-operator of a licensed T&M dealer on July 1, 1995, shall be entitled to such a certificate without examination on application to the Department made on or before January 1, 1996.

The Commissioner may establish minimum qualifications for applicants and require applicants to satisfactorily complete courses of study or other prerequisites prior to taking the examination.

§ 46.2-1912. Salesperson to have certificate of qualification.

No license shall be issued to any T&M vehicle salesperson unless he holds a valid certificate of qualification issued by the Department. A certificate shall be issued only on application to the Department, payment of a twenty-five dollar application fee, the successful completion of an examination prepared and administered by the Department, and other prerequisites as set forth in this section. However, any individual who is licensed as a salesperson on July 1, 1995, shall be entitled to such a certificate without examination on application to the Department made on or before January 1, 1996.

The Commissioner may establish minimum qualifications for applicants and require applicants to satisfactorily complete courses of study or other prerequisites prior to taking the examination.

§ 46.2-1913. Continued operation on loss of a dealer-operator holding certificate of qualification.

Each dealer shall notify the Department in writing immediately when a dealer-operator who holds a certificate of qualification dies, becomes disabled, retires, is removed, or for any other cause ceases to act as dealer-operator. The dealer may continue to operate for 120 days thereafter without a dealer-operator and may be granted approval by the Department to operate for an additional sixty days on application and with good cause shown for such delay.

§ 46.2-1914. Action on applications; hearing on denial; denial for failure to have established place of business.

The Commissioner shall act on all applications for a license or certificate of dealer registration under this chapter within sixty days after receipt by either granting or refusing the application. Any applicant denied a license or certificate shall, on his written request filed within thirty days, be given a hearing at a time and place determined by the Commissioner or a person designated by him. All hearings under this section shall be public and shall be held promptly. The applicant may be represented by counsel.

Any applicant denied a license for failure to have an established place of business as provided in

1659 § 46.2-1910 may not, nor shall anyone, apply for a license for premises for which a license was denied  
1660 for thirty days from the date of the rejection of the application.

1661 § 46.2-1915. Location to be specified; display of license; change of location.

1662 The licenses of T&M vehicle dealers, manufacturers, factory branches, distributors, and distributor  
1663 branches and the licenses of motor vehicle manufacturers, factory branches, distributors and distributor  
1664 branches, shall specify the location of each place of business, branch or other location occupied or to  
1665 be occupied by the licensee in conducting his business and the license issued therefor shall be  
1666 conspicuously displayed at each of the premises. In the event any licensee intends to change a licensed  
1667 location, he shall provide the Commissioner thirty days' advance written notice and a successful  
1668 inspection of the new location shall be required prior to approval of a change of location. The  
1669 Commissioner shall endorse the change of location on the license, without charge, if the new location is  
1670 within the same county or city. A change in location to another county or city shall require a new  
1671 license and fee. Nothing contained in this section shall prevent a licensee engaged in business  
1672 exclusively as a dealer in used mobile homes without inventory from conducting business in any county  
1673 or city other than the county or city in which his established place of business is maintained.

1674 § 46.2-1916. Supplemental sales locations.

1675 The Commissioner may issue a license for a licensed T&M vehicle dealer to display for sale or sell  
1676 vehicles at locations other than his established place of business, subject to compliance with local  
1677 ordinances and requirements.

1678 A permanent supplemental license may be issued for premises less than 500 yards from the dealer's  
1679 established place of business, provided a sign is displayed as required for the established place of  
1680 business. A supplemental license shall not be required for premises otherwise contiguous to the  
1681 established place of business except for a public thoroughfare.

1682 A temporary supplemental license may be issued for a period not to exceed seven days, provided that  
1683 the application is made fifteen days prior to the sale. A temporary supplemental license for the sale of  
1684 new T&M vehicles may be issued only for locations within the dealer's area of responsibility, as defined  
1685 in his franchise or sales agreement, unless proof is provided that all dealers in the same line-make in  
1686 whose areas of responsibility, as defined in their franchise or sales agreements, where the temporary  
1687 supplemental license is sought do not oppose the issuance of the temporary license.

1688 A temporary supplemental license for sale of used T&M vehicles may be issued only for the county,  
1689 city, or town in which the dealer is licensed pursuant to § 46.2-1910, or for a contiguous county, city,  
1690 or town. Temporary licenses may be issued without regard to the foregoing geographic restrictions  
1691 where the dealer operating under a temporary license provides notice, at least thirty days before any  
1692 proposed sale under a temporary license, to all other dealers licensed in the jurisdiction in which the  
1693 sale will occur of the intent to conduct a sale and permits any locally licensed dealer who wishes to do  
1694 so to participate in the sale on the same terms as the dealer operating under the temporary license. Any  
1695 locally licensed dealer who chooses to participate in the sale must obtain a temporary supplemental  
1696 license for the sale pursuant to this section.

1697 A temporary supplemental license may be issued for the sale of boat trailers at a boat show. Any  
1698 such license shall be valid for no more than fourteen days. Application for such a license shall be made  
1699 and such license obtained prior to the opening of the show. Temporary supplemental licenses for sale of  
1700 boat trailers at boat shows may be issued for any boat show located anywhere in the Commonwealth  
1701 without notification of or approval by other boat trailer dealers.

1702 § 46.2-1917. Changes in form of ownership, make, name.

1703 Any change in the form of ownership or the addition or deletion of a partner shall require a new  
1704 application, license, and fee.

1705 Any addition or deletion of a franchise or change in the name of a dealer shall require immediate  
1706 notification to the Department, and the Commissioner shall endorse the change on the license without a  
1707 fee. The change of an officer or director of a corporation shall be made at the time of license renewal.

1708 § 46.2-1918. Display of salesperson's license; notice on termination.

1709 No salesperson shall be employed by more than one dealer, unless the dealers are owned by the  
1710 same person.

1711 Each dealer shall post and maintain in a place conspicuous to the public a list of salespersons  
1712 employed.

1713 Each salesperson, factory representative, and distributor representative shall carry his license when  
1714 engaged in his business and shall display it on request.

1715 Each dealer and each motor vehicle and T&M vehicle manufacturer, and distributor shall notify the  
1716 Department in writing not later than the tenth day of the month following the termination of any  
1717 licensed salesperson's or representative's employment. In lieu of written notification, the license of the  
1718 terminated salesperson or representative may be returned to the Department annotated "terminated" on  
1719 the face of the license and signed and dated by the dealer-operator, owner, or officer.

1720 § 46.2-1919. License and registration fees; additional to other licenses and fees required by law.

A. The fee for each license and registration year or part thereof shall be as follows:

1. For T&M vehicle dealers, \$100 for each principal place of business, plus \$20 for each supplemental license.

2. For T&M and motor vehicle manufacturers, distributors, and each factory branch and distributor branch, \$100.

3. For T&M and motor vehicle and rebuilder salespersons, factory representatives, and distributor representatives, \$10.

4. For motor vehicle dealers and T&M vehicle dealers licensed in other states, but not in Virginia, a registration fee of \$50.

5. For manufactured home dealers, a registration fee of \$50.

B. The licenses, registrations, and fees required by this chapter are in addition to licenses, taxes, and fees imposed by other provisions of law and nothing contained in this chapter shall exempt any person from any license, tax, or fee imposed by any other provision of law.

§ 46.2-1920. Collection of license and registration fees; payments from fund.

All licensing and registration fees provided for in this chapter, except as identified in Article 3 (§ 46.2-1927) of this chapter shall be collected by the Commissioner and paid into the state treasury and set aside as a special fund to meet the expenses of the Department.

§ 46.2-1921. Issuance, expiration, and renewal of licenses and certificates of registration.

All licenses and certificates of registration issued under this chapter shall be issued for a period of twelve consecutive months except, at the discretion of the Commissioner, the periods may be adjusted as is necessary to distribute the licenses and certificates as equally as practicable on a monthly basis. The expiration date shall be the last day of the twelfth month of validity or the last day of the designated month. Every license and certificate of registration shall be renewed annually on application by the licensee or registrant and by payment of fees required by law, the renewal to take effect on the first day of the succeeding month.

§§46.22.1922 through 46.2-1926. Reserved.

#### Article 3.

##### Bonding Requirements.

§ 46.2-1927. Bonding requirements for applicants for license.

Before the Commissioner shall issue a license under this chapter, the applicant shall obtain and file with the Commissioner a bond in the amount of \$25,000. The bond shall come from a corporate surety licensed to do business in the Commonwealth and approved by the Attorney General. The bond shall be conditioned on a statement by the applicant that the applicant will not practice fraud, make any fraudulent representation, or violate any provision of this chapter in the conduct of the applicant's business. The Commissioner may, without holding a hearing, suspend the dealer's license during the period that the dealer does not have a sufficient bond on file.

If a person suffers any of the following: (i) loss or damage in connection with the purchase of a T&M vehicle by reason of fraud practiced on him or fraudulent representation made to him by a licensed T&M vehicle dealer or one of the dealer's salespersons acting within his scope of employment; (ii) loss or damage by reason of the violation by a dealer or salesperson of any provision of this chapter in connection with the purchase of a T&M vehicle; or (iii) loss or damage resulting from a breach of an extended service contract entered into on or after the effective date of this act, as defined by § 59.1-435, that person shall have a claim against the dealer and the dealer's bond, and may recover such damages as may be awarded to such person by final judgment of a court of competent jurisdiction against the dealer as a proximate result of such loss or damage up to, but not exceeding, the amount of the bond, from such surety, who shall be subrogated to the rights of such person against the dealer or salesperson. The liability of such surety shall be limited to actual damages, and shall not include any punitive damages or attorneys' fees assessed against the dealer or salesperson.

The dealer's surety shall notify the Department when a claim is made against a dealer's bond, when a claim is paid and when the bond is cancelled. Such notification shall include the amount of a claim and the circumstances surrounding the claim. Notification of cancellation shall include the effective date and reason for cancellation. The bond may be cancelled as to future liability by the dealer's surety upon thirty days' notice to the Department.

#### Article 4

##### Conduct of Business.

§ 46.2-1928. Examination or audit of licensee; costs.

The Commissioner or authorized representatives of the Department may examine, during the posted business hours, the records required to be maintained by this chapter. If a licensee is found to have violated this chapter or any order of the Commissioner, the actual cost of the examination shall be paid by the licensee so examined within thirty days after demand therefor by the Commissioner. The Commissioner may maintain an action for the recovery of these costs in any court of competent

1782 jurisdiction.

1783 § 46.2-1929. Dealer records.

1784 All dealer records regarding employees; lists of vehicles in inventory for sale, resale, or on  
1785 consignment; vehicle purchases, sales, trades, and transfers of ownership; collections of taxes; titling,  
1786 uninsured T&M vehicle and registration fees; odometer disclosure statements; records of permanent  
1787 dealer registration plates assigned to the dealer and temporary transport plates and temporary  
1788 certificates of ownership; and other records required by the Department shall be maintained on the  
1789 premises of the licensed location. The Commissioner may, on written request by a dealer, permit his  
1790 records to be maintained at a location other than the premises of the licensed location for good cause  
1791 shown. All dealer records shall be preserved in original form for a period of five years in a manner  
1792 that permits systematic retrieval. Certain records may be maintained on a computerized record-keeping  
1793 system with the prior approval of the Commissioner.

1794 § 46.2-1930. Buyer's order.

1795 A. Every T&M vehicle dealer shall complete, in duplicate, a buyer's order for each sale or exchange  
1796 of a T&M vehicle. A copy of the buyer's order form shall be made available to a prospective buyer  
1797 during the negotiating phase of a sale and prior to any sales agreement. The completed original shall  
1798 be retained for a period of four years in accordance with § 46.2-1929, and a duplicate copy shall be  
1799 delivered to the purchaser at the time of sale or exchange. A buyer's order shall include:

1800 1. The name and address of the person to whom the vehicle was sold or traded.

1801 2. The date of the sale or trade.

1802 3. The name and address of the T&M vehicle dealer selling or trading the vehicle.

1803 4. The make, model year, vehicle identification number and body style of the vehicle.

1804 5. The sale price of the vehicle.

1805 6. The amount of any cash deposit made by the buyer.

1806 7. A description of any vehicle used as a trade-in and the amount credited the buyer for the trade-in.

1807 The description of the trade-in shall be the same as outlined in subdivision 4 of this subsection.

1808 8. The amount of any sales and use tax, title fee, uninsured T&M vehicle fee, registration fee, or  
1809 other fee required by law for which the buyer is responsible and the dealer has collected. Each tax and  
1810 fee shall be individually listed and identified.

1811 9. The net balance due at settlement.

1812 10. Any item designated as "processing fee," and the amount charged by the dealer, if any, for  
1813 processing the transaction. As used in this section processing includes obtaining title and license plates  
1814 for the purchaser.

1815 11. Any item designated as "dealer's business license tax," and the amount charged by the dealer, if  
1816 any.

1817 12. For sales involving dealer-arranged financing, the following notice, printed in bold type no less  
1818 than ten-point: "THIS SALE IS CONDITIONED UPON APPROVAL OF YOUR PROPOSED RETAIL  
1819 INSTALLMENT SALE CONTRACT AS SUBMITTED TO OR THROUGH THE DEALER. IF THAT  
1820 PROPOSED RETAIL INSTALLMENT SALE CONTRACT IS NOT APPROVED UNDER THE TERMS  
1821 AGREED TO WITH THE DEALER, YOU MAY CANCEL THIS SALE AND ANY DOWN PAYMENT  
1822 AND/OR TRADE-IN YOU SUBMITTED WILL BE RETURNED TO YOU, PROVIDED THAT ANY  
1823 VEHICLE DELIVERED TO YOU BY THE DEALER PURSUANT TO THIS AGREEMENT IS  
1824 RETURNED TO THE DEALER IN THE SAME CONDITION AS DELIVERED TO YOU, NORMAL  
1825 WEAR AND TEAR EXCEPTED, WITHIN TWENTY-FOUR HOURS OF WRITTEN OR ORAL NOTICE  
1826 TO YOU OF THE CREDIT DENIAL."

1827 If the transaction does not include a policy of T&M vehicle liability insurance, the seller shall stamp  
1828 or mark on the face of the bill of sale in boldface letters no smaller than eighteen point type the  
1829 following words: "No Liability Insurance Included."

1830 A completed buyer's order when signed by both buyer and seller may constitute a bill of sale.

1831 B. The Commissioner shall approve a buyer's order form and each dealer shall file with each license  
1832 application, or renewal, its buyer's order form, on which the processing fee amount is stated.

1833 C. If a processing fee is charged, that fact and the amount of the processing fee shall be disclosed  
1834 by the dealer. Disclosure shall be by placing a clear and conspicuous sign in the public sales area of  
1835 the dealership. The sign shall be no smaller than eight and one-half inches by eleven inches and the  
1836 print shall be no smaller than one-half inch, and in a form as approved by the Commissioner.

1837 § 46.2-1931. Consignment vehicles; contract.

1838 Any T&M vehicle dealer offering a vehicle for sale on consignment shall have in his possession a  
1839 consignment contract for the vehicle, executed and signed by the dealer and the consignor. The  
1840 consignment contract shall include:

1841 1. The complete name, address, and the telephone number of the owners.

1842 2. The name, address, and dealer certificate number of the selling dealer.

1843 3. A complete description of the vehicle on consignment, including the make, model year, vehicle

identification number, and body style.

4. The beginning and termination dates of the contract.

5. The percentage of commission, the amount of the commission, or the net amount the owner is to receive, if the vehicle is sold.

6. Any fees for which the owner is responsible.

7. A disclosure of all unsatisfied liens on the vehicle and the location of the certificate of title to the vehicle.

8. A requirement that the T&M vehicle pass a safety inspection prior to sale.

Any dealer offering a vehicle for sale on consignment shall inform any prospective customer that the vehicle is on consignment.

Dealer license plates shall not be used to demonstrate a vehicle on consignment except on (i) T&M vehicles with gross vehicle weight of 15,000 pounds or more and (ii) vehicles on consignment from another licensed T&M vehicle dealer. The owner's license plates may be used if liability insurance coverage is in effect in the amounts prescribed by § 46.2-472.

§ 46.2-1932. Odometer disclosure.

Every T&M vehicle dealer shall comply with all requirements of the Federal Odometer Act and § 46.2-629 by completing the appropriate odometer mileage statement form for each vehicle purchased, sold or transferred, or in any other way acquired or disposed of. Odometer disclosure statements shall be maintained by the dealer in a manner that permits systematic retrieval. Any person found violating any of the provisions of this section shall be guilty of a Class 1 misdemeanor.

§ 46.2-1933. Certain disclosures required by manufacturers and distributors.

T&M vehicle manufacturers and distributors shall affix or cause to be affixed in a conspicuous place to every T&M vehicle offered for sale as a new vehicle a statement disclosing the place of assembly or manufacture of the vehicle. For disclosures of place of assembly, the assembly plant shall be the same as that designated by the vehicle identification number.

The provisions of this section shall apply only to T&M vehicles manufactured for the 1991 or subsequent model years.

§ 46.2-1934. Business hours.

Each T&M vehicle dealer shall be open for business a minimum of twenty hours per week, at least ten of which shall be between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday, except that the Commissioner, on written request by a dealer, may modify these requirements for good cause. Each licensee engaged in business exclusively as a dealer in used mobile homes without inventory shall be open for business a minimum of two consecutive hours per week between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday. The dealer's hours shall be posted and maintained conspicuously on or near the main entrance of each place of business.

Each dealer shall include his business hours on the original and every renewal application for a license, and changes to these hours shall be immediately filed with the Department.

§ 46.2-1935. Signs.

Each retail T&M vehicle dealer's place of business shall be identified by a permanent sign visible from the front of the business office so that the public may quickly and easily identify the dealership. The sign shall contain the dealer's trade name in letters no less than six inches in height unless otherwise restricted by law or contract.

Each licensee engaged in business exclusively as a dealer in used mobile homes without inventory shall be identified by a permanent sign visible from the front of the business office so that the public may quickly and easily identify the dealership. The sign shall contain the dealer's trade name in letters no less than two inches in height unless otherwise restricted by law or contract.

§ 46.2-1936. Advertisements.

Unless the dealer is clearly identified by name, whenever any licensee places an advertisement in any newspaper or publication, the abbreviations "VA DLR," denoting a Virginia licensed dealer, shall appear therein.

§ 46.2-1937. Coercing purchaser to provide insurance coverage on T&M vehicle.

It shall be unlawful for any dealer or salesperson or any employee of a dealer or representative of either to coerce or offer anything of value to any purchaser of a T&M vehicle to provide any type of insurance coverage on the T&M vehicle.

Nothing in this section shall prohibit a dealer from requiring that a retail customer obtain automobile physical damage insurance to protect collateral secured by an installment sales contract. Any person found guilty of violating any provisions of this section shall be guilty of a Class 1 misdemeanor.

§ 46.2-1938. Prohibited solicitation and compensation.

It shall be unlawful for any T&M vehicle dealer or salesperson licensed under this chapter, directly or indirectly, to solicit the sale of a T&M vehicle through a person with a pecuniary interest, or to pay,



1905 or cause to be paid, any commission or compensation in any form whatsoever to any person in  
1906 connection with the sale of a T&M vehicle, unless the person is duly licensed as a salesperson employed  
1907 by the dealer.

1908 § 46.2-1939. Salesman selling for other than his employer prohibited.

1909 It shall be unlawful for any T&M vehicle salesman licensed under this chapter to sell or exchange or  
1910 offer or attempt to sell or exchange any T&M vehicle except for the licensed T&M vehicle dealer by  
1911 whom he is employed, or to offer, transfer, or assign any sale or exchange that he may have negotiated  
1912 to any other dealer or salesman.

1913 § 46.2-1940. Inspection of vehicles required.

1914 No person required to be licensed as a dealer under this chapter shall sell at retail any T&M vehicle  
1915 which is intended by the buyer for use on the public highways, and which is required to comply with the  
1916 safety inspection requirements provided in Article 21 (§ 46.2-1157 et seq.) of Chapter 10 of this title  
1917 unless between the time the vehicle comes into the possession of the dealer and the time it is sold at  
1918 retail it is inspected by an official safety inspection station. In the event the vehicle is found not to be in  
1919 compliance with all safety inspection requirements, the dealer shall either take steps to bring it into  
1920 compliance or shall furnish any buyer intending it for use on the public highway a written disclosure,  
1921 prior to sale, that the vehicle did not pass a safety inspection. Any person found guilty of violating any  
1922 provisions of this section shall be guilty of a Class 1 misdemeanor.

1923 § 46.2-1941. Inspections prior to sale not required of certain sellers.

1924 The provisions of §§ 46.2-1158 and 46.2-1940 requiring inspection of any T&M vehicle prior to sale  
1925 at retail shall not apply to any person conducting a public auction for the sale of T&M vehicles at  
1926 retail, provided that the individual, firm, or business conducting the auction shall not have taken title to  
1927 the vehicle, but is acting as an agent for the sale of the vehicle. Nor shall the provisions of  
1928 §§ 46.2-1158 and 46.2-1940 requiring inspection of any T&M vehicle prior to sale at retail apply to any  
1929 new T&M vehicle or vehicles sold on the basis of a special order placed by a dealer with a  
1930 manufacturer outside Virginia on behalf of a customer who is a nonresident of Virginia and takes  
1931 delivery outside Virginia.

1932 § 46.2-1942. Inspections or disclosure required before sale of certain trailers.

1933 Any trailer required by any provision of this title to undergo periodic safety inspections shall be  
1934 inspected by an official inspection station between the time it comes into the possession of a retail  
1935 dealer and the time the trailer is sold by the dealer or, in lieu of an inspection, the dealer shall present  
1936 to the purchaser, prior to purchase of the trailer, a written itemization of all the trailer's deficiencies  
1937 relative to applicable Virginia safety inspection requirements. The provisions of this section shall not  
1938 apply to sales of trailers by individuals not ordinarily engaged in the business of selling trailers. Any  
1939 person found guilty of violating any provisions of this section shall be guilty of a Class 1 misdemeanor.

1940 § 46.2-1943. Temporary certificates of ownership.

1941 A. Notwithstanding §§ 46.2-617 and 46.2-628, whenever a dealer licensed by the Department sells  
1942 and delivers to a purchaser a T&M vehicle, trailer, or semitrailer, and is unable at the time of the sale  
1943 to deliver to the purchaser the certificate of title or certificate of origin for the vehicle because the  
1944 certificate of title or certificate of origin is lost or is being detained by another in possession or for any  
1945 other reason beyond the dealer's control, the dealer shall execute, on forms provided by the  
1946 Commissioner, a temporary certificate of ownership. The certificate shall bear its date of issuance, the  
1947 name and address of the purchaser, the identification number of the vehicle, the registration number to  
1948 be used temporarily on the vehicle, the name of the state in which the vehicle is to be registered, the  
1949 name and address of the person from whom the dealer acquired the vehicle, and whatever other  
1950 information may be required by the Commissioner. A copy of the temporary certificate and a bona fide  
1951 bill of sale shall be delivered to the purchaser and shall be in the possession of the purchaser at all  
1952 times when operating the vehicle. One copy of the certificate shall be retained by the dealer and shall  
1953 be subject to inspection at any time by the Department's agents. The original of the certificate shall be  
1954 forwarded by the dealer to the Department directly on issuance to the purchaser if the vehicle is to be  
1955 titled outside the Commonwealth, along with application for title. The issuance of a temporary  
1956 certificate of ownership to a purchaser pursuant to this section shall have the effect of vesting  
1957 ownership to the vehicle in the purchaser for the period that the certificate remains effective.

1958 B. A temporary certificate of ownership issued by a dealer to a purchaser pursuant to this section  
1959 shall expire on receipt by the purchaser of a certificate of title to the vehicle issued by the Department  
1960 in the name of the purchaser, but in no event shall any temporary certificate of ownership issued under  
1961 this section be effective for more than thirty days from the date of its issuance. In the event that the  
1962 dealer fails to produce the old certificate of title or certificate of origin to the vehicle or fails to apply  
1963 for a replacement certificate of title pursuant to § 46.2-632, thereby preventing delivery to the  
1964 Department or purchaser before the expiration of the temporary certificate of ownership, the purchaser's  
1965 ownership of the vehicle may terminate and the purchaser shall have the right to return the vehicle to  
1966 the dealer and obtain a full refund of all payments made toward the purchase of the vehicle, less any



1967 damage to the vehicle incurred while ownership was vested in the purchaser, and less a reasonable  
 1968 amount for use not to exceed one-half the amount allowed per mile by the Internal Revenue Service, as  
 1969 provided by regulation, revenue procedure, or revenue ruling promulgated pursuant to § 162 of the  
 1970 Internal Revenue Code, for use of a personal vehicle for business purposes.

1971 C. Notwithstanding subsection B of this section, if the dealer fails to deliver the certificate of title or  
 1972 certificate of origin to the purchaser within thirty days, a second temporary certificate of ownership may  
 1973 be issued. However, the dealer shall, not later than the expiration of the first temporary certificate,  
 1974 deliver to the Department an application for title, copy of the bill of sale, all required fees and a  
 1975 written statement of facts describing the dealer's efforts to secure the certificate of title or certificate of  
 1976 origin to the vehicle. On receipt of the title application with attachments as described herein, the  
 1977 Department shall record the purchaser's ownership of the vehicle and may authorize the dealer to issue  
 1978 a second thirty-day temporary certificate of ownership. If the dealer does not produce the certificate of  
 1979 title or certificate of origin to the vehicle before the expiration of the second temporary certificate, the  
 1980 purchaser's ownership of the vehicle may terminate and he shall have the right to return the vehicle as  
 1981 provided in subsection B of this section.

1982 D. If the dealer is unable to produce the certificate of title or certificate of origin to the vehicle  
 1983 within the sixty-day period from the date of issuance of the first temporary certificate, the Department  
 1984 may extend temporary ownership for an additional period of up to ninety days, provided the dealer  
 1985 makes application in the format required by the Department. If the dealer does not produce the  
 1986 certificate of title or certificate of origin to the vehicle before the expiration of the additional ninety-day  
 1987 period, the purchaser's ownership of the vehicle may terminate and he shall have the right to return the  
 1988 vehicle as provided in subsection B of this section.

1989 E. The Commissioner, on determining that the provisions of this section or the directions of the  
 1990 Department are not being complied with by a dealer, may, after a hearing, suspend the right of the  
 1991 dealer to issue temporary certificates of ownership.

1992 § 46.2-1944. Use of old license plates and registration number on a T&M vehicle.

1993 An owner who sells or transfers a registered T&M vehicle, trailer, or semitrailer may have the  
 1994 license plates and the registration number transferred to a T&M vehicle titled in the owner's name  
 1995 according to the provisions of Chapter 6 (§§ 46.2-600 et seq.), which is in a like vehicle category as  
 1996 specified in § 46.2-694 and which requires an identical registration fee, on application to the  
 1997 Department accompanied by a fee of two dollars or, if the T&M vehicle requires a greater registration  
 1998 fee than that for which the license plates were assigned, on the payment of a fee of two dollars and the  
 1999 amount of the difference in registration fees between the two vehicles, all such transfers to be in  
 2000 accordance with the regulations of the Department. All fees collected under this section shall be paid by  
 2001 the Commissioner into the state treasury and shall be set aside as a special fund to be used to meet the  
 2002 expenses of the Department. For purposes of this section, a T&M vehicle dealer licensed by the  
 2003 Department may be authorized to act as an agent of the Department for the purpose of receiving,  
 2004 processing, and approving applications from its customers for assignment of license plates and  
 2005 registration numbers pursuant to this section, using the forms and following the procedures prescribed  
 2006 by the Department. The Commissioner, on determining that the provisions of this section or the  
 2007 directions of the Department are not being complied with by a dealer, may suspend, after a hearing, the  
 2008 authority of the dealer to receive, process, and approve the assignment of license plates and registration  
 2009 numbers pursuant to this section.

2010 § 46.2-1945. Certificate of title for dealers.

2011 Except as otherwise provided in this chapter, every dealer shall obtain, on the purchase of each  
 2012 vehicle, a certificate of title issued to the dealer or shall obtain an assignment or reassignment of a  
 2013 certificate of title for each vehicle purchased, except that a certificate of title shall not be required for  
 2014 any new vehicle to be sold as such.

2015 § 46.2-1946. Termination of business.

2016 No dealer, unless his license has been suspended, revoked, or canceled, shall cease business without  
 2017 a thirty-day prior notification to the Department. On cessation of the business, the dealer shall  
 2018 immediately surrender to the Department the dealer's certificate of license, all salespersons' licenses, all  
 2019 dealer and temporary license plates, all fees and taxes collected, and any other materials furnished by  
 2020 the Department. After cessation of business, the former licensee shall continue to maintain and make  
 2021 available to the Department dealer records as set forth in this chapter.

2022 Article 5.

#### 2023 T&M Dealer License Plates.

2024 § 46.2-1947. Registration of dealers; fees.

2025 Every manufacturer, distributor, or dealer, before he commences to operate vehicles in his inventory  
 2026 for sale or resale, shall apply to the Commissioner for a dealer's certificate of vehicle registration and  
 2027 license plates. For the purposes of this article, a vehicle is in inventory when it is owned by, or

assigned to, a dealer and is offered and available for sale or resale. All dealer's certificates of vehicle registration and license plates issued under this section may, at the discretion of the Commissioner, be placed in a system of staggered issue to distribute the work of issuing vehicle registration certificates and license plates as uniformly as practicable throughout the year. Dealerships which sold fewer than twenty-five vehicles during the last twelve months of the preceding license year shall be eligible to receive no more than two dealer's license plates; dealerships which sold at least twenty-five but fewer than fifty vehicles during the last twelve months of the preceding license year shall be eligible to receive no more than four dealer's license plates. However, dealerships which sold fifty or more vehicles during their current license year may apply for additional license plates not to exceed four times the number of licensed salespersons employed by that dealership. Dealerships which sold fifty or more vehicles during the last twelve months of the preceding license year shall be eligible to receive a number of dealer's license plates not to exceed four times the number of licensed salespersons employed by that dealership. A new applicant for a dealership shall be eligible to receive a number of dealer's license plates not to exceed four times the number of licensed salespersons employed by that dealership. For the purposes of this article, a salesperson or employee shall be considered to be employed only if he (i) works for the dealership at least twenty-five hours each week on a regular basis and (ii) is compensated for this work. All salespersons' or employees' employment records shall be retained in accordance with the provisions of § 46.2-1929. A salesperson shall not be considered employed, within the meaning of this section, if he is an independent contractor as defined by the United States Internal Revenue Code. The fee for the issuance of dealer's license plates shall be thirty dollars per year for the first two dealer's license plates and thirteen dollars per year for each additional dealer's license plate. However, for motorcycle dealers, the fee shall be nine dollars per year for each dealer's license plate.

§ 46.2-1948. License under this chapter prerequisite to receiving dealer's license plates; insurance required; Commissioner may revoke plates.

No T&M vehicle manufacturer, distributor, or dealer, unless licensed under this chapter, shall be entitled to receive or maintain any dealer's license plates. It shall be unlawful to use or permit the use of any dealer's license plates for which there is no automobile liability insurance coverage or a certificate of self-insurance as defined in § 46.2-368 on any T&M vehicle. No dealer's license plates shall be issued unless the dealer certifies to the Department that there is automobile liability insurance coverage or a certificate of self-insurance with respect to each dealer's license plate to be issued. Such automobile liability insurance or a certificate of self-insurance shall be maintained for each dealer's license plate for so long as the registration for the dealer's license plate remains valid without regard to whether the plate is actually being used on a vehicle. If insurance or a certificate of self-insurance is not so maintained, the dealer's license plate shall be surrendered to the Department. The Commissioner shall revoke any dealer's license plate for which there is no insurance or a certificate of self-insurance. The Commissioner may also revoke any dealer's license plate that has been used in any way not authorized by the provisions of this title.

§ 46.2-1949. Transferable dealer's license plates.

In lieu of registering each vehicle of a type described in this section, a manufacturer, distributor, or dealer owning and operating any T&M vehicle on any highway may obtain a dealer's license plate from the Department, on application therefor on the prescribed form and on payment of the fees required by law. These license plates shall be attached to each vehicle as required by subsection A of § 46.2-711. Each plate shall bear a distinctive number, and the name of the Commonwealth, which may be abbreviated, together with the word "dealer" or a distinguishing symbol indicating that the plate is issued to a manufacturer, distributor, or dealer. Month and year decals indicating the date of expiration shall be affixed to each license plate. Any license plates so issued may, during the calendar year or years for which they have been issued, be transferred from one T&M vehicle, used or operated by the manufacturer, distributor, or dealer, who shall keep a written record of the T&M vehicle on which the dealer's license plates are used. This record shall be in a format approved by the Commissioner and shall be open to inspection by any law-enforcement officer or any officer or employee of the Department.

Display of a transferable manufacturer's, distributor's, or dealer's license plate or plates on a T&M vehicle shall subject the vehicle to the requirements of §§ 46.2-1038 and 46.2-1056.

All manufacturer's, distributor's, and dealer's license plates shall be issued for a period of twelve consecutive months except, at the discretion of the Commissioner, the periods may be adjusted as may be necessary to distribute the registrations as equally as practicable on a monthly basis. The expiration date shall be the last day of the twelfth month of validity or the last day of the designated month. Every license plate shall be renewed annually on application by the owner and by payment of fees required by law, such renewal to take effect on the first day of the succeeding month.

The Commissioner may offer an optional multi-year license plate registration to manufacturers, distributors, and dealers licensed pursuant to this chapter provided that he has chosen to offer optional multi-year licensing to such persons pursuant to § 46.2-1921. When such option is offered and chosen

by the licensee, all annual and twelve-month fees due at the time of registration shall be multiplied by the number of years or fraction thereof the licensee will be licensed pursuant to § 46.2-1921.

§ 46.2-1950. Dealer's license plates to distinguish between various types of dealers.

The Commissioner shall provide for the issuance of appropriate franchised or independent dealer's license plates so as to distinguish between:

1. Factory dealers;
2. Trailer dealers;
3. Motor home dealers; and
4. Motorcycle dealers.

§ 46.2-1951. Dealer's promotional license plates.

In addition to any other license plate authorized by this article, the Commissioner may issue dealer's promotional license plates to a dealership for use on vehicles held for sale or resale in the dealership's inventory. The design of these license plates shall be at the discretion of the Commissioner. These license plates shall be for use as authorized by the Commissioner. For each such license plate issued or renewed, the Commissioner shall charge an annual fee of \$100. Issuance of license plates pursuant to this section shall be subject to the insurance requirement contained in § 46.2-1948. The Commissioner shall limit the validity of any license plate issued under this section to no more than thirty consecutive days. Upon written request from the dealership, the Commissioner may consider an extended use of a license plate issued under this section. The Commissioner's authorization for use of any license plate issued under this section shall be kept in the vehicle on which the license plate is displayed until expiration of the authorization. These license plates shall be included in the number of dealer's license plates authorized under § 46.2-1547 and not in addition thereto.

§ 46.2-1952. Use of dealer's license plates, generally.

Dealer's license plates may be used on vehicles in the inventory of licensed T&M vehicle manufacturers, distributors, and dealers in the Commonwealth when operated on the highways of Virginia by dealers, their spouses, or employees of manufacturers, distributors, and dealers as permitted in this article. Except as otherwise explicitly permitted in this article, it shall be unlawful for any dealer to cause or permit: (i) use of dealer's license plates on vehicles other than those held in inventory for sale or resale; (ii) dealer's license plates to be lent, leased, rented, or placed at the disposal of any persons other than those permitted by this article to use dealer's license plates; and (iii) use of dealer's license plates on any vehicle of a type for which their use is not authorized by this article. It shall be unlawful for any dealer to cause or permit dealer's license plates to be used on:

1. Vehicles such as tow trucks, wrecking cranes, or other service vehicles;
2. Vehicles used to deliver or transport (i) T&M vehicles; (ii) portions of vehicles; (iii) vehicle components, parts, or accessories; or (iv) fuel;
3. Courtesy vehicles; or
4. Vehicles used in conjunction with any other business.

A dealer may permit his license plates to be used in the operation of a T&M vehicle (i) by any person whom the dealer reasonably believes to be a bona fide prospective purchaser who is either accompanied by a licensed salesperson or has the written permission of the dealer, or (ii) when the plates are being used by a customer on a vehicle owned by the dealer in whose repair shop the customer's vehicle is being repaired. The dealer shall issue to the prospective purchaser or customer whose vehicle is being repaired a certificate on forms provided by the Department, a copy of which shall be retained by the dealer and open at all times to the inspection of the Commissioner or any of the officers or agents of the Department. The certificate shall be in the immediate possession of the person operating or authorized to operate the vehicle. The certificate shall entitle the person to operate with dealer's license plates for a specific period of no more than five days. Not more than two certificates may be issued by a dealer to the same person for successive periods.

§ 46.2-1953. Use of dealer's license plates and temporary transport plates on certain vehicles.

Notwithstanding the provisions of § 46.2-1952, dealer's license plates or dealer's temporary transport plates may be used on vehicles being transported (i) from a T&M vehicle auction or other point of purchase or sale, (ii) between properties owned or controlled by the same dealership, or (iii) for repairs, painting, or installation of parts or accessories. This section shall also apply to return trips by such vehicles.

§ 46.2-1954. Issuance and use of temporary transport plates, generally.

The Department, subject to the limitations and conditions set forth in this section and the insurance requirements contained in § 46.2-1948, may provide for the issuance of temporary transport plates designed by the Department to any dealer licensed under this chapter who applies for at least ten plates and who encloses with his application a fee of one dollar for each plate. The application shall be made on a form prescribed and furnished by the Department. Temporary transport plates may be used for those purposes outlined in § 46.2-1953. Every dealer who has applied for temporary transport plates

2151 shall maintain a permanent record of (i) all temporary transport plates delivered to him, (ii) all  
2152 temporary transport plates issued by him, and (iii) any other information pertaining to the receipt or the  
2153 issuance of temporary transport plates which may be required by the Department.

2154 Every dealer who issues temporary transport plates shall insert clearly and indelibly on the face of  
2155 the temporary transport plates the name of the issuing dealer, the date of issuance and expiration, and  
2156 the make and identification number of the vehicle for which issued.

2157 The dealer shall issue to the operator of the specified vehicle a certificate on forms provided by the  
2158 Department, a copy of which shall be retained by the dealer and open at all times to the inspection of  
2159 the Commissioner or any of the officers or agents of the Department. The certificate shall be in the  
2160 immediate possession of the person operating or authorized to operate the vehicle. The certificate shall  
2161 entitle the person to operate with the dealer's temporary transport plate for a period of no more than  
2162 five days. Temporary transport plates may also be used by the dealer to demonstrate types of vehicles  
2163 taken in trade but for which he has not been issued dealer's license plates.

2164 § 46.2-1955. Use of dealer's license plates or temporary transport plates on certain vehicles traveling  
2165 from one establishment to another for purpose of having special equipment installed.

2166 Notwithstanding the provisions of § 46.2-1952, dealer's license plates or temporary transport plates  
2167 may be used on trailers, or semitrailers for the purpose of delivering these vehicles to another  
2168 establishment for the purpose of having a fifth wheel, body, or any special permanently mounted  
2169 equipment installed on the vehicles, and for the purpose of returning the vehicle to the dealer whose  
2170 plates are attached to the trailer, or semitrailer, whether or not the title to the vehicle has been retained  
2171 by the dealer, and no other license, permit, warrant, exemption card, or classification plate from any  
2172 other agency of the Commonwealth shall be required under these circumstances. No other statute or  
2173 regulation in conflict with the provisions of this section shall be applicable to the extent of the conflict.  
2174 This section shall also apply to trips into the Commonwealth by a vehicle owned and operated outside  
2175 the Commonwealth to an establishment within the Commonwealth and to the return trip of that vehicle  
2176 from the Commonwealth to another state, provided the operator of the vehicle carries on his person  
2177 when so operating a bill of sale for the fifth wheel, body, or special equipment.

2178 § 46.2-1956. Use of dealer's license plates on newly purchased vehicles.

2179 Notwithstanding the provisions of § 46.2-1952, any dealer who sells and delivers to a purchaser a  
2180 T&M vehicle at a time when the main offices of the Department, its branch offices, or offices of its local  
2181 agents, are not open for business and the purchaser is therefore unable to register the vehicle, may  
2182 permit the purchaser to use, for a period not exceeding five days, on the newly purchased vehicle,  
2183 license plates which have been issued to the dealer, provided that, at the time of the purchase, the  
2184 dealer executes in duplicate, on forms provided by the Commissioner, a certificate bearing the date of  
2185 issuance, the name and address of the purchaser, the identification number of the vehicle, the  
2186 registration number to be used temporarily on the vehicle, the name of the state in which the vehicle is  
2187 to be registered, and whatever other information may be required by the Commissioner. The original of  
2188 the certificate and a bona fide bill of sale shall be delivered to the purchaser and shall be in the  
2189 possession of the purchaser at all times when operating the vehicle under dealer plates. One copy of the  
2190 certificate shall be retained by the dealer, filed by him, and shall be subject to inspection at any time by  
2191 the Department's agents. If the vehicle is to be titled and registered in the Commonwealth, application  
2192 for title and registration shall be made by the purchaser on the first business day following issuance of  
2193 the certificate and a copy of the certificate shall accompany the applications.

2194 License plates temporarily used by the purchaser shall be returned to the dealer by the purchaser  
2195 not later than five days after the issuance of the certificate.

2196 § 46.2-1957. Operation without license plate prohibited.

2197 No manufacturer or distributor of or dealer in T&M vehicles shall cause or permit any T&M  
2198 vehicle, owned by him to be operated or moved on a public highway without there being displayed on  
2199 the T&M vehicle, a license plate or plates issued to him, either under § 46.2-711 or under § 46.2-1949,  
2200 except as otherwise authorized in §§ 46.2-733, 46.2-1948 and 46.2-1959.

2201 § 46.2-1958. Movement by manufacturer to place of shipment or delivery.

2202 Any manufacturer of T&M vehicles may operate or move or cause to be moved or operated on the  
2203 highways for a distance of no more than twenty-five miles T&M vehicles from the factory where  
2204 manufactured or assembled to a railway depot, vessel, or place of shipment or delivery, without  
2205 registering them and without license plates attached thereto, under a written permit first obtained from  
2206 the local law-enforcement authorities having jurisdiction over the highways and on displaying in plain  
2207 sight on each T&M vehicle a placard bearing the name and address of the manufacturer authorizing or  
2208 directing the movement.

2209 § 46.2-1959. Movement by dealers to salesrooms.

2210 Any dealer in T&M vehicles, may operate or move, or cause to be operated or moved, any T&M  
2211 vehicle on the highways for a distance of no more than twenty-five miles from a vessel, railway depot,  
2212 warehouse, or any place of shipment or from a factory where manufactured or assembled to a

salesroom, warehouse, or place of shipment or transshipment without registering them and without license plates attached thereto, under a written permit first obtained from the local law-enforcement authorities having jurisdiction over the highways, and on displaying in plain sight on each T&M vehicle, a placard bearing the name and address of the dealer authorizing or directing the movement.

§ 46.2-1960. Operation under foreign dealer's license.

It shall be unlawful, except as provided for by reciprocal agreement, for any person to operate a T&M vehicle or for the owner thereof to permit a T&M vehicle to be operated in the Commonwealth on a foreign dealer's license, unless the operation of the T&M vehicle on the license is specifically authorized by the Commissioner.

§ 46.2-1961. Use of certain foreign-registered T&M vehicles in driver education programs.

Dealer's license plates may be displayed on T&M vehicles used by Virginia school systems in connection with driver education programs approved by the State Board of Education. In the event of such use of a T&M vehicle or vehicles by a school system, any dealer, his employees and agents furnishing the T&M vehicle or vehicles shall be immune from liability in any suit, claim, action, or cause of action, including but not limited to, actions or claims for injury to persons or property arising out of such use. Nothing in this section shall authorize the sale of any T&M vehicle or vehicles so used in such driver education program as a demonstrator vehicle.

Notwithstanding the provisions of §§ 46.2-1900 and 46.2-1960, school divisions either (i) bordering on Kentucky, Maryland, North Carolina, Tennessee, or West Virginia, or (ii) located in Accomack or Northampton County may use T&M vehicles bearing foreign T&M vehicle dealer's license plates in connection with their driver education programs.

§ 46.2-1962. Removal of plates by Department of T&M vehicles investigators; cancellation; reissuance.

If any Department of T&M vehicles investigator finds that a vehicle bearing license plates or temporary transport plates issued under this article is being operated in a manner inconsistent with (i) the requirements of this article, or (ii) the Commissioner's authorization provided for in this article, the Department of Motor Vehicles investigator may remove the license plate for cancellation. Once a license plate has been cancelled, the dealership may reapply for the license plate. Reissuance of the license plate shall be subject to the approval of the Commissioner and the payment of the fee prescribed for issuance of license plates under this article.

§ 46.2-1963. Penalties for violations of article; service of summons.

Notwithstanding § 46.2-1907, any person violating any of the provisions of this article shall be guilty of a Class 3 misdemeanor. Any summons issued for any violation of any provision of this article relating to use or misuse of dealer's license plates shall be served upon the dealership to whom the plates were issued or to the person expressly permitting the unlawful use, or upon the operator of the T&M vehicle if the plates are used contrary to the use authorized by the certificate issued pursuant to § 46.2-1952.

#### Article 6.

Issuance of Temporary License Plates by Dealers.

§ 46.2-1964. Issuance of temporary license plates to dealers and vehicle owners.

The Department may, subject to the limitations and conditions set forth in this article, deliver temporary license plates designed by the Department to any dealer licensed under this chapter who applies for at least ten sets of plates and who encloses with his application a fee of two dollars for each set applied for. The application shall be made on a form prescribed and furnished by the Department. Dealers, subject to the limitations and conditions set forth in this article, may issue temporary license plates to owners of vehicles. The owners shall comply with the provisions of this article and §§ 46.2-705, 46.2-706 and 46.2-707. Dealers issuing temporary license plates may do so free of charge, but if they charge a fee for issuing temporary plates, the fee shall be no more than the fee charged the dealer by the Department under this section.

Display of a temporary license plate or plates on a T&M vehicle shall subject the vehicle to the requirements of §§ 46.2-1038 and 46.2-1056.

§ 46.2-1965. Records to be kept by dealers; inspection.

Every dealer who has applied for temporary license plates shall maintain a permanent record of (i) all temporary license plates delivered to him, (ii) all temporary license plates issued by him, and (iii) any other information pertaining to the receipt or the issuance of temporary license plates which may be required by the Department. Each record shall be kept for at least one year from the date of entry. Every dealer shall allow full access to these records during regular business hours to authorized representatives of the Department and to law-enforcement officers.

§ 46.2-1966. Application for temporary license plate.

No dealer shall issue a temporary license plate except on written application by the person entitled to receive the license plate, which application shall be forwarded by the dealer to the Department as

2274 provided in § 46.2-1943.

2275 § 46.2-1967. To whom temporary plates shall not be issued; dealer to forward application for  
2276 current titling and registration; misstatements and false information.

2277 No dealer shall issue, assign, transfer, or deliver temporary license plates to other than the bona fide  
2278 purchaser or owner of a vehicle, whether or not the vehicle is to be registered in Virginia. If the vehicle  
2279 is to be registered in Virginia, the dealer shall submit to the Department a written application for the  
2280 current titling and registration of the purchased vehicle, accompanied by the prescribed fees. Any dealer  
2281 who issues temporary license plates to a purchaser who fails or declines to request that his application  
2282 be forwarded promptly to the Department forthwith shall notify the Department of the issuance in the  
2283 manner provided in this article. No dealer shall issue temporary license plates to any person who  
2284 possesses current license plates for a vehicle that has been sold or exchanged, nor shall any dealer lend  
2285 temporary license plates to any person for use on any vehicle. If the dealer does not have in his  
2286 possession the certificate of title or certificate of origin, he shall issue temporary license plates even  
2287 though the purchaser has current license plates to be transferred. The dealer shall present the title or  
2288 certificate of origin to the customer within thirty days of purchase and after this transaction is  
2289 completed, the customer shall transfer his current license plates to the vehicle. If the title or certificate  
2290 of origin cannot be produced for a vehicle within thirty days, a second set of temporary license plates  
2291 may be issued provided that a temporary certificate of ownership is issued as provided in § 46.2-1943.  
2292 It shall be unlawful for any person to issue any temporary license plates containing any misstatement of  
2293 fact, or for any person issuing or using temporary license plates knowingly to insert any false  
2294 information on their face.

2295 § 46.2-1968. Dealer to insert his name, date of issuance and expiration, make and identification  
2296 number of vehicle.

2297 Every dealer who issues temporary license plates shall insert clearly and indelibly on the face of  
2298 each temporary license plate the name of the issuing dealer, the date of issuance and expiration, and  
2299 the make and identification number of the vehicle for which issued.

2300 § 46.2-1969. Suspension of right of dealer to issue.

2301 The Commissioner, on determining that the provisions of this chapter or the directions of the  
2302 Department are not being complied with by any dealer, may, after a hearing, suspend the right of a  
2303 dealer to issue temporary license plates.

2304 § 46.2-1970. Plates to be destroyed on expiration.

2305 Every person to whom temporary license plates have been issued shall destroy them on the thirtieth  
2306 day after issue or immediately on receipt of the permanent license plates from the Department,  
2307 whichever occurs first.

2308 § 46.2-1971. When plates to expire; refunds or credit.

2309 Temporary license plates shall expire on the receipt of the permanent license plates from the  
2310 Department, or on the rescission of a contract to purchase a T&M vehicle, or on the expiration of, or  
2311 thirty days from the date of issuance, whichever occurs first. No refund or credit of fees paid by dealers  
2312 to the Department for temporary license plates shall be allowed, except that when the Department  
2313 discontinues the right of a dealer to issue temporary license plates, the dealer, on returning temporary  
2314 license plates to the Department, may receive a refund or a credit for them.

2315 § 46.2-1972. Penalties,

2316 Any person violating any of the provisions of this article shall be guilty of a Class 1 misdemeanor.

2317 Article 7.

2318 Franchises.

2319 § 46.2-1973. Filing of franchises.

2320 Each T&M vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary  
2321 thereof shall file with the Commissioner a true copy of each new, amended, modified, or different form  
2322 or addendum offered to more than one dealer which affects the rights, responsibilities, or obligations of  
2323 the parties of a franchise or sales, service, or sales and service agreement to be offered to a T&M  
2324 vehicle dealer or prospective T&M vehicle dealer in the Commonwealth no later than sixty days prior to  
2325 the date the franchise or sales agreement is offered. In no event shall a new, amended, modified, or  
2326 different form of franchise or sales, service, or sales and service agreement be offered a T&M vehicle  
2327 dealer in the Commonwealth until the form has been determined by the Commissioner as not containing  
2328 terms inconsistent with the provisions of this chapter. At the time a filing is made with the  
2329 Commissioner pursuant to this section, the manufacturer, factory branch, distributor, distributor branch,  
2330 or subsidiary shall also give written notice together with a copy of the papers so filed to the affected  
2331 dealer or dealers.

2332 § 46.2-1974. Exemption of franchises from Retail Franchising Act.

2333 Franchises subject to the provisions of this chapter shall not be subject to any requirement contained  
2334 in Chapter 8 (§ 13.1-557 et seq.) of Title 13.1.

2335 § 46.2-1975. Coercion of retail dealer by manufacturer or distributor with respect to retail

installment sales contracts prohibited.

A. It shall be unlawful for any manufacturer or distributor, or any officer, agent, or representative of either, to coerce or attempt to coerce any retail T&M vehicle dealer or prospective retail T&M vehicle dealer in the Commonwealth to sell, assign, or transfer any retail installment sales contract obtained by the dealer in connection with the sale by him in the Commonwealth of T&M vehicles manufactured or sold by the manufacturer or distributor, to a specified finance company or class of finance companies or to any other specified persons by any of the following:

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

2. By any act that will benefit or injure the dealer.

3. By any contract, or any expressed or implied offer of contract, made directly or indirectly to the dealer, for handling the T&M vehicle on the condition that the dealer sell, assign, or transfer his retail installment sales contract on the vehicle, in the Commonwealth, to a specified finance company or class of finance companies or to any other specified person.

4. By any expressed or implied statement or representation made directly or indirectly that the dealer is under any obligation whatsoever to sell, assign, or transfer any of his retail sales contracts in the Commonwealth on T&M vehicles manufactured or sold by the manufacturer or distributor to a finance company, or class of finance companies, or other specified person, because of any relationship or affiliation between the manufacturer or distributor and the finance company or companies or the specified person or persons.

B. Any such statements, threats, promises, acts, contracts, or offers of contracts, when their effect may be to lessen or eliminate competition or tend to create a monopoly, are declared unfair trade practices and unfair methods of competition and are prohibited.

C. Any person violating any of the provisions of this article shall be guilty of a Class 1 misdemeanor.

§ 46.2-1976. Other coercion of dealers; transfer, grant, succession to and cancellation of dealer franchises; delivery of vehicles, parts, and accessories.

It shall be unlawful for any manufacturer, factory branch, distributor, or distributor branch, or any field representative, officer, agent, or their representatives:

1. To coerce or attempt to coerce any dealer to accept delivery of any T&M vehicle or vehicles, parts or accessories therefor, or any other commodities, which have not been ordered by the dealer.

2. To coerce or attempt to coerce any dealer to enter into an agreement with the manufacturer, factory branch, distributor, or distributor branch, or representative thereof, or do any other act unfair to the dealer, by threatening to cancel any franchise existing between the manufacturer, factory branch, distributor, distributor branch, or representative thereof and the dealer.

3. To coerce or attempt to coerce any dealer to join, contribute to, or affiliate with any advertising association.

4. To approve the sale or transfer of the ownership of a dealership by the sale of the business, stock transfer, or otherwise, or the transfer, sale, or assignment of a dealer franchise, or a change in the executive management or principal operator of the dealership, unless the franchisor provides written notice to the dealer of its objection and the reasons therefor at least thirty days prior to the proposed effective date of the transfer, sale, assignment, or change. No such objection shall be effective to prevent the sale, transfer, assignment, or change if the Commissioner has determined, if requested in writing by the dealer within thirty days after receipt of an objection to the proposed sale, transfer, or change, and after a hearing on the matter, that the failure to permit or honor the sale, transfer, assignment, or change is unreasonable under the circumstances. No franchise may be sold, assigned, or transferred unless (i) the franchisor has been given at least ninety days' prior written notice by the dealer as to the identity, financial ability, and qualifications of the proposed transferee, and (ii) the sale or transfer of the franchise and business will not involve, without the franchisor's consent, a relocation of the business.

5. To grant an additional franchise for a particular line-make of T&M vehicle in a relevant market area in which a dealer or dealers in that line-make are already located unless the franchisor has first advised in writing all other dealers in the line-make in the relevant market area. No such additional franchise may be established at the proposed site unless the Commissioner has determined, if requested by a dealer of the same line-make in the relevant market area within thirty days after receipt of the franchisor's notice of intention to establish the additional franchise, and after a hearing on the matter, that there is reasonable evidence that after the grant of the new franchise, the market will support all of the dealers in that line-make in the relevant market area. Establishing a franchised dealer in a relevant market area to replace a franchised dealer that has not been in operation for more than two years shall constitute the establishment of a new franchise subject to the terms of this subdivision. The two-year



2397 period for replacing a franchised dealer shall begin on the day the franchise was terminated, or, if a  
2398 termination hearing was held, on the day the franchisor was legally permitted finally to terminate the  
2399 franchise. This subdivision shall not apply to (i) the relocation of an existing dealer within that dealer's  
2400 relevant market area if the relocation site is to be more than ten miles distant from any other dealer for  
2401 the same line-make; (ii) the relocation of an existing dealer within that dealer's relevant market area if  
2402 the relocation site is to be more distant than the existing site from all other dealers of the same  
2403 line-make in that relevant market area; or (iii) the relocation of an existing new T&M vehicle dealer  
2404 within two miles of the existing site of the relocating dealer.

2405 6. Except as otherwise provided in this subdivision and notwithstanding the terms of any franchise,  
2406 to terminate, cancel, or refuse to renew the franchise of any dealer without good cause and unless (i)  
2407 the dealer and the Commissioner have received written notice of the franchisor's intentions at least sixty  
2408 days prior to the effective date of such termination, cancellation, or the expiration date of the franchise,  
2409 setting forth the specific grounds for the action, and (ii) the Commissioner has determined, if requested  
2410 in writing by the dealer within the sixty-day period and, after a hearing on the matter, that there is  
2411 good cause for the termination, cancellation, or nonrenewal of the franchise. In any case where a  
2412 petition is made to the Commissioner for a determination as to good cause for the termination,  
2413 cancellation, or nonrenewal of a franchise, the franchise in question shall continue in effect pending the  
2414 Commissioner's decision or, if that decision is appealed to the circuit court, pending the decision of the  
2415 circuit court. In any case in which a franchisor neither advises a dealer that it does not intend to renew  
2416 a franchise nor takes any action to renew a franchise beyond its expiration date, the franchise in  
2417 question shall continue in effect on the terms last agreed to by the parties. Notwithstanding the other  
2418 provisions of this subdivision notice of termination, cancellation, or nonrenewal may be provided to a  
2419 dealer by a franchisor not less than fifteen days prior to the effective date of such termination,  
2420 cancellation, or nonrenewal when the grounds for such action are any of the following:

2421 a. Insolvency of the franchised T&M vehicle dealer or filing of any petition by or against the  
2422 franchised T&M vehicle dealer, under any bankruptcy or receivership law, leading to liquidation or  
2423 which is intended to lead to liquidation of the franchisee's business;

2424 b. Failure of the franchised T&M vehicle dealer to conduct its customary sales and service  
2425 operations during its posted business hours for seven consecutive business days, except where the failure  
2426 results from acts of God or circumstances beyond the direct control of the franchised T&M vehicle  
2427 dealer;

2428 c. Revocation of any license which the franchised T&M vehicle dealer is required to have to operate  
2429 a dealership;

2430 d. Conviction of the dealer or any principal of the dealer of a felony.

2431 The change or discontinuance of a marketing or distribution system of a particular line-make  
2432 product by a manufacturer or distributor, while the name identification of the product is continued in  
2433 substantial form by the same or different manufacturer or distributor, may be considered to be a  
2434 franchise termination, cancellation, or nonrenewal. The provisions of this paragraph shall apply to  
2435 changes and discontinuances made after January 1, 1989, but they shall not be considered by any court  
2436 in any case in which such a change or discontinuance occurring prior to that date has been challenged  
2437 as constituting a termination, cancellation or nonrenewal.

2438 7. To fail to provide continued parts and service support to a dealer which holds a franchise in a  
2439 discontinued line-make for at least five years from the date of such discontinuance. This requirement  
2440 shall not apply to a line-make which was discontinued prior to January 1, 1989.

2441 8. To fail to allow a dealer the right at any time to designate a member of his family as a successor  
2442 to the dealership in the event of the death or incapacity of the dealer. It shall be unlawful to prevent or  
2443 refuse to honor the succession to a dealership by a member of the family of a deceased or incapacitated  
2444 dealer if the franchisor has not provided to the member of the family previously designated by the  
2445 dealer as his successor written notice of its objections to the succession and of such person's right to  
2446 seek a hearing on the matter before the Commissioner pursuant to this article, and the Commissioner  
2447 determines, if requested in writing by such member of the family within thirty days of receipt of such  
2448 notice from the franchisor, and after a hearing on the matter before the Commissioner pursuant to this  
2449 article, that the failure to permit or honor the succession is unreasonable under the circumstances. No  
2450 member of the family may succeed to a franchise unless (i) the franchisor has been given written notice  
2451 as to the identity, financial ability, and qualifications of the member of the family in question, and (ii)  
2452 the succession to the franchise will not involve, without the franchisor's consent, a relocation of the  
2453 business.

2454 9. To fail to ship monthly to any dealer, if ordered by the dealer, the number of new vehicles of each  
2455 make, series, and model needed by the dealer to receive a percentage of total new vehicle sales of each  
2456 make, series, and model equitably related to the total new vehicle production or importation currently  
2457 being achieved nationally by each make, series, and model covered under the franchise. Upon the  
2458 written request of any dealer holding its sales or sales and service franchise, the manufacturer or



distributor shall disclose to the dealer in writing the basis upon which new T&M vehicles are allocated, scheduled, and delivered to the dealers of the same line-make. In the event that allocation is at issue in a request for a hearing, the dealer may demand the Commissioner to direct that the manufacturer or distributor provide to the dealer, within thirty days of such demand, all records of sales and all records of distribution of all T&M vehicles to the same line-make dealers who compete with the dealer requesting the hearing.

10. To require or otherwise coerce a dealer to underutilize the dealer's facilities.

11. To include in any franchise with a T&M vehicle dealer terms that are contrary to, prohibited by, or otherwise inconsistent with the requirements of this chapter.

12. For any franchise agreement to require a T&M vehicle dealer to pay the attorney's fees of the manufacturer or distributor related to hearings and appeals brought under this article.

13. To fail to include in any franchise with a T&M vehicle dealer the following language: "If any provision herein contravenes the laws or regulations of any state or other jurisdiction wherein this agreement is to be performed, or denies access to the procedures, forums, or remedies provided for by such laws or regulations, such provision shall be deemed to be modified to conform to such laws or regulations, and all other terms and provisions shall remain in full force," or words to that effect.

§ 46.2-1977. Manufacturer or distributor right of first refusal.

Notwithstanding the terms of any franchise agreement, in the event of a proposed sale or transfer of a dealership, the manufacturer or distributor shall be permitted to exercise a right of first refusal to acquire the new vehicle dealer's assets or ownership, if such sale or transfer is conditioned upon the manufacturer's or dealer's entering into a dealer agreement with the proposed new owner or transferee, only if all the following requirements are met:

1. To exercise its right of first refusal, the manufacturer or distributor must notify the dealer in writing within forty-five days of its receipt of the completed proposal for the proposed sale transfer;

2. The exercise of the right of first refusal will result in the dealer's and dealer's owner's receiving the same or greater consideration as they have contracted to receive in connection with the proposed change of ownership or transfer;

3. The proposed sale or transfer of the dealership's assets does not involve the transfer or sale to a member or members of the family of one or more dealer owners, or to a qualified manager or a partnership or corporation controlled by such persons; and

4. The manufacturer or distributor agrees to pay the reasonable expenses, including attorney's fees which do not exceed the usual, customary, and reasonable fees charged for similar work done for other clients, incurred by the proposed new owner and transferee prior to the manufacturer's or distributor's exercise of its right of first refusal in negotiating and implementing the contract for the proposed sale or transfer of the dealership or dealership assets. Notwithstanding the foregoing, no payment of such expenses and attorney's fees shall be required if the dealer has not submitted or caused to be submitted an accounting of those expenses within thirty days of the dealer's receipt of the manufacturer's or distributor's written request for such an accounting. Such accounting may be requested by a manufacturer or distributor before exercising its right of first refusal.

§ 46.2-1978. Discontinuation of distributors.

If the contract between a distributor and a manufacturer or importer is terminated or otherwise discontinued, all franchises granted to T&M vehicle dealers in Virginia by that distributor shall continue in full force and shall not be affected by the discontinuance, except that the manufacturer, factory branch, distributor, representative, or other person who undertakes to distribute T&M vehicles of the same line-make or the same T&M vehicles of a re-named line-make shall be substituted for the discontinued distributor under the existing T&M vehicle dealer franchises and those franchises shall be modified accordingly.

§ 46.2-1979. Warranty obligations.

A. Each T&M vehicle manufacturer, factory branch, distributor, or distributor branch shall (i) specify in writing to each of its T&M vehicle dealers licensed in the Commonwealth the dealer's obligations for preparation, delivery, and warranty service on its products and (ii) compensate the dealer for warranty parts, service and diagnostic work required of the dealer by the manufacturer or distributor as follows:

1. Compensation of a dealer for warranty parts, service and diagnostic work shall not be less than the amounts charged by the dealer for the manufacturer's or distributor's original parts, service and diagnostic work to retail customers for nonwarranty service, parts and diagnostic work installed or performed in the dealer's service department unless the amounts are not reasonable;

2. For purposes of determining warranty parts and service compensation, menu-priced parts or services, group discounts, special event discounts, and special event promotions shall not be considered in determining amounts charged by the dealer to retail customers;

3. Increases in dealer warranty parts and service compensation and diagnostic work compensation,

2520 pursuant to this section, shall be requested by the dealer in writing, shall be based on 100 consecutive  
2521 repair orders or all repair orders over a ninety-day period, whichever occurs first and, in the case of  
2522 parts, shall be stated as a percentage of markup which shall be uniformly applied to all the  
2523 manufacturer's or distributor's parts;

2524 4. In the case of warranty parts compensation, the provisions of this subdivision shall be effective  
2525 only for model year 1992 and succeeding model years;

2526 5. If a manufacturer or distributor furnishes a part to a dealer at no cost for use by the dealer in  
2527 performing work for which the manufacturer or distributor is required to compensate the dealer under  
2528 this section, the manufacturer or distributor shall compensate the dealer for the part in the same  
2529 manner as warranty parts compensation, less the wholesale costs, for such part as listed in the  
2530 manufacturer's current price schedules. A manufacturer or distributor may pay the dealer a reasonable  
2531 handling fee instead of the compensation otherwise required by this subsection for special  
2532 high-performance complete engine assemblies in limited production T&M vehicles which constitute less  
2533 than five percent of model production furnished to the dealer at no cost, if the manufacturer or  
2534 distributor excludes such special high-performance complete engine assemblies in determining whether  
2535 the amounts requested by the dealer for warranty compensation are consistent with the amounts that the  
2536 dealer charges its other retail service customers for parts used by the dealer to perform similar work;  
2537 or

2538 6. In the case of service work, manufacturer original parts or parts otherwise specified by the  
2539 manufacturer or distributor, and parts provided by a dealer either pursuant to an adjustment program  
2540 as defined in § 59.1-207.34 or as otherwise requested by the manufacturer or distributor, the dealer  
2541 shall be compensated in the same manner as for warranty service or parts.

2542 This section does not apply to compensation for parts such as components, systems, fixtures,  
2543 appliances, furnishings, accessories, and features that are designed, used, and maintained primarily for  
2544 nonvehicular, residential purposes, nor does it apply to compensation for parts used in warranty repair  
2545 of motorcycles. Warranty audits of dealer records may be conducted by the manufacturer, factory  
2546 branch, distributor, or distributor branch on a reasonable basis, and dealer claims for warranty  
2547 compensation shall not be denied except for good cause, such as performance of nonwarranty repairs,  
2548 lack of material documentation, fraud, or misrepresentation. Claims for dealer compensation shall be  
2549 paid within thirty days of dealer submission or within thirty days of the end of an incentive program or  
2550 rejected in writing for stated reasons. The manufacturer, factory branch, distributor, or distributor  
2551 branch shall reserve the right to reasonable periodic audits to determine the validity of all such paid  
2552 claims for dealer compensation. Any chargebacks for warranty parts or service compensation and  
2553 service incentives shall only be for the twelve-month period immediately following the date of the claim  
2554 and, in the case of chargebacks for sales compensation only, for the eighteen-month period immediately  
2555 following the date of claim. However, such limitations shall not be effective in the case of intentionally  
2556 false or fraudulent claims.

2557 B. It shall be unlawful for any T&M vehicle manufacturer, factory branch, distributor, or distributor  
2558 branch to:

2559 1. Fail to perform any of its warranty obligations, including tires, with respect to a T&M vehicle;

2560 2. Fail to assume all responsibility for any liability resulting from structural or production defects;

2561 3. Fail to include in written notices of factory recalls to vehicle owners and dealers the expected  
2562 date by which necessary parts and equipment will be available to dealers for the correction of defects;

2563 4. Fail to compensate any of the T&M vehicle dealers licensed in the Commonwealth for repairs  
2564 effected by the dealer of merchandise damaged in manufacture or transit to the dealer where the carrier  
2565 is designated by the manufacturer, factory branch, distributor, or distributor branch;

2566 5. Fail to compensate its T&M vehicle dealers licensed in the Commonwealth for warranty parts,  
2567 work, and service pursuant to subsection A of this section, or for legal costs and expenses incurred by  
2568 such dealers in connection with warranty obligations for which the manufacturer, factory branch,  
2569 distributor, or distributor branch is legally responsible or which the manufacturer, factory branch,  
2570 distributor, or distributor branch imposes upon the dealer;

2571 6. Misrepresent in any way to purchasers of T&M vehicles that warranties with respect to the  
2572 manufacture, performance, or design of the vehicle are made by the dealer, either as warrantor or  
2573 co-warrantor;

2574 7. Require the dealer to make warranties to customers in any manner related to the manufacture,  
2575 performance, or design of the vehicle; or

2576 8. Shift or attempt to shift to the T&M vehicle dealer, directly or indirectly, any liabilities of the  
2577 manufacturer, factory branch, distributor or distributor branch under the Virginia T&M vehicle  
2578 Warranty Enforcement Act (§ 59.1-207.9 et seq.), unless such liability results from the act or omission  
2579 by the dealer.

2580 C. Notwithstanding the terms of any franchise, it shall be unlawful for any T&M vehicle  
2581 manufacturer, factory branch, distributor, or distributor branch to fail to indemnify and hold harmless

its T&M vehicle dealers against any losses or damages arising out of complaints, claims, or suits relating to the manufacture, assembly, or design of T&M vehicles, parts, or accessories, or other functions by the manufacturer, factory branch, distributor, or distributor branch beyond the control of the dealer, including, without limitation, the selection by the manufacturer, factory branch, distributor, or distributor branch of parts or components for the vehicle or any damages to merchandise occurring in transit to the dealer where the carrier is designated by the manufacturer, factory branch, distributor, or distributor branch. The dealer shall notify the manufacturer of pending suits in which allegations are made which come within this subsection whenever reasonably practicable to do so. Every T&M vehicle dealer franchise issued to, amended, or renewed for T&M vehicle dealers in Virginia shall be construed to incorporate provisions consistent with the requirements of this subsection.

D. On any new T&M vehicle, any uncorrected damage or any corrected damage exceeding three percent of the manufacturer's or distributor's suggested retail price as defined in 15 U.S.C. §§ 1231-1233, as measured by retail repair costs, must be disclosed to the dealer in writing prior to delivery. Factory mechanical repair and damage to glass, tires, and bumpers are excluded from the three percent rule when properly replaced by identical manufacturer's or distributor's original equipment or parts. Whenever a new T&M vehicle is damaged in transit, when the carrier or means of transportation is determined by the manufacturer or distributor, or whenever a T&M vehicle is otherwise damaged prior to delivery to the new T&M vehicle dealer, the new T&M vehicle dealer shall:

1. Notify the manufacturer or distributor of the damage within three business days from the date of delivery of the new T&M vehicle to the new T&M vehicle dealership or within the additional time specified in the franchise; and

2. Request from the manufacturer or distributor authorization to replace the components, parts, and accessories damaged or otherwise correct the damage, unless the damage to the vehicle exceeds the three percent rule, in which case the dealer may reject the vehicle within three business days.

E. If the manufacturer or distributor refuses or fails to authorize correction of such damage within ten days after receipt of notification, or if the dealer rejects the vehicle because damage exceeds the three percent rule, ownership of the new T&M vehicle shall revert to the manufacturer or distributor, and the new T&M vehicle dealer shall have no obligation, financial or otherwise, with respect to such T&M vehicle. Should either the manufacturer, distributor, or the dealer elect to correct the damage or any other damage exceeding the three percent rule, full disclosure shall be made by the dealer in writing to the buyer and an acknowledgment by the buyer is required. If there is less than three percent damage, no disclosure is required, provided the damage has been corrected. Predelivery mechanical work shall not require a disclosure. Failure to disclose any corrected damage within the knowledge of the selling dealer to a new T&M vehicle in excess of the three percent rule shall constitute grounds for revocation of the buyer order, provided that, within thirty days of purchase, the T&M vehicle is returned to the dealer with an accompanying written notice of the grounds for revocation. In case of revocation pursuant to this section, the dealer shall accept the vehicle and refund any payments made to the dealer in connection with the transaction, less a reasonable allowance for the consumer's use of the vehicle as defined in § 59.1-207.11.

F. If there is a dispute between the manufacturer, factory branch, distributor, or distributor branch and the dealer with respect to any matter referred to in subsection A, B, or C of this section, either party may petition the Commissioner in writing, within thirty days after either party has given written notice of the dispute to the other, for a hearing. The decision of the Commissioner shall be binding on the parties, subject to rights of judicial review and appeal as provided in Chapter 1.1:1 (§ 9-6.14:1 et seq.) of Title 9. However, nothing contained in this section shall give the Commissioner any authority as to the content or interpretation of any manufacturer's or distributor's warranty.

§ 46.2-1980. Operation of dealership by manufacturer.

It shall be unlawful for any T&M vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, to own, operate, or control any T&M vehicle dealership in the Commonwealth. However, this section shall not prohibit:

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

2. The ownership or control of a dealership by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, while the dealership is being sold under a bona fide contract or purchase option to the operator of the dealership;

3. The ownership, operation, or control of a dealership by a manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, if the manufacturer, factory branch, distributor, distributor branch, or subsidiary has been engaged in the retail sale of T&M vehicles through the dealership for a continuous period of three years prior to July 1, 1972, and if the Commissioner determines, after a hearing on the matter at the request of any party, that there is no dealer

2643 independent of the manufacturer or distributor, factory branch or distributor branch, or subsidiary  
2644 thereof available in the community to own and operate the franchise in a manner consistent with the  
2645 public interest;

2646 4. The ownership, operation, or control of a dealership by a manufacturer, factory branch,  
2647 distributor, distributor branch, or subsidiary thereof if the Commissioner determines, after a hearing at  
2648 the request of any party, that there is no dealer independent of the manufacturer or distributor, factory  
2649 branch or distributor branch, or subsidiary thereof available in the community or trade area to own and  
2650 operate the franchise in a manner consistent with the public interest;

2651 5. The ownership, operation, or control of a dealership dealing exclusively with school buses by a  
2652 school bus manufacturer or school bus parts manufacturer or a person who assembles school buses; or

2653 6. The ownership, operation, or control of a dealership dealing exclusively with refined fuels truck  
2654 tanks by a manufacturer of refined fuels truck tanks or by a person who assembles refined fuels truck  
2655 tanks.

2656 § 46.2-1981. Ownership of service facilities.

2657 It shall be unlawful for any T&M vehicle manufacturer, factory branch, distributor, distributor  
2658 branch, or subsidiary thereof, to own, operate, or control, either directly or indirectly, any T&M vehicle  
2659 warranty or service facility located in the Commonwealth. Nothing in this section shall prohibit any  
2660 T&M vehicle manufacturer, factory branch, distributor, distributor branch, or subsidiary thereof, from  
2661 owning, operating, or controlling any warranty or service facility for warranty or service of T&M  
2662 vehicles owned or operated by the manufacturer, factory branch, distributor, distributor branch, or  
2663 subsidiary thereof. Nothing contained in this section shall prohibit a T&M vehicle manufacturer, factory  
2664 branch, distributor, or distributor branch from performing service for reasons of compliance with an  
2665 order of a court of competent jurisdiction or of warranty under Chapter 17.3 (§ 59.1-207.9 et seq.) of  
2666 Title 59.1.

2667 The preceding provisions of this section shall not apply to manufacturers of refined fuels truck tanks  
2668 or to persons who assemble refined fuels truck tanks or to persons who exclusively manufacture or  
2669 assemble school buses or school bus parts.

2670 § 46.2-1982. Hearings and other remedies.

2671 A. In every case of a hearing before the Commissioner authorized under this article, the  
2672 Commissioner shall give reasonable notice of each hearing to all interested parties, and the  
2673 Commissioner's decision shall be binding on the parties, subject to the rights of judicial review and  
2674 appeal as provided in Chapter 1.1:1 (§ 9-6.14:1 et seq.) of Title 9.

2675 B. Hearings before the Commissioner under this article shall commence within ninety days of the  
2676 request for a hearing and the Commissioner's decision shall be rendered within sixty days from the  
2677 conclusion of the hearing. Hearings authorized under this article shall be presided over by a hearing  
2678 officer selected from a list prepared by the Executive Secretary of the Supreme Court of Virginia. On  
2679 request of the Commissioner, the Executive Secretary will name a hearing officer from the list, selected  
2680 on a rotation system administered by the Executive Secretary. The Hearing Officer shall provide  
2681 recommendations to the Commissioner within ninety days of the conclusion of the hearing.

2682 C. Notwithstanding any contrary provision of this article, the Commissioner shall initiate  
2683 investigations, conduct hearings, and determine the rights of parties under this article whenever he is  
2684 provided information indicating a possible violation of any provision of this article.

2685 D. For purposes of any matter brought to the Commissioner under subdivisions 3, 4, 5, 6 and 9 of  
2686 § 46.2-1976 with respect to which the Commissioner is to determine whether there is good cause for a  
2687 proposed action or whether it would be unreasonable under the circumstances, the Commissioner shall  
2688 consider:

2689 1. The volume of the affected dealer's business in the relevant market area;

2690 2. The nature and extent of the dealer's investment in its business;

2691 3. The adequacy of the dealer's service facilities, equipment, parts, supplies, and personnel;

2692 4. The effect of the proposed action on the community;

2693 5. The extent and quality of the dealer's service under T&M vehicle warranties;

2694 6. The dealer's performance under the terms of its franchise; and

2695 7. Other economic and geographical factors reasonably associated with the proposed action.

2696 With respect to subdivision 6 of this subsection, any performance standard or program for measuring  
2697 dealership performance that may have a material effect on a dealer, and the application of any such  
2698 standard or program by a manufacturer or distributor, shall be fair, reasonable, and equitable and, if  
2699 based upon a survey, shall be based upon a statistically valid sample. Upon the request of any dealer, a  
2700 manufacturer or distributor shall disclose in writing to the dealer a description of how a performance  
2701 standard or program is designed and all relevant information used in the application of the performance  
2702 standard or program to that dealer.

2703 § 46.2-1983. Late model and factory repurchase franchises.

2704 Franchised late model or factory repurchase T&M vehicle dealers shall have the same rights and

obligations as provided for franchised new T&M vehicle dealers in Article 7 (§ 46.2-1973 et seq.) of this chapter, *mutatis mutandis*.

#### Article 8.

##### Denial, Suspension, and Revocation of Dealer Licenses.

§ 46.2-1984. Acts of officers, directors, partners, and salespersons.

If a licensee or registrant is a partnership or corporation, it shall be sufficient cause for the denial, suspension, or revocation of a license or certificate of dealer registration that any officer, director, or trustee of the partnership or corporation, or any member in the case of a partnership or the dealer-operator, has committed any act or omitted any duty which would be cause for refusing, suspending, or revoking a license or certificate of dealer registration issued to him as an individual under this chapter. Each licensee or registrant shall be responsible for the acts of any of his salespersons while acting as his agent, if the licensee approved of those acts or had knowledge of those acts or other similar acts and, after such knowledge, retained the benefit, proceeds, profits, or advantages accruing from those acts or otherwise ratified those acts.

§ 46.2-1985. Grounds for denying, suspending, or revoking licenses or certificates of dealer registration or qualification.

A license or certificate of dealer registration or qualification issued under this subtitle may be denied, suspended, or revoked on any one or more of the following grounds:

1. Material misstatement or omission in application for license, dealer's license plates, certificate of dealer registration, certificate of qualification, or certificate of title;

2. Failure to comply subsequent to receipt of a written warning from the Department or any willful failure to comply with any provision of this chapter or any regulation promulgated by the Commissioner under this chapter;

3. Failure to have an established place of business as defined in § 46.2-1910 or failure to have as the dealer-operator an individual who holds a valid certificate of qualification;

4. Defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the licensee's or registrant's business;

5. Employment of fraudulent devices, methods or practices in connection with compliance with the requirements under the statutes of the Commonwealth with respect to the retaking of vehicles under retail installment contracts and the redemption and resale of those vehicles;

6. Having used unfair methods of competition or deceptive acts or practices;

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

8. Having been convicted of any fraudulent act in connection with the business of selling vehicles or any consumer-related fraud;

9. Having been convicted of any criminal act involving the business of selling vehicles;

10. Willfully retaining in his possession title to a T&M vehicle that has not been completely and legally assigned to him;

11. Failure to comply with any provision of Chapter 4.1 (§ 36-85.2 et seq.) of Title 36 or any regulation promulgated pursuant to that chapter;

12. Leasing, renting, lending, or otherwise allowing the use of a dealer's license plate by persons not specifically authorized under this title;

13. Having been convicted of a felony;

14. Failure to submit to the Department, within thirty days from the date of sale, any application, tax, or fee collected for the Department on behalf of a buyer;

15. Having been convicted of larceny of a vehicle or receipt or sale of a stolen vehicle;

16. Having been convicted of odometer tampering or any related violation;

17. If a salvage dealer, salvage pool, or rebuilder, failing to comply with any provision of Chapter 16 of this title or any regulation promulgated by the Commissioner under that chapter; or

18. Failing to maintain automobile liability insurance, issued by a company licensed to do business in the Commonwealth, or a certificate of self-insurance as defined in § 46.2-368, with respect to each dealer's license plate issued to the dealer by the Department.

§ 46.2-1986. Suspension, revocation, and refusal to renew licenses or certificates of dealer registration or qualification; notice and hearing.

A. Except as provided in subsection B of this section, no license or certificate of dealer registration or qualification issued under this subtitle shall be suspended or revoked, or renewal thereof refused, until a written copy of the complaint made has been furnished to the licensee, registrant, or qualifier against whom the same is directed and a public hearing thereon has been had before the Commissioner. At least ten days' written notice of the time and place of the hearing shall be given to the licensee, registrant, or qualifier by registered mail addressed to his last known post-office address or as shown

2766 on his license or certificate or other record of information in possession of the Commissioner. At the  
2767 hearing the licensee, registrant, or qualifier shall have the right to be heard personally or by counsel.  
2768 After hearing, the Commissioner may suspend, revoke, or refuse to renew the license or certificate in  
2769 question. Immediate notice of any suspension, revocation, or refusal shall be given to the licensee,  
2770 registrant, or qualifier in the same manner provided in this section for giving notices of hearing.

2771 B. Should a dealer fail to maintain an established place of business, the Commissioner may cancel  
2772 the license of the dealer without a hearing after notification of the intent to cancel has been sent, by  
2773 return receipt mail, to the dealer at the dealer's residence and business addresses, and the notices are  
2774 returned undelivered or the dealer does not respond within twenty days from the date the notices were  
2775 sent. Any subsequent application for a dealer's license shall be treated as an original application.

2776 § 46.2-1987. Appeals from actions of the Commissioner.

2777 Any person aggrieved by the action of the Commissioner in refusing to grant or renew a license or  
2778 certificate of dealer registration or qualification issued under this chapter, or by any other action of the  
2779 Commissioner which is alleged to be improper, unreasonable, or unlawful under the provisions of this  
2780 chapter is entitled to judicial review in accordance with the provisions of the Administrative Process Act  
2781 (§ 9-6.14:1 et seq.).

2782 § 46.2-1988. Appeals to Court of Appeals; bond.

2783 Either party may appeal from the decision of the court under § 46.2-1987 to the Court of Appeals.  
2784 These appeals shall be taken and prosecuted in the same manner and with like effect as is provided by  
2785 law in other cases appealed as a matter of right to the Court of Appeals.

2786 No appeal shall be taken on behalf of the person whose license or certificate of registration or  
2787 qualification was suspended or revoked until the person enters into a proper bond with surety approved  
2788 by the trial court in an amount determined by the trial court, not to exceed \$5,000, to observe the T&M  
2789 vehicle laws of the Commonwealth, including the provisions of this chapter, until final judgment of the  
2790 Court of Appeals.

2791 § 46.2-1989. Equitable remedies not impaired.

2792 The remedy at law provided by §§ 46.2-1987 and 46.2-1988 shall not in any manner impair the right  
2793 to applicable equitable relief. That right to equitable relief is hereby preserved, notwithstanding the  
2794 provisions of §§ 46.2-1987 and 46.2-1988.

2795 Article 9.

2796 T&M Vehicle Dealer Advertising.

2797 § 46.2-1990. Regulated advertising practices.

2798 For purposes of this chapter, a violation of the following regulated advertising practices shall be an  
2799 unfair, deceptive, or misleading act or practice.

2800 1. A vehicle shall not be advertised as new, either by word or implication, unless it is one which  
2801 conforms to the requirements of § 46.2-1900.

2802 2. When advertising any vehicle which does not conform to the definition of "new" as provided in  
2803 § 46.2-1900, the fact that it is used shall be clearly and unequivocally expressed by the term "used" or  
2804 by such other term as is commonly understood to mean that the vehicle is used. By way of example but  
2805 not by limitation, "special purchase" by itself is not a satisfactory disclosure; however, such terms as  
2806 "demonstrator" or "former leased vehicles" used alone clearly express that the vehicles are used for  
2807 advertising purposes.

2808 3. Advertisement of finance charges or other interest rates shall not be used when there is a cost to  
2809 buy-down said charge or rate which is passed on, in whole or in part, to the purchaser.

2810 4. Terms, conditions, and disclaimers shall be stated clearly and conspicuously. An asterisk or other  
2811 reference symbol may be used to point to a disclaimer or other information, but shall not be used as a  
2812 means of contradicting or changing the meaning of an advertised statement.

2813 5. The expiration date of an advertised sale shall be clearly and conspicuously disclosed.

2814 6. The term "list price," "sticker price," or "suggested retail price" and similar terms, shall be used  
2815 only in reference to the manufacturer's suggested retail price for new vehicles or the dealer's own usual  
2816 and customary price for used vehicles.

2817 7. Terms such as "at cost," "below cost," "\$ off cost" shall not be used in advertisements because of  
2818 the difficulty in determining a dealer's actual net cost at the time of the sale. Terms such as "invoice  
2819 price," "\$ over invoice," may be used, provided that the invoice referred to is the manufacturer's factory  
2820 invoice or a bona fide bill of sale and the invoice or bill of sale is available for customer inspection.

2821 "Manufacturer's factory invoice" means that document supplied by the manufacturer to the dealer  
2822 listing the manufacturer's charge to the dealer before any deduction for holdback, group advertising,  
2823 factory incentives or rebates, or any governmental charges.

2824 8. When the price or credit terms of a vehicle are advertised, the vehicle shall be fully identified as  
2825 to year, make, and model. In addition, in advertisements placed by individual dealers and not line-make  
2826 marketing groups, the stated price or credit terms shall include all charges which the buyer must pay to  
2827 the seller, except buyer-selected options, state and local fees and taxes, and manufacturer's or

distributor's freight or destination charges. If freight or destination charges are not included in the advertised price, the amount of any such freight or destination charge must be clearly and conspicuously disclosed.

9. Advertisements which set out a policy of matching or bettering competitors' prices shall not be used unless the terms of the offer are specific, verifiable and reasonable.

10. Advertisements of "dealer rebates" shall not be used. This does not affect advertisement of manufacturer rebates.

11. "Free," "at no cost," or other words to that effect shall not be used unless the "free" item, merchandise, or service is available without a purchase. This provision shall not apply to advertising placed by manufacturers, distributors, or line-make marketing groups.

12. "Bait" advertising, in which an advertiser may have no intention to sell at the price or terms advertised, shall not be used. By way of example, but not by limitation:

a. If a specific vehicle is advertised, the seller shall be in possession of a reasonable supply of said vehicles, and they shall be available at the advertised price. If the advertised vehicle is available only in limited numbers or only by order, that shall be stated in the advertisement. For purposes of this subdivision, the listing of a vehicle by stock number or vehicle identification number in the advertisement for a used vehicle is one means of satisfactorily disclosing a limitation of availability. Stock numbers or vehicle identification numbers shall not be used in advertising a new vehicle unless the advertisement clearly and conspicuously discloses that it relates to only one vehicle;

b. Advertising a vehicle at a certain price, including "as low as" statements, but having available for sale only vehicles equipped with dealer added cost "options" which increase the selling price, above the advertised price, shall also be considered "bait" advertising;

c. If a lease payment is advertised, the fact that it is a lease arrangement shall be disclosed.

13. The term "repossessed" shall be used only to describe vehicles that have been sold, registered, titled and then taken back from a purchaser and not yet resold to an ultimate user. Advertisers offering repossessed vehicles for sale shall provide proof of repossession upon request.

14. Words such as "finance" or "loan" shall not be used in a T&M vehicle advertiser's firm name or trade name, unless that person is actually engaged in the financing of T&M vehicles.

15. Any advertisement which gives the impression a dealer has a special arrangement or relationship with the distributor or manufacturer, as compared to similarly situated dealers, shall not be used.

§ 46.2-1991. Enforcement; regulations.

The Commissioner may promulgate regulations reasonably necessary for enforcement of this article.

In addition to any other sanctions or remedies available to the Commissioner under this chapter, the Commissioner may assess a civil penalty not to exceed \$1,000 for any single violation of this article. Each day that a violation continues shall constitute a separate violation.

2. That upon establishment of the Motor Vehicle Dealer Board provided for in this act, such Board shall enter into an agreement, signed by the Secretary of Transportation, with the Department of Motor Vehicles, to transfer from the Department to the Board tangible personal property and records relevant to the transfer of duties and powers as required by the provisions of this act. This agreement shall also provide for the orderly transfer of administrative and other responsibilities as required by the provisions of this act. Such transfer shall begin on July 1, 1995, and be completed no later than December 31, 1995. At such time the Board shall fully assume all responsibilities and authority as set out in this act. Employees of the Department of Motor Vehicles shall continue to provide administrative support to the Board through December 31, 1995.

3. That regulations promulgated by the Department for the purposes of carrying out the provisions of this act shall remain in force until such regulations are amended, modified, or repealed by the Board

4. That, until such time as the Motor Vehicle Dealer Board has established fees as authorized by the provisions of this act, existing fees shall remain in effect.

5. That the Department of Motor Vehicles shall administer the Transaction Recovery Fund through December 31, 1995. All claims against the Transaction Recovery Fund filed after December 31, 1995, shall be administered by the Board. Any claim filed with the Department prior to January 1, 1996, and not settled before that date, shall be processed by the Department. Any judgments awarded shall be paid from the Transaction Recovery Fund.

6. That §§ 46.2-1502 and 46.2-1541 of the Code of Virginia are repealed.