

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: 1/1/28

761—425.1(322) 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) The vehicle and motor carrier services bureau administers this chapter. The mailing address is: Vehicle and Motor Carrier Services Bureau, Iowa Department of Transportation, P.O. Box 9278, Des Moines, Iowa 50306-9278.

a. Applications required by the chapter shall be submitted to the vehicle and motor carrier services bureau.

b. Information about dealer plates and the licensing of motor vehicles and towable recreational vehicle dealers, manufacturers, distributors and wholesalers is available from the vehicle and motor carrier services bureau or on the department's website at www.iowadot.gov.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.2 Reserved.

761—425.3(322) Definitions. The following definitions, in addition to those found in Iowa Code sections 322.2 and 322C.2, apply to this chapter of rules:

“Certificate of title” means a document issued by the appropriate official which contains a statement of the owner's title, the name and address of the owner, a description of the vehicle, a statement of all security interests, and additional information required under the laws or rules of the jurisdiction in which the document was issued, and which is recognized as a matter of law as a document evidencing ownership of the vehicle described. The terms “title certificate,” “title only” and “title” shall be synonymous with the term “certificate of title.”

“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 this state in the business of selling motor vehicles or towable recreational vehicles at retail under Iowa Code chapter 322 or 322C.

“Engage in this state in the business” or similar wording means doing any of the following acts for the purpose of selling motor vehicles or towable recreational vehicles at retail: to acquire, sell, exchange, hold, offer, display, broker, accept on consignment or conduct a retail auction, advertise as being engaged in any of those acts, or to act as an agent for the purpose of doing any of those acts. A person selling at retail more than six motor vehicles or six towable recreational vehicles during a 12-month period may be presumed to be engaged in the business. See rule 761—425.20(322) for provisions regarding fleet sales and retail auction sales.

“Manufacturer's certificate of origin” means a certification signed by the manufacturer, distributor or importer that the vehicle described has been transferred to the person or dealer named, and that the transfer is the first transfer of the vehicle in ordinary trade and commerce. The terms “manufacturer's statement,” “importer's statement or certificate,” “MSO” and “MCO” shall be synonymous with the term “manufacturer's certificate of origin.” See rule 761—400.1(321) for more information.

“Principal place of business” means a building actually occupied 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. The principal place of business must be located in this state.

“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.

“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 chapters 322 and 322C.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 0136C, IAB 5/30/12, effective 7/4/12; ARC 0778C, IAB 6/12/13, effective 7/17/13; ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.4 to 425.9 Reserved.

761—425.10(322) Application for dealer’s license.

425.10(1) Application form. To apply for a license as a motor vehicle or towable recreational vehicle dealer, the applicant shall complete an application on a form prescribed by the department.

425.10(2) Surety bond.

a. The applicant shall obtain a surety bond in the following amounts and file the original with the vehicle and motor carrier services bureau:

(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.

b. The surety bond shall provide for notice to the vehicle and motor carrier services bureau at least 30 days before cancellation.

c. The vehicle and motor carrier services bureau shall notify the bonding company of any conviction of the dealer for a violation of laws related to the operations of the dealership.

d. If the bond is canceled, the vehicle and motor carrier services bureau shall notify the dealer by first-class mail that the dealer’s license shall be revoked on the same date that the bond is canceled unless the bond is reinstated or a new bond is filed.

e. If an applicant whose dealer’s license was revoked pursuant to paragraph 425.10(2) “d” establishes that the applicant obtained a reinstated or new bond meeting the requirements of this subrule that was effective on or before the date of cancellation, but due to mistake or inadvertence failed to file the original bond with the vehicle and motor carrier services bureau, the applicant may file the original of the reinstated or new bond. Upon filing, the department will rescind the revocation of the dealer’s license.

425.10(3) Franchise.

a. An applicant who intends to sell new motor vehicles or towable recreational vehicles shall submit to the vehicle and motor carrier services bureau a copy of a signed franchise agreement with the manufacturer or distributor of each make the applicant intends to sell.

b. If a signed franchise agreement is not available at the time of application, the department may accept written evidence of a franchise which 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.

c. Nothing in this subrule shall be construed to require a franchise agreement from a final-stage manufacturer applying for a motor vehicle dealer license under rule 761—425.11(322).

425.10(4) *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.

425.10(5) *Principal place of business.* The applicant shall maintain a principal place of business, which must be staffed during regular business hours. See rules 761—425.12(322) and 761—425.14(322) for further requirements.

425.10(6) *Zoning.* The applicant shall provide to the vehicle and motor carrier services bureau 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, which states that the applicant's principal place of business and any extensions comply with all applicable zoning provisions or are a legal nonconforming use.

425.10(7) *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.

425.10(8) *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 subsection 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.

425.10(9) *Ownership information.*

a. If the owner of the business is an individual, the application shall include the legal name, bona fide address, and telephone number of the individual. If the owner is a partnership, the application shall include the legal name, bona fide address, and telephone number of two partners. If the owner is a corporation, the application shall include the legal name, bona fide address, and telephone number of two corporate officers. In all cases, the telephone number must be a number where the individual, partner, or corporate officer can be reached during normal business hours.

b. The application shall include the federal employer identification number of the business. However, 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.

425.10(10) Reserved.

425.10(11) *Verification of compliance.* The department shall verify the applicant's compliance with all statutory and regulatory dealer licensing requirements.

This rule is intended to implement Iowa Code sections 322.1 to 322.15 and 322C.1 to 322C.6.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4343C, IAB 3/13/19, effective 4/17/19; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.11(322) Motor vehicle dealer licensing for final-stage manufacturers.

425.11(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.
- c. Is licensed as a manufacturer under Iowa Code chapter 322 and this chapter.

425.11(2) *Application.* A final-stage manufacturer shall apply for a motor vehicle dealer license in the manner described in rule 761—425.10(322) and shall certify that the final-stage manufacturer meets the eligibility requirements under subrule 425.11(1).

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

[ARC 4343C, IAB 3/13/19, effective 4/17/19]

761—425.12(322) Motor vehicle dealer's principal place of business.

425.12(1) Verification of compliance. Before a motor vehicle dealer's license is issued, a representative of the department may physically inspect an applicant's principal place of business to verify compliance with this rule.

425.12(2) Telephone service and office area. A motor vehicle dealer's principal place of business shall include telephone service 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 vehicles offered for sale. Telephone service must be a land line and not cellular phone service. Evidence of ownership may include a copy of an original document if the original document is held by a lienholder.

425.12(3) Facility for displaying 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. The facility shall be:

a. Within a building. **EXCEPTION:** For used motor vehicle dealers and for dealers selling new trucks or motor homes exclusively, the display facility may be an outdoor area with an all-weather surface. An all-weather surface does not include grass or exposed soil.

b. Of a minimum size.

(1) For display of motorcycles, motorized bicycles and autocycles, the minimum size of the display facility is 10 feet by 15 feet.

(2) For display of other motor vehicles, the minimum size of the display facility is 18 feet by 30 feet.

425.12(4) Facility for reconditioning and repairing motor vehicles. A motor vehicle dealer's principal place of business shall include a facility for reconditioning and repairing motor vehicles. The facility shall be an area that:

a. Is equipped to repair and recondition one or more motor vehicles of a type sold by the dealer.

b. Is within a building.

c. Has adequate access.

d. Is separated from the display and office areas by solid, floor-to-ceiling walls and solid, full-length doors.

e. Is of a minimum size.

(1) The minimum size facility for motorcycles, motorized bicycles and autocycles is an unobstructed rectangular area measuring 10 feet by 15 feet.

(2) The minimum size facility for other types of motor vehicles is an unobstructed rectangular area measuring 14 feet by 24 feet.

425.12(5) 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.

This rule is intended to implement Iowa Code sections 322.1 to 322.15.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 0778C, IAB 6/12/13, effective 7/17/13; ARC 2985C, IAB 3/15/17, effective 4/19/17; ARC 4343C, IAB 3/13/19, effective 4/17/19]

761—425.13(321,322) Business records of a motor vehicle dealer with multiple licenses.

425.13(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.

425.13(2) Separation of records. Business records of licensed motor vehicle dealers kept at a single licensed location under this rule shall be stored separately and distinctly, in a manner distinguishable to each licensee, and shall not be commingled.

425.13(3) Notification to the department. A motor vehicle dealer shall notify the vehicle and motor carrier services bureau 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 to 322.15.

[ARC 4343C, IAB 3/13/19, effective 4/17/19; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.14(322) Towable recreational vehicle dealer's place of business.

425.14(1) *Telephone service and office area.* A towable recreational vehicle dealer's principal place of business shall include telephone service 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 towable recreational vehicles offered for sale. Telephone service must be a land line and not cellular phone service. Evidence of ownership may include a copy of an original document if the original document is held by a lienholder.

425.14(2) *Facility for displaying 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 area or an outdoor area with an all-weather surface. An all-weather surface does not include grass or exposed soil. If an outdoor display facility is maintained, it may be used only to display, recondition or repair towable recreational vehicles or to park vehicles.

425.14(3) *Facility for repairing and reconditioning towable recreational vehicles.* A towable recreational vehicle dealer's principal place of business shall include a facility for reconditioning and repairing towable recreational vehicles. The facility:

- a. Shall be equipped and of sufficient size to repair and recondition one or more towable recreational vehicles of a type sold by the dealer.
- b. Shall have adequate access.
- c. May be an indoor area or an outdoor area with an all-weather surface. An all-weather surface does not include grass or exposed soil.
- d. May occupy the same area as the display facility.

425.14(4) *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.

This rule is intended to implement Iowa Code sections 322C.1 to 322C.6.

[ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.15 and 425.16 Reserved.

761—425.17(322) Extension lot license. Extension lots of motor vehicle and towable recreational vehicle dealers must be licensed. Application to license an extension lot shall be made on a form prescribed by the department.

425.17(1) For a motor vehicle dealer, an extension lot is a car 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.

425.17(2) For a towable recreational vehicle dealer, an extension lot is a towable recreational vehicle 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.

425.17(3) An extension lot must be owned or leased by the dealer.

425.17(4) 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 322.1 to 322.15 and 322C.1 to 322C.6.

[ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.18(322) Supplemental statement of changes. A motor vehicle dealer shall file a written statement with the vehicle and motor carrier services bureau at least ten days before any change of name, location, hours, or method or plan of doing business. A license is not valid until the changes listed in the statement have been approved by the vehicle and motor carrier services bureau.

This rule is intended to implement Iowa Code sections 322.1 to 322.15.

[ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.19 Reserved.

761—425.20(322) Fleet vehicle sales and retail auction sales.

425.20(1) *Fleet sales.* Any person who has acquired vehicles for consumer use in a business shall obtain the appropriate dealer's license when more than six vehicles are offered for sale at retail in a 12-month period.

425.20(2) *Retail auction sales.* Any person who sells at public auction more than six vehicles in a 12-month period shall obtain the appropriate dealer's license. All certificates of title for the vehicles offered for sale at public auction shall be duly assigned to the dealer.

425.20(3) *Place of business.* A dealer's license issued under this rule does not require a place of business.

425.20(4) *Exceptions.*

a. The state of Iowa, counties, cities and other governmental subdivisions are not required to obtain a dealer's license to sell their vehicles at retail.

b. 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 322.1 to 322.15 and 322C.1 to 322C.6.

761—425.21 to 425.23 Reserved.

761—425.24(322) Miscellaneous requirements.

425.24(1) The department shall not issue a license under Iowa Code chapter 322 or 322C to any other person at a principal place of business of a person currently licensed under Iowa Code chapter 322 or 322C.

425.24(2) A motor vehicle or towable recreational vehicle dealer shall not represent or advertise the dealership under any name or style other than the name which appears on the dealer's license.

425.24(3) Other business activities are allowed at a place of business of a dealer, but those activities shall not include the sale of firearms, dangerous weapons as defined in Iowa Code section 702.7, or alcoholic beverages as defined in Iowa Code subsection 123.3(4).

This rule is intended to implement Iowa Code sections 322.1 to 322.15 and 322C.1 to 322C.6.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.25 Reserved.

761—425.26(322) State fair, fairs, shows and exhibitions.

425.26(1) *Definitions.* As used in this rule:

"Community" means an area of responsibility 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 discussed 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.

425.26(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.

425.26(3) Reserved.

425.26(4) *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.

425.26(5) *Permit application.* A motor vehicle or towable recreational vehicle dealer shall apply for a permit on an application form prescribed by the department. The application shall 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.

425.26(6) *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 322.5(2) and 322C.3(9).

[ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.27 and 425.28 Reserved.

761—425.29(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 subsection 322.5(3).

425.29(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.

425.29(2) Application for a classic car permit shall be made on a form prescribed by the department. The application shall 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.

425.29(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 subsection 322.5(3).

761—425.30(322) Motor truck display permit. Application for a permit under Iowa Code subsection 322.5(4) shall be made on a form prescribed by the department. The application shall 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 subsection 322.5(4).

761—425.31(322) Firefighting and rescue show permit.

425.31(1) Application for a firefighting and rescue show permit shall be made on a form prescribed by the department. The application shall 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.

425.31(2) The permit is not valid on Sundays. Only one permit shall be issued to each licensee for an event.

425.31(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 9048B, IAB 9/8/10, effective 10/13/10; ARC 3687C, IAB 3/14/18, effective 4/18/18]

761—425.32 to 425.39 Reserved.

761—425.40(322) Salespersons of dealers.

425.40(1) Every motor vehicle and towable recreational vehicle dealer shall:

a. Keep a current written record of all salespersons acting in its behalf. The record shall be open to 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.

425.40(2) No person shall 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 322.3, 322.13, and 322C.4.

[ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.41 to 425.49 Reserved.

761—425.50(322) Manufacturers, distributors, and wholesalers. This rule applies to the licensing of manufacturers, distributors, and wholesalers of new motor vehicles and towable recreational vehicles.

425.50(1) *Application for license.* To apply for a license, the applicant shall complete an application form prescribed by the department. 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 firm shall accompany the application. A distributor or wholesaler shall also provide a copy of written authorization from the manufacturer to act as its distributor or wholesaler.

425.50(2) *Licensing requirements.*

a. New motor homes delivered to Iowa dealers must contain the systems and meet the standards specified in Iowa Code section 321.1(36C) "d."

b. A licensee shall ensure that any new retail outlet is properly licensed as a dealer before any vehicles are delivered to the outlet.

c. A licensee shall notify the vehicle and motor carrier services bureau 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.

d. A licensee shall notify the vehicle and motor carrier services bureau in writing at least ten days before any new make of vehicle is offered for sale at retail in this state.

This rule is intended to implement Iowa Code sections 322.27 to 322.30 and 322C.7 to 322C.9.

[ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.51(322) Factory or distributor representatives. Rescinded IAB 11/3/99, effective 12/8/99.

761—425.52(322) Used vehicle wholesalers. Rescinded IAB 11/7/07, effective 12/12/07.

761—425.53(322) Wholesaler's financial liability coverage. A new motor vehicle wholesaler shall certify on the license application that it 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 section 322.27A.

761—425.54 to 425.59 Reserved.

761—425.60(322) Right of inspection.

425.60(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 offered for sale.

425.60(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 321.62, 321.95, 322.13, and 322C.1.

761—425.61 Reserved.

761—425.62(322) Denial, suspension or revocation.

425.62(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 of rules, Iowa Code sections 321.57 to 321.63 or Iowa Code chapter 322 or 322C.

425.62(2) 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—425.26(322) or Iowa Code section 322.5(2) or 322C.3(9).

425.62(3) 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—425.72(321).

425.62(4) The department shall send notice by certified mail to a person whose certificate, license or permit is to be revoked, suspended, canceled or denied. The notice shall 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 shall become effective 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 vehicle and motor carrier services bureau at the address in subrule 425.1(2). The request shall 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 321.57 to 321.63, 322.6, 322.9, 322.31, and 322C.6.

[ARC 9048B, IAB 9/8/10, effective 10/13/10; ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.63 to 425.69 Reserved.

761—425.70(321) Dealer plates.

425.70(1) Definition. The definitions of "dealer" and "vehicle" in Iowa Code section 321.1 apply to this rule.

425.70(2) Persons who may be issued dealer plates. Dealer plates as provided in Iowa Code sections 321.57 to 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. The plates shall display the words “limited use.”
- e. Persons 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 them 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. The plates shall display the words “limited use.”
- f. Persons engaged in the business of selling special equipment body units which have been or will be installed on motor vehicle chassis not owned by them, solely for the purpose of delivering, testing or demonstrating the special equipment body and the motor vehicle. The plates shall display the words “limited use.”
- g. A licensed manufacturer of ambulances, rescue vehicles or fire vehicles, solely for the purpose of transporting, demonstrating, showing or exhibiting the vehicles. The plates shall display the words “limited use.”
- h. A licensed wholesaler who is also licensed as a motor vehicle dealer as specified in paragraph 425.70(3)“e.”

425.70(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 425.70(3)“e,” or a demonstration permit has been issued as described in rule 761—425.72(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 shall 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 321.57 to 321.63.

[ARC 3687C, IAB 3/14/18, effective 4/18/18; ARC 4960C, IAB 3/11/20, effective 4/15/20]

761—425.71 Reserved.

761—425.72(321) Demonstration permits.

425.72(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.

425.72(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.

425.72(3) The permit shall at all times be carried in the motor vehicle to which it refers and shall be shown to any peace officer upon request.

425.72(4) Only one demonstration permit per motor vehicle shall be issued for a prospective buyer.

425.72(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.

425.72(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 321.57 to 321.63.

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◇ Two or more ARCs