

CHAPTER 425  
MOTOR VEHICLE AND TOWABLE RECREATIONAL VEHICLE DEALERS,  
MANUFACTURERS, DISTRIBUTORS AND WHOLESALERS

[Prior to 7/17/96, see 761—Chapters 420 and 422]

Chapter rescission date pursuant to Iowa Code section 17A.7: 11/19/30

**761—425.1(307,321,322,322C) Introduction.**

**425.1(1)** This chapter applies to the licensing of motor vehicle and towable recreational vehicle dealers, manufacturers, distributors and wholesalers. Also included in this chapter are the criteria for the issuance and use of dealer plates.

**425.1(2)** Information about dealer plates and the licensing of motor vehicles and towable recreational vehicle dealers, manufacturers, distributors and wholesalers is available from the motor vehicle division or on the department's website at [www.iowadot.gov/mvd/buyingselling/dealers](http://www.iowadot.gov/mvd/buyingselling/dealers).

This rule is intended to implement Iowa Code sections 307.12(1) "j" and 321.57 through 321.63 and chapters 322 and 322C.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.2(307,322,322C) Definitions.** The following definitions, in addition to those found in Iowa Code sections 322.2 and 322C.2, apply to this chapter:

*"All-weather surface"* means a surface that does not include grass or exposed soil.

*"Bad business repute"* means business activity in Iowa or any other state demonstrating noncompliance with, or infractions of, the provisions of Iowa Code chapter 322 or 322C or this chapter or law enforcement engagement or negative public perception, including complaints, media coverage and known criminal activity. For purposes of this definition, any evidence concerning a licensee's current or past conduct, dealings, habits or associations relevant to the business's reputation may be considered.

*"Certificate of title"* or *"title"* means the same as defined in rule 761—400.1(321).

*"Consumer use"* means use of a motor vehicle or towable recreational vehicle for business or pleasure, not for sale at retail, by a person who has obtained a certificate of title and has registered the vehicle under Iowa Code chapter 321.

*"Dealer"* unless otherwise specified means a person who is licensed to engage in the business of selling motor vehicles or towable recreational vehicles at retail in this state under Iowa Code chapter 322 or 322C.

*"Engaged in the business"* as defined in Iowa Code section 322.2 includes the sale of towable recreational vehicles.

*"Extension lot"* means as follows:

1. For a motor vehicle dealer, a lot for the sale of motor vehicles that is located within the same city or township as but is not adjacent to the motor vehicle dealer's principal place of business.
2. For a towable recreational vehicle dealer, a lot for the sale of towable recreational vehicles that is located within the same county as but is not adjacent to the towable recreational vehicle dealer's principal place of business.

*"Manufacturer's certificate of origin"* means the same as defined in rule 761—400.1(321).

*"Principal place of business"* means a building actually occupied and located in this state where the public and the department may contact the owner or operator during regular business hours. In lieu of a building, a towable recreational vehicle dealer may use a manufactured or mobile home as an office if taxes are current or a towable recreational vehicle as an office if registration fees are current.

*"Registered dealer"* means a dealer licensed under Iowa Code chapter 322 or 322C who possesses a current dealer certificate under Iowa Code section 321.59.

*"Regular business hours"* means to be consistently open to the public on a weekly basis at hours reported to the vehicle and motor carrier services bureau. Except as provided in Iowa Code section 322.36, regular business hours for a motor vehicle or towable recreational vehicle dealer shall include a minimum of 32 posted hours between 7 a.m. and 9 p.m., Monday through Friday.

“*Restricted dealer*” means a person or a business specifically identified in rule 761—425.9(307,321F,322,322C) that is required to obtain a dealer license for only a specific type of retail sales but that does not have to maintain repair facilities, display facilities or a working telephone service.

“*Salesperson*” means a person employed by a motor vehicle or towable recreational vehicle dealer for the purpose of buying or selling vehicles.

“*Vehicle*” unless otherwise specified means a motor vehicle or towable recreational vehicle.

“*Wholesaler*” means a person who sells new vehicles to dealers and not at retail.

This rule is intended to implement Iowa Code section 307.12(1) “j” and chapters 322 and 322C.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.3(307,322,322C) Application for dealer’s license.** Application for a motor vehicle or towable recreational vehicle dealer license is to be made on Form 411008 and submitted with all supporting documents and the applicable statutory fees by mail to Motor Vehicle Division, Iowa Department of Transportation, P.O. Box 9278, Des Moines, Iowa 50306-9278. Form 411008 may be obtained by phone at 515.237.3156, by email at [dealer.programs@iowadot.us](mailto:dealer.programs@iowadot.us) or on the department’s website at [www.iowadot.gov/mvd/buyingselling/buyingselling/dealer](http://www.iowadot.gov/mvd/buyingselling/buyingselling/dealer).

This rule is intended to implement Iowa Code section 307.12(1) “j” and chapters 322 and 322C.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.4(307,322,322C) Supporting documentation and general requirements.**

**425.4(1) Required information and documentation.** Each application for a dealer’s license shall include all information required by Iowa Code section 322.4 for motor vehicle dealers and Iowa Code section 322C.4 for towable recreational vehicle dealers and the following information and supporting documentation.

*a. Surety bond.*

(1) The applicant shall obtain a surety bond in the following amounts and include a provision requiring that notice be provided to the motor vehicle division at least 30 days before cancellation:

1. For a motor vehicle dealer’s license, \$75,000. However, an applicant for a motor vehicle dealer’s license is not required to file a bond if the person is licensed as a towable recreational vehicle dealer under the same name and at the same principal place of business.

2. For a towable recreational vehicle dealer’s license, \$75,000. However, an applicant for a towable recreational vehicle dealer’s license is not required to file a bond if the person is licensed as a motor vehicle dealer under the same name and at the same principal place of business.

(2) Evidence of the bond shall be on file with the motor vehicle division, and the original surety bond is to be maintained with the dealer’s business records.

(3) The motor vehicle division will notify the bonding company of any conviction of the dealer for a violation of laws related to the operations of the dealership.

*b. Franchise agreement.*

(1) An applicant who intends to sell new motor vehicles or towable recreational vehicles shall submit to the motor vehicle division a copy of a signed franchise agreement with the manufacturer or distributor of each make the applicant intends to sell.

(2) If a signed franchise agreement is not available at the time of application, the department may accept written evidence of a franchise that includes all of the following:

1. The name and address of the applicant and the manufacturer or distributor.

2. The make of motor vehicle or towable recreational vehicle that the applicant is authorized to sell.

3. The applicant’s area of responsibility as stipulated in the franchise and certified on a form prescribed by the department.

4. The signature of the manufacturer or distributor.

(3) A final-stage manufacturer applying for a motor vehicle dealer license under rule 761—425.5(322) is not required to submit a franchise agreement under paragraph 425.4(1) “b.”

*c. Corporate applicants.* If the applicant is a corporation, the applicant shall certify on the application that the corporation complies with all applicable state requirements for incorporation.

*d. Zoning.* The applicant shall provide to the motor vehicle division written evidence, issued by the office responsible for the enforcement of zoning ordinances in the city or county where the applicant's business is located, stating the applicant's principal place of business and any extensions comply with all applicable zoning provisions or are a legal nonconforming use.

*e. Financial liability.* The applicant for a motor vehicle dealer's license shall certify on the application that the applicant has the required financial liability coverage in the limits as set forth in Iowa Code section 322.4(1). It is the applicant's responsibility to ensure the required financial liability coverage is continuous with no lapse in coverage as long as the applicant maintains a valid dealer's license.

*f. Ownership information.*

(1) If the owner of the business is an individual, the application shall include the legal name, bona fide address and telephone number of the owner. If the owner is a corporation or partnership, the application shall include the name, bona fide address and phone number of at least two partners or officers.

(2) The application shall include the federal employer identification number of the business. If the business is owned by an individual who is not required to have a federal employer identification number, the application shall include the individual's social security number, Iowa nonoperator's identification number or Iowa driver's license number.

**425.4(2) Principal place of business.** The applicant shall maintain a principal place of business, which must be staffed during regular business hours (more information contained in rule 761—425.6(307,322,322C)). Before a motor vehicle dealer's license is issued, a representative of the department will physically inspect an applicant's principal place of business to verify compliance with this rule. A physical inspection is not required for a towable recreational vehicle dealer.

**425.4(3) Separate licenses required.**

*a.* A separate license is required for each city or township in which an applicant for a motor vehicle dealer's license maintains a place of business.

*b.* A separate license is required for each county in which an applicant for a towable recreational vehicle dealer's license maintains a place of business.

**425.4(4) Dealership name.** A dealer shall not represent or advertise the dealership under any name or style other than the name that appears on the dealer's license.

**425.4(5) Verification of compliance.** Prior to issuance of the license, the department will verify the applicant's compliance with all statutory and regulatory dealer licensing requirements.

**425.4(6) Supplemental statement of changes.** A licensed dealer shall file a written statement with the motor vehicle division at least ten days before any change of name, location, hours, method of doing business or any other statements made on the application. The specified changes cannot take effect until written approval is issued by the motor vehicle division.

This rule is intended to implement Iowa Code sections 307.12(1) "j," 322.1 through 322.15 and 322C.1 through 322C.6.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

#### **761—425.5(322) Motor vehicle dealer licensing for final-stage manufacturers.**

**425.5(1) Eligibility.** A final-stage manufacturer may be licensed as a motor vehicle dealer if the final-stage manufacturer:

*a.* Meets the definition of "final-stage manufacturer" in Iowa Code section 322.2.

*b.* Meets the requirements of a final-stage manufacturer in 49 CFR Section 567.5 effective October 1, 2024.

*c.* Is licensed as a manufacturer under Iowa Code chapter 322 and this chapter.

**425.5(2) Application.** A final-stage manufacturer shall apply for a motor vehicle dealer license in the manner described in rule 761—425.4(307,322,322C) and certify that the final-stage manufacturer meets the eligibility requirements under subrule 425.4(1).

This rule is intended to implement Iowa Code sections 322.2 and 322.3.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.6(307,322,322C) Principal place of business requirements.**

**425.6(1) Telephone and office area.** A principal place of business shall include a working telephone service provided specifically for business use and an adequate office area, separate from other facilities, for keeping business records, manufacturers' certificates of origin, certificates of title or other evidence of ownership for all motor vehicle or towable recreational vehicles offered for sale. Evidence of ownership may include a copy of an original document if the original document is held by a lienholder, floor planner or county treasurer.

**425.6(2) Facility for displaying motor vehicles or towable recreational vehicles.** A principal place of business shall include a facility for displaying motor vehicles or towable recreational vehicles meeting the following requirements.

*a. Motor vehicles.* A motor vehicle dealer's principal place of business shall include a suitable space reserved for display purposes where motor vehicles may be viewed by prospective buyers and is:

(1) Within a building. However, used motor vehicle dealers and dealers selling new trucks or motor homes exclusively may use a display facility that is an outdoor area with an all-weather surface.

(2) Of the following minimum applicable size:

1. 10 feet by 15 feet for display of motorcycles, motorized bicycles and autocycles.
2. 18 feet by 30 feet for display of other motor vehicles.

*b. Towable recreational vehicles.* A towable recreational vehicle dealer's principal place of business shall include a space of sufficient size to permit the display of one or more towable recreational vehicles. The display facility may be an indoor or an outdoor area with an all-weather surface. If an outdoor display facility is maintained, it may be used only to display, recondition or repair towable recreational vehicles or to park vehicles.

**425.6(3) Facility for repairing and reconditioning motor vehicles and towable recreational vehicles.** A principal place of business shall include a facility for repairing and reconditioning motor vehicles or towable recreational vehicles meeting the following requirements.

*a. Motor vehicles.* The facility for repairing and reconditioning motor vehicles shall:

- (1) Be equipped to repair and recondition one or more motor vehicles of a type sold by the dealer.
- (2) Be within a building.
- (3) Have adequate access.
- (4) Be separated from the display and office areas by solid, floor-to-ceiling walls and solid, full-length doors.

(5) Be of the following minimum applicable unobstructed, rectangular size:

1. 10 feet by 15 feet for motorcycles, motorized bicycles and autocycles.
2. 14 feet by 24 feet for other types of motor vehicles.

*b. Towable recreational vehicles.* The facility for repairing and reconditioning towable recreational vehicles:

(1) Shall be equipped and of sufficient size to repair and recondition one or more towable recreational vehicles of a type sold by the dealer.

(2) Shall have adequate access.

(3) Shall be either indoors or outdoors, but with an all-weather surface.

(4) May occupy the same area as the display facility.

**425.6(4) Motor vehicle dealer who is also a recycler.** If a motor vehicle dealer also does business as a recycler, there shall be separate parking for motor vehicles being offered for sale at retail from motor vehicles that are salvage.

**425.6(5) Towable recreational vehicle dealer also licensed as a motor vehicle dealer.** If a towable recreational vehicle dealer is also licensed as a motor vehicle dealer under the same name and at the same principal place of business, separate facilities for displaying, repairing and reconditioning towable recreational vehicles are not required.

**425.6(6) Colocation prohibited.** The department will not issue a license under Iowa Code chapter 322 or 322C to anyone at the principal place of business of an existing licensee.

This rule is intended to implement Iowa Code sections 307.12(1)"j," 322.1 through 322.15 and 322C.1 through 322C.6.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.7(321,322) Business records of a motor vehicle dealer with multiple licenses.**

**425.7(1) *Applicability.*** A motor vehicle dealer licensed under Iowa Code chapter 322 and this chapter who holds more than one motor vehicle dealer license may maintain the dealer's collective business records together at any of the dealer's licensed locations.

**425.7(2) *Separation of records.*** Business records of licensed motor vehicle dealers kept at a single licensed location under this rule shall:

- a. Be stored separately and distinctly, in a manner distinguishable to each licensee.
- b. Not be commingled.

**425.7(3) *Notification to the department.*** A motor vehicle dealer shall notify the motor vehicle division in writing no fewer than ten days before moving the dealer's business records to another licensed location.

This rule is intended to implement Iowa Code sections 321.63 and 322.2 through 322.15.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.8(307,322,322C) Extension lot license.** Extension lots of motor vehicle and towable recreational vehicle dealers must be licensed, and application is to be made to the department on Form 417072.

**425.8(1)** An extension lot must be owned or leased by the dealer.

**425.8(2)** For purposes of this rule, parcels of property are adjacent if the parcels are owned or leased by the dealer and the parcels are either adjoining or are separated only by an alley, street or highway that is not a fully controlled access facility.

This rule is intended to implement Iowa Code sections 307.12(1) "j," 322.1 through 322.15 and 322C.1 through 322C.6.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.9(307,321F,322,322C) Restricted dealers.**

**425.9(1)** A restricted dealer license is only required when the person or business meets the definition of "engaged in the business." Banks, credit unions and trust companies in Iowa are not required to obtain a dealer license.

**425.9(2)** A restricted dealer license is only available to a person or business engaged in one of the following qualifying categories:

- a. Leased vehicles. The person or business leasing vehicles is selling those vehicles solely through an option to purchase in the lease agreement.
- b. Repossessed vehicles. The person or business is selling only those vehicles acquired or repossessed due to lien, title retention instruments or security contracts.
- c. Fleet vehicle sales. The person or business acquires vehicles for consumer use in a business and then offers the vehicles for sale.
- d. Auction only. The person or business is selling more than six vehicles in a 12-month period only at public auctions. All certificates of title for vehicles offered for sale at the public auction shall be duly assigned to the restricted dealer.
- e. Insurers. The person or business is selling vehicles of a type subject to registration solely for the purpose of disposing of vehicles acquired as a result of a damage settlement or recovered stolen vehicles acquired as a result of a loss settlement.

**425.9(3)** Restricted dealers must have a business location in Iowa but are not required to maintain a "place of business" as defined in Iowa Code section 322.2.

**425.9(4)** Restricted dealers may obtain titles and reassign titles. Restricted dealers cannot use dealer plates or issue "Registration Applied For" cards or in-transit permits.

**425.9(5)** The state of Iowa, counties, cities and other governmental subdivisions are not required to obtain a dealer's license to sell their vehicles.

**425.9(6)** This rule does not apply to a vehicle owner, or to an auctioneer representing the owner, selling vehicles at a retail auction if the vehicles were acquired by the owner for consumer use, the vehicles are incidental to the auction and only one owner's vehicles are sold.

This rule is intended to implement Iowa Code sections 307.12(1) “j,” 321F.9, 322.1 through 322.15 and 322C.1 through 322C.6.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.10(307,322,322C) State fair, fairs, shows and exhibitions.**

**425.10(1) Definitions.** As used in this rule:

“Community” means the same as defined in Iowa Code section 322A.1.

“Display” means having new motor vehicles or new towable recreational vehicles available for public viewing at fairs, vehicle shows or vehicle exhibitions. The dealer may also post, display or provide product information through literature or other descriptive media. However, the product information shall not include prices, except for the manufacturer’s sticker price. “Display” does not mean offering new vehicles for sale or negotiating sales of new vehicles.

“Fair” means a county fair or a scheduled gathering for a predetermined period of time at a specific location for the exhibition, display or sale of various wares, products, equipment, produce or livestock, but not solely new vehicles, and sponsored by a person other than a single dealer.

“Offer” new vehicles “for sale,” “negotiate sales” of new vehicles, or similar wording means doing any of the following at the state fair or a fair, vehicle show or vehicle exhibition: posting prices in addition to the manufacturer’s sticker price, discussing prices or trade-ins, arranging for payments or financing and initiating contracts.

“State fair” means the fair as described in Iowa Code chapter 173.

“Vehicle exhibition” means a scheduled event conducted at a specific location where various types, makes or models of new vehicles are displayed either at the same time or consecutively in time and sponsored by a person other than a single dealer.

“Vehicle show” means a scheduled event conducted for a predetermined period of time at a specific location for the purpose of displaying at the same time various types, makes or models of new vehicles, which may be in conjunction with other events or displays, and sponsored by a person other than a single dealer.

**425.10(2) Permits for dealers of new motor vehicles.**

a. A “display only” fair, vehicle show or vehicle exhibition permit allows a motor vehicle dealer to display new motor vehicles at a specified fair, vehicle show or vehicle exhibition in any Iowa county. The permit is valid on Sundays.

b. A “full” fair, state fair, vehicle show or vehicle exhibition permit allows a motor vehicle dealer to display and offer new motor vehicles for sale and negotiate sales of new motor vehicles at the state fair, or a specified fair, vehicle show or vehicle exhibition that is held within the motor vehicle dealer’s community.

EXCEPTION: A motor vehicle dealer who is licensed to sell motor homes may be issued a permit to offer for sale Class “A” and Class “C” motor homes at a specified fair, vehicle show or vehicle exhibition in any Iowa county. A “full” fair, show or exhibition permit is not valid on Sundays.

c. The following restrictions are applicable to both types of permits:

(1) Permits will be issued to motor vehicle dealers only for the state fair, fairs, vehicle shows or vehicle exhibitions where more than one motor vehicle dealer may participate.

(2) A permit is limited to the line makes for which the motor vehicle dealer is licensed in Iowa.

**425.10(3) Permits for dealers of new towable recreational vehicles.** A fair, vehicle show or vehicle exhibition permit allows a towable recreational vehicle dealer to display and offer new towable recreational vehicles for sale and negotiate sales of new towable recreational vehicles at a specified fair, vehicle show or vehicle exhibition in any Iowa county.

a. The permit is valid on Sundays.

b. The permit is limited to the line makes for which the towable recreational vehicle dealer is licensed in Iowa.

c. A towable recreational vehicle dealer who does not have a permit may display vehicles at fairs, vehicle shows and vehicle exhibitions.

**425.10(4) Permit application.** Application for a permit under this rule is to be submitted to the motor vehicle division on Form 411119 at least ten days prior to the event and must include the dealer’s name,

address and license number and the following information about the event: name, location, sponsor(s) and duration, including the opening and closing dates.

**425.10(5) *Display of permit.*** The motor vehicle or towable recreational vehicle dealer shall display the permit in close proximity to the vehicles being exhibited.

This rule is intended to implement Iowa Code sections 307.12(1) “j,” 322.5(2) and 322C.3(9).

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.11(322) Classic car permit.** A classic car permit allows a motor vehicle dealer to display and sell classic cars at a specified county fair, vehicle show or vehicle exhibition that is held in the same county as the motor vehicle dealer’s principal place of business. “Classic car” is defined in Iowa Code section 322.5(3).

**425.11(1)** The permit period is the duration of the event, not to exceed five days. The permit is valid on Sundays. Only one permit may be issued to each motor vehicle dealer for an event. No more than three permits may be issued to a motor vehicle dealer in any one calendar year.

**425.11(2)** Application for a permit under this rule is to be made to the motor vehicle division on Form 411045 at least ten days prior to the event and must include the dealer’s name, address and license number and the following information about the county fair, vehicle show or vehicle exhibition: name, location, sponsor(s) and duration, including the opening and closing dates.

**425.11(3)** The motor vehicle dealer shall display the permit in a prominent place at the location of the county fair, vehicle show or vehicle exhibition.

This rule is intended to implement Iowa Code section 322.5(3).

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.12(322) Nonresident motor truck display permit.** Application for a permit under this rule is to be made to the motor vehicle division on Form 493007 at least ten days prior to the event and must include information or documentation showing that the nonresident motor vehicle dealer is eligible for issuance of a permit and that the event meets the statutory conditions for permit issuance.

This rule is intended to implement Iowa Code section 322.5(4).

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.13(322) Firefighting and rescue show permit.**

**425.13(1)** Application for a firefighting and rescue show permit for vehicle shows and vehicle exhibitions conducted for educational purposes only is to be made to the motor vehicle division on Form 411220 at least ten days prior to the event and must include the name, address and license number of the applicant, the type of vehicles being displayed and the following information about the vehicle show or vehicle exhibition: name, location, sponsor(s) and duration, including the opening and closing dates.

**425.13(2)** The permit is not valid on Sundays. Only one permit can be issued to each licensee for an event.

**425.13(3)** The permit holder shall display the permit in a prominent place at the location of the vehicle show or vehicle exhibition.

This rule is intended to implement Iowa Code section 322.5(5).

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.14(307,322,322C) Salespersons of dealers.**

**425.14(1)** Every motor vehicle and towable recreational vehicle dealer shall:

*a.* Keep a current written record of all salespersons acting on the dealer’s behalf. The record shall be available for inspection by any peace officer or any employee of the department.

*b.* Maintain a current record of authorized persons allowed to sign all documents required under Iowa Code chapter 321 for vehicle sales.

**425.14(2)** No person is authorized to either directly or indirectly claim to represent a dealer unless the person is listed as a salesperson by that dealer.

This rule is intended to implement Iowa Code sections 307.12(1) “j,” 322.3, 322.13 and 322C.4.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.15(307,322,322C) Manufacturers, distributors and wholesalers—application and requirements.** This rule applies to the licensing of manufacturers, distributors and wholesalers of new motor vehicles and towable recreational vehicles.

**425.15(1) Application for license.** To apply for a license under this rule, the applicant shall complete and submit to the motor vehicle division Form 417029 and provide a list of the applicant's franchised dealers in Iowa and a sample copy of a completed manufacturer's certificate of origin that is issued by the applicant. A distributor or wholesaler shall also provide a copy of written authorization from the manufacturer to act as its distributor or wholesaler.

**425.15(2) Licensing requirements.** A licensee shall:

a. If applicable, ensure new motor homes delivered to Iowa dealers contain the systems and meet the standards specified in Iowa Code section 321.1(36D) "d."

b. Ensure that any new retail outlet is properly licensed as a dealer before any vehicles are delivered to the outlet.

c. Notify the motor vehicle division in writing at least ten days prior to any:

- (1) Change in name, location or method of doing business, as shown on the license.
- (2) Issuance of a franchise to a dealer in this state to sell new vehicles at retail.
- (3) Change in the trade name of a towable recreational vehicle manufactured for delivery in this state.
- (4) New make of vehicle being offered for sale at retail in this state.

**425.15(3) Wholesaler's financial liability coverage.** A new motor vehicle wholesaler shall certify on the license application that the wholesaler has the required financial liability coverage in the limits set forth in Iowa Code section 322.27A. It is the wholesaler's responsibility to ensure that the required financial liability coverage is continuous with no lapse in coverage as long as the wholesaler maintains a valid wholesaler's license.

This rule is intended to implement Iowa Code sections 307.12(1) "j," 322.27 through 322.30 and 322C.7 through 322C.9.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.16(307,321,322,322C) Right of inspection.**

**425.16(1)** Peace officers have the authority to inspect vehicles or component parts of vehicles, business records and manufacturers' certificates of origin, certificates of title and other evidence of ownership for all vehicles sold and inventory offered for sale. This rule will not be construed to require a dealer to keep records for a sold vehicle longer than the dealer's established records retention policy requires, or ten years, whichever is longer.

**425.16(2)** The department has the right at any time to verify compliance of a person licensed under Iowa Code chapter 322 or 322C or issued a certificate under Iowa Code section 321.59 with all statutory and regulatory requirements.

This rule is intended to implement Iowa Code sections 307.12(1) "j," 321.62, 321.95, 322.13 and 322C.1.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.17(17A,307,321,322,322C) Denial, suspension or revocation.**

**425.17(1)** The department may deny an application or suspend or revoke a certificate or license if the applicant, certificate holder or licensee fails to comply with the applicable provisions of this chapter, Iowa Code sections 321.57 through 321.63 or Iowa Code chapter 322 or 322C.

**425.17(2)** The department will cancel a dealer's license upon notification of cancellation of a surety bond under rule 761—425.4(307,322,322C). The cancellation takes effect the same date that the bond is cancelled. However, upon reinstatement of the bond or issuance of a new bond pursuant to rule 761—425.4(307,322,322C), the department will immediately rescind the revocation of the dealer's license.

**425.17(3)** The department may deny a dealer's application for the state fair or a fair, vehicle show or vehicle exhibition permit for a period not to exceed six months if the dealer fails to comply with the applicable provisions of rule 761—425.10(307,322,322C) or Iowa Code section 322.5(2) or 322C.3(9).

**425.17(4)** The department may deny a motor vehicle dealer's application for a demonstration permit for a period not to exceed six months if the dealer fails to comply with rule 761—425.19(307,321).

**425.17(5)** The department will send notice by certified mail to a person whose certificate, license or permit is to be revoked, suspended, canceled or denied. The notice will be mailed to the person's mailing address as shown on departmental records or, if the person is currently licensed, to the principal place of business and will take effect 20 days from the date mailed. A person who is aggrieved by a decision of the department and who is entitled to a hearing may contest the decision in accordance with 761—Chapter 13. The request shall be submitted in writing to the director of the motor vehicle division at the address in rule 761—425.3(307,322,322C). The request will be deemed timely submitted if it is delivered or postmarked on or before the effective date specified in the notice of revocation, suspension, cancellation or denial.

This rule is intended to implement Iowa Code chapter 17A and sections 307.12(1)“j,” 321.57 through 321.63, 322.6, 322.9, 322.31 and 322C.6.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.18(307,321) Dealer plates.**

**425.18(1)** *Persons who may be issued dealer plates.* Dealer plates as provided in Iowa Code sections 321.57 through 321.63 may be issued to:

- a. Licensed motor vehicle dealers.
- b. Licensed towable recreational vehicle dealers.
- c. A person engaged in the business of buying, selling or exchanging trailer-type vehicles subject to registration under Iowa Code chapter 321, other than towable recreational vehicles, and who has an established place of business for such purpose in this state.
- d. Insurers selling vehicles of a type subject to registration under Iowa Code chapter 321 solely for the purpose of disposing of vehicles acquired as a result of a damage settlement or recovered stolen vehicles acquired as a result of a loss settlement.
- e. A person selling vehicles of a type subject to registration under Iowa Code chapter 321 solely for the purpose of disposing of vehicles acquired or repossessed by the person in exercise of powers or rights granted by lien or title-retention instruments or contracts given as security for loans or purchase money obligations and who are not required to be licensed dealers.
- f. A person engaged in the business of selling special equipment body units that have been or will be installed on motor vehicle chassis not owned by the person, solely for the purpose of delivering, testing or demonstrating the special equipment body and the motor vehicle.
- g. A licensed manufacturer of ambulances, rescue vehicles or fire vehicles, solely for the purpose of transporting, demonstrating, showing or exhibiting the vehicles.
- h. A licensed wholesaler who is also licensed as a motor vehicle dealer as specified in paragraph 425.18(3)“e.”

**425.18(2)** *Limited use.* Dealer plates displayed pursuant to paragraphs 425.18(1)“d” through “h” shall display the words “limited use.”

**425.18(3)** *Use of dealer plates.*

- a. Dealer plates shall not be displayed on vehicles that are rented or loaned. However, a dealer plate may be displayed on a motor vehicle, other than a truck or truck tractor, loaned to a customer of a licensed motor vehicle dealer while the customer's motor vehicle is being serviced or repaired by the dealer.
- b. Saddle-mounted vehicles being transported shall display dealer plates.
- c. Dealer plates may be displayed on a trailer carrying a load, provided the motor vehicle towing the trailer is properly registered under Iowa Code section 321.109, 321.120 or 321.122 or is displaying a dealer plate described in paragraph 425.18(3)“e,” or a demonstration permit has been issued as described in rule 761—425.19(307,321).
- d. Dealer plates may be used by a dealer licensed as a wholesaler for a new motor vehicle model when operating a new motor vehicle of that model if the motor vehicle is owned by the wholesaler and is operated solely for the purpose of demonstration, show or exhibition.
- e. A dealer plate issued under Iowa Code section 321.60 for the purpose of hauling a load or towing a trailer will be marked “HAUL & TOW.” Dealer “HAUL & TOW” plates may only be displayed on vehicles in the dealer's inventory that are continuously offered for sale at retail.

This rule is intended to implement Iowa Code sections 307.12(1)“j” and 321.57 through 321.63.

[ARC 9620C, IAB 10/15/25, effective 11/19/25]

**761—425.19(307,321) Demonstration permits.**

**425.19(1)** Demonstration permits may be issued by motor vehicle dealers to permit the use of dealer plates for the purpose of demonstrating the load capabilities of motor trucks and truck tractors. A demonstration permit must be issued on a form prescribed by the department.

**425.19(2)** The dealer shall complete the permit. The information to be filled out includes but is not limited to the following:

*a.* Date of issuance by the dealer, date of expiration and the specific dates for which the permit is valid. The expiration date shall be five days or less from the date of issuance.

*b.* Dealer's name, address and license number.

*c.* Name(s) of the prospective buyer(s) and all prospective drivers.

*d.* Route of the demonstration trip. The points of origin and destination shall be the dealership. The permit is not valid for a route outside Iowa.

*e.* The make, year and vehicle identification number of the motor vehicle being demonstrated.

**425.19(3)** The permit shall at all times be carried in the motor vehicle to which it refers and be shown to any peace officer upon request.

**425.19(4)** No more than one demonstration permit per motor vehicle is to be issued for a prospective buyer.

**425.19(5)** The demonstration permit is valid only for a movement that does not exceed the legal length, width, height and weight restrictions. The permit is not valid for an overdimensional or overweight movement.

**425.19(6)** A dealer plate issued under Iowa Code section 321.60 for the purpose of hauling a load or towing a trailer may be used in lieu of a demonstration permit.

This rule is intended to implement Iowa Code sections 307.12(1) "j" and 321.57 through 321.63.

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◇ Two or more ARCs