

**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*e.* If an applicant whose dealer's license was revoked pursuant to paragraph 425.10(2) "d" establishes that the applicant obtained a reinstated or new bond meeting the requirements of this subrule that was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]