

322.6 Denial of license.

1. The department may deny the application of a person for a license as a motor vehicle dealer and refuse to issue a license to the person if, after reasonable notice and a hearing, the department determines any of the following:

- a. The applicant made a material false statement in the application for the license.
- b. The applicant has not complied with the provisions of [this chapter](#) or any rules or regulations adopted by the department pursuant to [this chapter](#), except as otherwise provided.
- c. The applicant is of bad business repute.
- d. The applicant has been convicted of a fraudulent practice or any indictable offense in connection with selling or other activity relating to motor vehicles, in this state or any other state, or has been convicted of three or more violations of [section 321.92, subsection 2](#), or [section 321.99](#).
- e. The applicant is about to engage in a fraudulent practice or other indictable offense in connection with selling or other activity relating to motor vehicles in this or any other state.
- f. The applicant has entered into a contract or agreement or is about to enter into a contract or agreement with a manufacturer or distributor of motor vehicles which is contrary to any provision of [this chapter](#).
- g. The applicant has a contract or agreement with a manufacturer or distributor of motor vehicles or is about to enter into a contract or agreement with a manufacturer or distributor of motor vehicles who, without just, reasonable, and lawful cause, has terminated within ninety days from the date of application a contract or agreement with a motor vehicle dealer in any county of the state in which the applicant proposes to engage in business.
- h. The applicant does not have a place of business within the meaning of [this chapter](#), unless the applicant is a person referred to in [section 322.3, subsection 7](#).
- i. The applicant has been determined in a final judgment of a court of competent jurisdiction to have violated [section 714.16](#) in connection with selling or other activity relating to motor vehicles and the department determines that the applicant should not therefore be engaged in the business of selling motor vehicles.
- j. Following a judicial determination that the applicant intentionally violated any provision of the Iowa consumer credit code, [chapter 537](#), the applicant continues to make consumer credit sales, consumer loans, or consumer leases in violation of the Iowa consumer credit code, [chapter 537](#).
- k. The applicant is or will be acting on behalf of a person whose dealer license has been revoked as provided in [this chapter](#).

2. It shall be sufficient cause for refusal or revocation of a license as a motor vehicle dealer in the case of a partnership or corporation if any member of the partnership or any officer or director of the corporation has committed an act or omission which would be cause for refusing to issue a license to, or revoking a license of, such person as an individual.

3. In considering whether or not a contract or agreement between a motor vehicle dealer and a manufacturer or distributor of motor vehicles has been terminated by the manufacturer or distributor without just and reasonable cause, the department shall take into consideration the circumstances existing at the time of the termination, including the amount of business transacted by the motor vehicle dealer pursuant to the contract or agreement and prior to the termination; the investment necessarily made and the obligation necessarily incurred by the motor vehicle dealer in the performance of the dealer's part of the contract; the permanency of such investment; the reasons for the termination by the manufacturer or distributor; and the fact that it is injurious to the public welfare for the business of a motor vehicle dealer to be disrupted by termination of a contract without just and reasonable cause.

4. Whenever the department determines to deny the application of a person for a license as a motor vehicle dealer and refuses to issue a license to the person, the department shall

enter a final order with its findings relating to the determination within thirty days from the date of the hearing.

[C39, §5039.06; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §322.6]

[2003 Acts, ch 44, §114](#); [2009 Acts, ch 130, §36](#); [2010 Acts, ch 1035, §9, 10](#)

Referred to in [§321F.9, 322.9](#)

Fraudulent practices, see [§714.8 – 714.14](#)