

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]