

CHAPTER 7400
DEPARTMENT OF PUBLIC SAFETY
MOTOR VEHICLE DEALERS

7400 0100	DEFINITIONS DEALER LICENSING	7400 2900	RIGHTS AND RESPONSIBILITIES OF PARTIES
7400 0200	CONTENTS OF APPLICATION FOR DEALER LICENSE	7400 3000	WITNESSES AND TESTIMONY
7400 0300	ITEMS FILED WITH APPLICATION	7400 3100	BURDEN OF PROOF
7400 0400	TEMPORARY DEALER LICENSE	7400 3200	HEARING RECORD
7400 0500	GRANTING DEALER LICENSE	7400 3300	HEARING EXAMINER'S CONDUCT
7400 0600	REASONS TO DENY DEALER LICENSE	7400 3400	HEARING EXAMINER'S REPORT
7400 0700	DEALER LICENSE RENEWAL	7400 3500	TIMING OF REGISTRAR'S DECISION
7400 0800	CHANGE IN DEALER LICENSE CONDITIONS	7400 3600	REGISTRAR'S DECISION, EFFECTIVE DATE
7400 0900	CONSIGNMENT SALES	7400 3700	REGISTRAR'S DECISION, CONTENT
7400 1000	MOTORIZED BICYCLE OR CERTAIN TRAILER DEALERS		ESTABLISHED PLACE OF BUSINESS
	LICENSE REVOCATION, SUSPENSION, OR CANCELLATION	7400 4000	SALVAGE POOLS, USED PARTS DEALERS, AND SCRAP PROCESSORS
7400 1500	LICENSE WITHDRAWAL, ACTS ATTRIBUTED TO DEALER	7400 4100	LOCATION
7400 1600	DEALER LICENSE REVOCATION	7400 4200	SIGNS
7400 1700	DEALER LICENSE SUSPENSION	7400 4300	NORMAL BUSINESS HOURS
7400 1800	DEALER LICENSE CANCELLATION		VEHICLE TRANSACTIONS, RECORDS
7400 1900	SALE OF MOTOR VEHICLES ON SUNDAY	7400 5000	ACQUIRING NEW MOTOR VEHICLE, DOCUMENTATION
7400 2000	SALE OF VEHICLES AFTER DEALER LICENSE WITHDRAWAL	7400 5100	ACQUIRING USED MOTOR VEHICLE, DOCUMENTATION
	DEALER LICENSE WITHDRAWAL PROCEDURES	7400 5200	SELLING NEW OR USED MOTOR VEHICLE
7400 2200	WITHDRAWAL PROCEDURES, DEFINITIONS	7400 5300	HOLDING VEHICLE FOR CONSIGNMENT SALE
7400 2300	HEARING, SERVICE OF NOTICE	7400 5400	TEMPORARY VEHICLE PERMITS FOR BUYERS
7400 2400	HEARINGS BEFORE HEARING EXAMINER	7400 5500	LEASING VEHICLES
7400 2500	NOTICE OF AND ORDER FOR HEARING, CONTENT	7400 5600	ACQUIRING SALVAGE VEHICLE
7400 2600	RIGHT TO COUNSEL	7400 5700	ACQUIRING VEHICLE TO DISMANTLE OR DESTROY
7400 2700	CONSENT ORDER, SETTLEMENT, OR STIPULATION	7400 5800	SELLING SALVAGE VEHICLE TAKEN OUT OF STATE, REPORT
7400 2800	DEFAULT	7400 5900	RECORD KEEPING
			DEALER LICENSE PLATES
		7400 6000	DEALER LICENSE PLATES

7400.0100 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part.

Subp 2 **Automatic telephone answering service.** "Automatic telephone answering service" means either a human operator or an automatic device that answers the dealer's telephone and is capable of taking messages

Subp 3 **Board member.** "Board member" means a director in a corporation and a governor in a limited liability company

Subp. 4. **Days.** "Days" means calendar days when referring to the amount of time when the performance or doing of an act, duty, matter, payment, or thing is ordered, directed, or prescribed. A period of time measured in days, except as otherwise provided, must be computed so as to exclude the first and include the last day of the prescribed or fixed period or duration of time. When the last day of the period falls on a Saturday, Sunday, or legal holiday, that day must be omitted from the computation

Subp 5 **Dealer.** "Dealer" has the meaning given it in Minnesota Statutes, section 168 27, subdivision 1, clause (5)

Subp 6 **Franchise.** "Franchise" has the meaning given it in Minnesota Statutes, section 80E 03, subdivision 8

Subp 7. **High value vehicle.** "High value vehicle" means a vehicle that is six years old or older as calculated from the first day of January of the designated model year that had an actual cash value in excess of \$5,000 before being damaged, or a vehicle with a manufacturer's rating of over 26,000 pounds gross vehicle weight

Subp. 8. **Late model vehicle.** "Late model vehicle" means a vehicle that is less than six years old as calculated from the first day of January of the designated model year

MINNESOTA RULES 1994

5

MOTOR VEHICLE DEALERS 7400.0200

Subp 9 **Motor vehicle.** "Motor vehicle" has the meaning given it in Minnesota Statutes, section 168 27, subdivision 1, clause (13)

Subp. 10 **Motor vehicle transaction.** A "motor vehicle transaction" includes the transactions listed in Minnesota Statutes, section 168.27, subdivisions 2, 3, 3a, 3b, 3c, 4, 6, and 7, for which a person must be licensed as a motor vehicle dealer in order to conduct the transaction

Subp 11 **New motor vehicle.** "New motor vehicle" has the meaning given it in Minnesota Statutes, section 168 27, subdivision 1, clause (11).

Subp. 12 **Officer.** "Officer" means an officer of a corporation and a manager of a limited liability company

Subp 13 **Owner.** "Owner" means

- A. the sole proprietor of a proprietorship,
- B a partner in a partnership,
- C a corporation shareholder holding five percent or more of voting power of the shares issued, or
- D a limited liability company member holding five percent or more of the voting power of the membership interests issued

Subp 14 **Primarily engaged in the business of.** "Primarily engaged in the business of," as it applies to a used vehicle parts dealer who buys or otherwise acquires vehicles for dismantling and selling the used parts and remaining scrap metals, means that the dealer has acquired more than five of those vehicles in a 12-month period and that acquiring those vehicles is not incidental to the dealer's business

Subp 15 **Registrar.** "Registrar" means the registrar of motor vehicles of Minnesota, acting directly or through authorized agents Under Minnesota Statutes, section 168.33, the commissioner of public safety is the registrar of motor vehicles

Subp 16 **Sale, sells, selling, purchase, purchased, or acquired.** "Sale," "sells," "selling," "purchase," "purchased," or "acquired" has the meaning given it in Minnesota Statutes, section 297B 01, subdivision 7

Subp 17 **Sufficient cause to believe.** "Sufficient cause to believe" means grounds put forth in good faith that are not arbitrary, irrational, unreasonable, or irrelevant and that make the proposition asserted more likely than not, provided the grounds are based on at least one of the following sources

- A written information from an identified person,
- B facts or statements supplied by the applicant or dealer,
- C court documents and police records, and
- D facts of which the registrar or the registrar's employees have personal knowledge

Subp 18 **Used motor vehicle.** "Used motor vehicle" has the meaning given it in Minnesota Statutes, section 168 27, subdivision 1, clause (10)

Subp 19 **Vehicle.** "Vehicle" has the meaning given it in Minnesota Statutes, section 168A 01, subdivision 24.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

DEALER LICENSING

7400.0200 CONTENTS OF APPLICATION FOR DEALER LICENSE.

An initial application for a dealer license must be on a form provided by the registrar and must contain the following information:

A. The application must contain the name, street address, and telephone number of the applicant The application must also contain each additional name and street address that the applicant will use to conduct motor vehicle transactions

B The application must indicate whether the applicant is an individual, partnership, corporation, or limited liability company The application must also list each owner, officer, and board member.

MINNESOTA RULES 1994

7400.0200 MOTOR VEHICLE DEALERS

6

C The application must contain the full name, date of birth, and driver's license number of each person named on the application. If a person does not have a driver's license, the application must contain the identification card number of that person. If a person's driver's license or identification card was issued by another state or country, the application must list the name of the state or country.

D The application must indicate the type of dealer license sought.

E The application must contain a history of dealer licensure of each person, partnership, corporation, and limited liability company named on the application. The history must be of each dealer license applied for or issued by Minnesota or by another jurisdiction and must include the issuance and expiration dates of the license. If a dealer license application was denied, or a dealer license was suspended, canceled, or revoked, the history must give the date and the reason.

F The application must contain the criminal history of each person named on the application and an authorization for the registrar to conduct an investigation to verify this information. The criminal history must include each injunction or conviction for a violation listed in Minnesota Statutes, section 168.27, subdivision 11.

G The application must verify that the applicant meets the established place of business requirements of parts 7400.4000 to 7400.4300 and Minnesota Statutes, section 168.27, subdivision 10.

H The application must give the name of the provider and the policy number of the applicant's insurance required under Minnesota Statutes, chapter 65B.

I The application must list the applicant's normal business hours. For a new motor vehicle dealer, normal business hours are the hours personnel are normally available. For a dealer other than a new motor vehicle dealer, normal business hours are the hours personnel or a telephone answering service are normally available.

J Each person named on the application shall sign the application, verifying that the information on the application is true. The signatures must be notarized.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0300 ITEMS FILED WITH APPLICATION.

Subpart 1 **Requirement.** The items described in this part must be filed as part of an initial application for a dealer license.

Subp. 2 **Fees.** The application must be accompanied by the license fees and filing fees required by statute.

Subp. 3 **Surety bond.** This subpart applies to the application for a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle lessor, motor vehicle wholesaler, or motor vehicle auctioneer license. The application must be accompanied by a surety bond, as required by Minnesota Statutes, section 168.27, subdivision 24. This subpart does not apply to the application for a used vehicle parts dealer license or a scrap metal processor license.

Subp. 4 **Statement of zoning compliance.** This subpart applies to the application for a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle lessor, motor vehicle wholesaler, or motor vehicle auctioneer license. The application must be accompanied by a statement from each local zoning authority where the applicant owns or leases a commercial building or commercial office space. The statement must acknowledge that the commercial building or commercial office space conforms to local zoning regulations. This subpart does not apply to the application for a used vehicle parts dealer license or a scrap metal processor license.

Subp. 5 **Tax information.** The application must be accompanied by a completed tax information form required by the commissioner of revenue under Minnesota Statutes, section 270.72.

Subp. 6 **Copy of contract or franchise.** The application for a new motor vehicle dealer license must be accompanied by a copy of or documentation of each contract or franchise required under Minnesota Statutes, section 168.27, subdivision 10, clause (1)(b).

MINNESOTA RULES 1994

7

MOTOR VEHICLE DEALERS 7400.0600

Subp 7 **Proof of ownership of building.** This subpart applies to the application for a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle lessor, motor vehicle wholesaler, or motor vehicle auctioneer license. The application must be accompanied by a copy of the lease or proof of ownership covering each established place of business of the applicant. The proof of ownership may be in the form of a deed or tax identification statement or similar document. This subpart does not apply to the application for a used vehicle parts dealer license or a scrap metal processor license.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0400 TEMPORARY DEALER LICENSE.

The registrar shall grant a temporary dealer license to the applicant unless the registrar determines there is a reason to deny the temporary license. The registrar shall deny the license if the registrar determines there is a reason to deny the license. The registrar shall make this determination based on the application and the items filed with the application. The period of the temporary dealer license is 90 days. The registrar may extend the temporary license 30 days.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0500 GRANTING DEALER LICENSE.

The registrar shall grant a motor vehicle dealer license to the applicant at the end of the temporary license period unless the registrar determines there is a reason to deny the license. If the registrar determines there is a reason to deny the license, the registrar shall deny the license at the time of making the determination. A denial does not preclude the registrar from pursuing revocation or suspension. A temporary license expires at the time a license is denied.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0600 REASONS TO DENY DEALER LICENSE.

The registrar shall deny a temporary motor vehicle dealer license and a motor vehicle dealer license for any of the following reasons:

A The application or the items filed with the application do not meet the requirements of parts 7400.0200 and 7400.0300.

B A person named on the application was an owner, officer, or board member of a dealer whose license was revoked under part 7400.1600 or 7400.1900. After the revocation period has elapsed, an applicant is not disqualified from being licensed.

C A person named on the application has been enjoined or convicted for a violation listed in Minnesota Statutes, section 168.27, subdivision 11. An applicant is not disqualified from being licensed if the applicant can show that the person has met the conditions of Minnesota Statutes, chapter 364.

D The applicant's established place of business does not meet the requirements of parts 7400.4000 to 7400.4300 and Minnesota Statutes, section 168.27, subdivision 10.

E The commissioner of revenue notifies the registrar under Minnesota Statutes, section 270.72, that the applicant owes the state delinquent taxes, penalties, or interest.

F The registrar has sufficient cause to believe that the applicant, while holding a temporary dealer license, has committed a violation that is grounds for revocation under part 7400.1600 or 7400.1900, suspension under part 7400.1700 or 7400.1900, or cancellation under part 7400.1800.

G The registrar is unable to verify the applicant's compliance with location or record keeping requirements because the applicant has not given the registrar access to the location or records after a request by the registrar under part 7400.4300, subpart 2.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0700 DEALER LICENSE RENEWAL.

Subpart 1 Expiration of dealer licenses. A dealer license expires at midnight on December 31 of each year. A dealer license is valid upon renewal for the next calendar year. A temporary dealer license expires at midnight on December 31 of each year. A temporary dealer license is valid upon renewal for the remainder of the temporary license period.

Subp 2 Renewal application. A renewal application for a dealer license must be on a form provided by the registrar and must contain the following information:

A. The application must contain the dealer name and dealer number.

B. The application must verify that dealer information is accurate as of the date of the renewal. Dealer information includes information or items submitted with the dealer's initial license application, as amended by a notice of change.

C. One person named on the application shall sign the application, verifying that the information on the application is true. The signature must be notarized.

Subp. 3 Renewing dealer license; reasons for denial. A dealer license may be renewed any time on or before December 31. To renew a dealer license, the dealer shall submit a completed license renewal application and the license and filing fees required by statute. The registrar shall renew the dealer license unless the registrar determines there is a reason to deny the renewal. The registrar shall deny the renewal for any of the following reasons:

A. The application does not meet the requirements of subpart 2.

B. The license and filing fees required by statute are not paid.

C. The license has been revoked under part 7400.1600 or 7400.1900 or canceled under part 7400.1800.

D. The commissioner of revenue notifies the registrar under Minnesota Statutes, section 270.72, that the dealer owes the state delinquent taxes, penalties, or interest.

Subp. 4 Application after lapse. Within 60 days after a dealer license has lapsed, a former dealer may obtain another dealer license by following the renewal procedures of this part. A person who obtains a dealer license under this subpart shall pay both the initial application fee and the annual fee. A person loses all dealer privileges after the expiration of a license and before a new license is granted.

Subp 5. Requirements when license not renewed. When a dealer license expires without being renewed, the dealer shall immediately return to the registrar the dealer license certificate, all dealer license plates, and all temporary vehicle permits.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0800 CHANGE IN DEALER LICENSE CONDITIONS.

Subpart 1 Notice of change. A dealer shall notify the registrar of a change in dealer information. Dealer information is the current information that the registrar has concerning a dealer based upon the information or items submitted by the dealer in its initial license application, as updated by any notices of change.

Subp 2. Form of notice. A notice of change must be made on a form provided by the registrar and must meet the following conditions:

A. A notice of change must indicate the dealer information that has changed.

B. A notice of change must be accompanied by initial license items that have changed.

C. One owner, officer, or board member shall sign the notice, verifying that the information on the notice is true. The signature must be notarized.

D. A person who is removed as an owner, officer, or board member shall sign the notice, verifying that the person has been removed. The signature must be notarized. If it is not possible for this person to sign, the notice of change must contain the reason.

Subp 3 Timing of notice. The dealer shall submit a notice of change so that it is received by the registrar before the change occurs, unless this is not possible, in which case, the dealer shall give notice as soon as reasonable. When a dealer adds a new location, the dealer may not sell a vehicle at that location until the registrar approves the location.

Subp 4 **Approval of location.** The registrar shall approve a location if it meets the established place of business requirements of parts 7400 4000 to 7400 4300 and Minnesota Statutes, section 168 27, subdivision 10 The registrar shall make this determination based on the notice of change and the items filed with the notice of change

Subp 5 **Dealer license not transferable.** A dealer license may not be transferred from one person or organization to another Another dealer license must be obtained before a successor dealer may engage in motor vehicle transactions In addition, if the successor dealer is required to have a bond, the bond must be separate and distinct from the bond under the original license

A dealer license issued to a partnership becomes invalid when an original partner leaves the partnership or a new partner is brought into the partnership

A dealer license issued to a corporation or limited liability company becomes invalid when the entity is dissolved A dealer license remains valid when a shareholder of the corporation or the name of the corporation is changed A dealer license remains valid when a member of the limited liability company or the name of the limited liability company is changed

A dealer license issued to an individual, partnership, corporation, or limited liability company does not transfer to a new business entity created by a change in the form of ownership of the business

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.0900 CONSIGNMENT SALES.

Subpart 1 **New motor vehicles.** A person who solicits, accepts, offers for sale, or sells new motor vehicles on consignment must be licensed as a new motor vehicle dealer and must have a franchise for each type of new motor vehicle sold on consignment

Subp 2 **Used motor vehicles.** A person who solicits, accepts, offers for sale, or sells used motor vehicles on consignment must be licensed as a new motor vehicle dealer, a used motor vehicle dealer, a motor vehicle wholesaler, or a motor vehicle auctioneer

Subp 3 **Auctioneers.** This part does not apply to a licensed auctioneer selling motor vehicles at an auction if, in the ordinary course of the auctioneer's business, the sale of motor vehicles is incidental to the sale of other real or personal property

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.1000 MOTORIZED BICYCLE OR CERTAIN TRAILER DEALERS.

Subpart 1 **Scope.** Subparts 2 to 4 apply to a seller of motorized bicycles, boat trailers, horse trailers, or snowmobile trailers

Subp. 2 **Requirement.** The seller shall obtain a motor vehicle dealer license under Minnesota Statutes, section 168.27.

Subp 3. **Sales of other vehicles.** If the seller sells other motor vehicles in addition to motorized bicycles, boat trailers, horse trailers, or snowmobile trailers, the seller shall obtain a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle wholesaler, or motor vehicle auctioneer license

Subp 4 **Contract or franchise.** The seller must have a contract or franchise with a manufacturer or distributor of new vehicles the seller proposes to sell, broker, wholesale, or auction

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

LICENSE REVOCATION, SUSPENSION, OR CANCELLATION

7400.1500 LICENSE WITHDRAWAL; ACTS ATTRIBUTED TO DEALER.

Subpart 1. **Acts of owner, officer, or board member.** The registrar shall revoke, suspend, or cancel the dealer license of a partnership, corporation, or limited liability company if an owner, officer, or board member acts or fails to act as would be cause for revoking, suspending, or canceling a dealer license of that person as an individual

Subp 2 **Acts of employee or agent.** A dealer is responsible for an act of a person while that person is acting as an employee or agent of the dealer, if the dealer authorizes or ratifies the act or if the dealer retains the benefits of the act after actual knowledge of the act

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.1600 DEALER LICENSE REVOCATION.

Subpart 1 **Grounds for revocation.** Revocation is the long-term withdrawal of a dealer license under Minnesota Statutes, section 168 27, subdivision 12 The registrar shall revoke a dealer license when there is sufficient cause to believe that the dealer has been convicted of a crime, has been enjoined due to a violation, has committed an act, or has failed to perform a duty as follows

A The dealer is convicted of violating or is enjoined due to a violation of Minnesota Statutes, section 325F 69

B The dealer is convicted of violating the Minnesota odometer law, Minnesota Statutes, section 325E 14, 325E 15, or 325E 16, or the federal odometer law, United States Code, title 15, sections 1981 to 1991, as amended through December 31, 1984

C The dealer is convicted of a gross misdemeanor or felony under Minnesota Statutes, section 609 53, for receiving or selling stolen vehicles or stolen parts

D The dealer is convicted of a felony related to the business of buying or selling motor vehicles or motor vehicle parts If the felony conviction is from another jurisdiction, the registrar may not revoke unless the action or omission of the dealer would constitute a felony under Minnesota Statutes

E The dealer fails to pay the registrar all taxes, fees, and arrears due from the dealer within ten days after notice that the taxes or fees are required to be paid

F The dealer commits an act or fails to perform a duty that is grounds for suspension of a dealer license under part 7400 1700 and there are three suspensions under part 7400 1700 on the dealer's record within the past five years

G The dealer violates a suspension imposed under part 7400 1700

H The dealer submits a fraudulent license application

Subp 2 **Revocation period and effect.** A dealer license is not valid after it is revoked An owner, officer, or board member of a revoked dealer may not be an owner, officer, or board member of another licensed dealer during the revocation When a dealer license is revoked, the dealer shall immediately surrender the dealer license certificate, all dealer license plates, and all temporary vehicle permits The length of revocation is as follows

A The registrar shall use this item to determine the length of a revocation if the revocation is based solely or in part on a conviction of a crime or crimes as defined in Minnesota Statutes, section 364 02, subdivision 5 The revocation lasts until competent evidence is presented to the registrar that the person convicted has been sufficiently rehabilitated under the criteria of Minnesota Statutes, section 364.03, subdivision 3

B If the length of a revocation is not determined under item A, the length of revocation is one year

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.1700 DEALER LICENSE SUSPENSION.

Subpart 1 **Grounds for suspension.** Suspension is the short-term withdrawal of a dealer license under Minnesota Statutes, section 168 27, subdivision 12 The registrar shall suspend a dealer license when there is sufficient cause to believe that the dealer has been convicted of a crime, has committed an act, or has failed to perform a duty as follows

A The dealer willfully violates a provision of Minnesota Statutes, chapter 168, or this chapter that is not specifically set out in parts 7400 1600, 7400 1800, and 7400 1900

B The dealer willfully violates or refuses to comply with a lawful request or order of the registrar

C The dealer is convicted of a gross misdemeanor related to the business of buying or selling motor vehicles or motor vehicle parts If the gross misdemeanor conviction is from

MINNESOTA RULES 1994

11

MOTOR VEHICLE DEALERS 7400.1800

another jurisdiction, the registrar may not revoke unless the action or omission of the dealer would constitute a gross misdemeanor under Minnesota Statutes.

Subp 2 Description of willfully. For purposes of this part, the term “willfully”

A describes an intentional act or omission by a dealer when the dealer knows or should reasonably know that the act or omission violates a law, rule, request, or order and the dealer is able to comply with the law, rule, request, or order, and

B also describes an act or omission by a dealer, whether intentional or unintentional, when

(1) the dealer uses a business practice that makes it likely that the act or omission will occur,

(2) the registrar has given written notice to the dealer within the past three years that the dealer license may be suspended or revoked if the business practice is not corrected,

(3) the dealer has failed to correct the business practice within a reasonable time after receiving the notice, and

(4) the dealer’s failure to correct the business practice is a significant factor in causing the act or omission

Subp 3 Suspension period and effect. A dealer license is not valid during a suspension. When a dealer license is suspended, the dealer shall immediately surrender the dealer license certificate, all dealer license plates, and all temporary vehicle permits. After a suspension period ends, the registrar shall return the dealer license certificate, dealer license plates, and temporary vehicle permits. A suspension period ends after the last day of the period regardless of whether this day falls on a Saturday or legal holiday. The suspension period is as follows:

A. The suspension period is seven days, if there are no suspensions under subpart 1 on the dealer’s record within the past five years. The suspension period may be shortened if mitigating circumstances indicate that a shorter suspension period is appropriate. The suspension period must be at least three days.

B. The suspension period is 14 days, if there is one suspension under subpart 1 on the dealer’s record within the past five years. The suspension period may be shortened if mitigating circumstances indicate that a shorter suspension period is appropriate. The suspension period must be at least seven days.

C. The suspension period is 28 days, if there are two suspensions under subpart 1 on the dealer’s record within the past five years. The suspension period may be shortened if mitigating circumstances indicate that a shorter suspension period is appropriate. The suspension period must be at least 14 days.

D. When a suspension period is shortened based on mitigating circumstances, the registrar shall in writing identify the mitigating circumstances and give the reason for shortening the suspension period.

E. The suspension of a dealer license is on the record of the suspended dealer. The suspension of a dealer license is also on the record of another dealer if an owner, officer, or board member of the other dealer was an owner, officer, or board member of the suspended dealer at the time of the acts leading to the suspension.

F. When a suspension is imposed for a continuing violation, the suspension must last until the suspension period determined under items A to E expires or until the violation is corrected, whichever is later.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.1800 DEALER LICENSE CANCELLATION.

Subpart 1 Grounds for cancellation. Cancellation is the withdrawal of a dealer license during the period of time the dealer does not meet all dealer license requirements. The registrar shall cancel a dealer license when there is sufficient cause to believe that the dealer does not meet a dealer license requirement as follows:

A. The dealer holds a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle lessor, motor vehicle wholesaler, or motor vehicle auctioneer

MINNESOTA RULES 1994

7400.1800 MOTOR VEHICLE DEALERS

12

license and the dealer fails to have a surety bond as required by Minnesota Statutes, section 168 27, subdivision 24

B The dealer fails to provide or maintain the insurance required under Minnesota Statutes, chapter 65B.

C. The dealer pays its dealer license fee with a negotiable instrument that is not honored by the financial institution on which it is drawn

D The dealer's established place of business fails to meet the requirements of parts 7400 4000 to 7400.4300 and Minnesota Statutes, section 168 27, subdivision 10

E An owner, officer, or board member of the dealer is an owner, officer, or board member of another licensed dealer whose license is revoked The registrar shall not cancel a license if the revocation period has elapsed

F A person is added as an owner, officer, or board member of the dealer and the person has been enjoined or convicted for a violation listed in Minnesota Statutes, section 168 27, subdivision 11 If the dealer can show that the person has met the conditions of Minnesota Statutes, chapter 364, the registrar shall not cancel the license

Subp. 2. Cancellation period and effect. A dealer license is not valid after it is canceled and before it is reinstated When a dealer license is canceled, the dealer shall immediately surrender the dealer license certificate, all dealer license plates, and all temporary vehicle permits The registrar shall reinstate the dealer license if the dealer, within 60 days of the license cancellation, corrects the problem that caused the registrar to cancel the license.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.1900 SALE OF MOTOR VEHICLES ON SUNDAY.

The registrar shall use Minnesota Statutes, section 168 276, to revoke or suspend a dealer license for a violation of Minnesota Statutes, section 168 275 The registrar shall not use parts 7400 1600 and 7400 1700 to revoke or suspend a dealer license for a violation of Minnesota Statutes, section 168.275

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2000 SALE OF VEHICLES AFTER DEALER LICENSE WITHDRAWAL.

Except as provided in this part, a dealer whose license has been revoked, canceled, or surrendered shall not do business as a motor vehicle dealer after the license is no longer valid Upon a written request by a dealer whose license has been revoked, canceled, or surrendered, the registrar shall issue a permit to allow the dealer up to 30 days after the license is no longer valid to sell motor vehicles owned by the dealer, provided the conditions of items A to G are met During the 30-day period, the registrar shall immediately rescind the dealer's permit when there is sufficient cause to believe that the dealer has violated any of the conditions of items A to G

A. The dealer agrees in writing to observe the conditions of items B to G and any special conditions imposed by the registrar, such as inspection of vehicles or other conditions imposed to protect the interests of the registrar or the public.

B The dealer's written agreement includes a list of the motor vehicles that the dealer wishes to sell during the 30-day period, including the vehicle identification number of each

C The dealer physically possesses the title certificate for each vehicle to be offered for sale and each title certificate is in the dealer's name or is properly assigned to the dealer

D Each vehicle to be offered for sale was owned by the dealer while the license was valid

E The vehicles are sold only to licensed dealers

F. The dealer does not offer or sell motor vehicles held by the dealer for consignment sale

G The dealer does not buy vehicles or accept motor vehicle trade-ins

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

DEALER LICENSE WITHDRAWAL PROCEDURES**7400.2200 WITHDRAWAL PROCEDURES; DEFINITIONS.**

Subpart 1 **Scope.** The terms used in parts 7400 2200 to 7400 3700 have the meanings given them in this part

Subp. 2 **Party.** "Party" means each person named as a party by the registrar in the notice of and order for hearing The term party includes the registrar and the registrar's employees and agents, except for the hearing examiner

Subp 3 **Person.** "Person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated association or society, municipal corporation, or any government or governmental subdivision, unit, or agency other than a court of law

Subp 4 **Service or serve.** "Service" or "serve" means personal service or service by first class United States mail An affidavit of service must be made by the person making the service Personal service may be accomplished either by delivering a document to the dealer or by leaving a document with someone of suitable age and discretion at the address of the dealer as listed in the dealer records of the registrar Service by mail must be addressed to the dealer at the address of the dealer as listed in the dealer records of the registrar Service by mail is complete upon placing the item to be served in the mail with postage prepaid or depositing the item with the Central Mailing Section, Publications Division, Department of Administration

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2300 HEARING; SERVICE OF NOTICE.

Subpart 1 **Scope.** This part governs whether a hearing must be held to revoke, suspend, or cancel a motor vehicle dealer license and, if so, when the notice of and order for hearing must be served

Subp 2 **Summary cancellation.** When the registrar has grounds for cancellation under part 7400 1800, subpart 1, item A or B, the registrar shall cancel the dealer license without a hearing

Subp 3 **Summary revocation; request for hearing, notice.** When the registrar has grounds for revocation under part 7400 1600, subpart 1, item A, B, or C, the registrar shall immediately revoke the dealer license If a hearing is requested by the dealer within 15 days after the summary revocation, the registrar shall hold a hearing within 30 days after the summary revocation. If a hearing is requested by the dealer more than 15 days after the summary revocation, the registrar shall hold a hearing within 15 days after the request for hearing The registrar shall serve a notice of and order for hearing on the dealer within a reasonable time before the hearing

Subp 4 **Hearing and notice.** Except as provided in subparts 2 and 3, the registrar shall conduct a hearing before revoking, suspending, or canceling a dealer license under parts 7400.1600 to 7400 1800 The registrar shall serve a notice of and order for hearing on the dealer to commence the proceedings The notice must be served not less than 30 days before the hearing if the notice is personally served and not less than 34 days before the hearing if the notice is served by mail However, a shorter time may be allowed when it can be shown to the registrar that a shorter time is in the public interest and that interested persons are not likely to be prejudiced

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2400 HEARINGS BEFORE HEARING EXAMINER.

Dealer license revocation, suspension, and cancellation hearings required to be conducted under part 7400 2300 must be conducted by a hearing examiner appointed by the registrar

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

MINNESOTA RULES 1994

7400.2500 MOTOR VEHICLE DEALERS

14

7400.2500 NOTICE OF AND ORDER FOR HEARING; CONTENT.

The notice of and order for hearing must contain, among other things, the following

A a caption that includes the proposed action and the name and dealer license number of the dealer,

B the time, date, and place for the hearing,

C the name, address, and telephone number of the hearing examiner,

D a citation to the registrar's statutory authority to hold the hearing and take the action proposed,

E a statement of the allegations or issues to be determined together with a citation to the relevant statutes or rules allegedly violated or that control the outcome of the case, and the corrective action considered appropriate,

F a statement that if corrective action is considered appropriate and corrective action is not taken, the dealer's license may be revoked, suspended, or canceled;

G a statement that the registrar's proposed action may affect other motor vehicle dealer licenses in which the dealer or an owner, officer, or board member of the dealer is involved,

H notification of the dealer's right of representation.

(1) personally,

(2) by an attorney, or

(3) by a person of the dealer's choice, if not otherwise prohibited as the unauthorized practice of law,

I a citation to the procedural rules of the registrar in parts 7400 2200 to 7400 3700 and to the contested case provisions of Minnesota Statutes, chapter 14, and notification of how copies may be obtained,

J a brief description of the procedure to be followed at the hearing;

K a statement advising the dealer to bring to the hearing the documents, records, and witnesses needed to support the dealer's position,

L a statement that subpoenas may be available to compel the attendance of witnesses or the production of documents, referring the dealer to Minnesota Statutes, section 168.27, subdivision 13,

M. a statement advising the dealer of the name of the registrar's staff member or attorney general's staff member to contact to discuss informal disposition,

N a statement advising the dealer that failure to appear at the hearing may result in the allegations of the notice of and order for hearing being taken as true, or the issues set out being deemed proved, and a statement that explains the possible results of the allegations being taken as true or the issues proved, and

O a statement advising the dealer that if not public data is admitted into evidence it may become public unless the dealer objects and asks for relief under Minnesota Statutes, section 14 60, subdivision 2

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2600 RIGHT TO COUNSEL.

In a dealer license revocation, suspension, or cancellation, each party may be represented throughout the proceedings personally, by an attorney, or by a person of the party's choice if not otherwise prohibited as the unauthorized practice of law

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2700 CONSENT ORDER, SETTLEMENT, OR STIPULATION.

Informal disposition may be made of a dealer license revocation, suspension, or cancellation or any issue by stipulation, agreed settlement, or consent order at any point in the proceedings

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

7400.2800 DEFAULT.

The registrar or the hearing examiner may dispose of a dealer license revocation, suspension, or cancellation adverse to a dealer that defaults. Upon default, the allegations of or the issues set out in the notice of and order for hearing may be taken as true or deemed proved without further evidence. A default occurs when a dealer fails to appear at a hearing without the prior consent of the hearing examiner.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.2900 RIGHTS AND RESPONSIBILITIES OF PARTIES.

Parties have the right to present evidence, rebuttal testimony, and argument with respect to the issues, and to cross-examine witnesses. A party shall have all evidence that the party wishes to present at the hearing, both oral and written, available on the date for hearing.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3000 WITNESSES AND TESTIMONY.

A party may be a witness and may present witnesses on the party's behalf at the hearing. Oral testimony at the hearing must be under oath or affirmation. At the request of a party or upon the hearing examiner's own motion, the hearing examiner shall exclude witnesses from the hearing room so that they cannot hear the testimony of other witnesses.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3100 BURDEN OF PROOF.

The party proposing that certain action be taken must prove the facts at issue by a preponderance of the evidence. A party asserting an affirmative defense has the burden of proving the existence of the defense by a preponderance of the evidence.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3200 HEARING RECORD.

The hearing examiner shall maintain the official record in each dealer license revocation, suspension, or cancellation until issuance of the hearing examiner's final report, at which time the record must be certified to the registrar.

The record in a dealer license revocation, suspension, or cancellation must contain the evidence offered or considered, the documents, memoranda, or data submitted by any party in connection with the case, the audiomagnetic recording of the hearing, the transcript of the hearing, if one was prepared, and the hearing examiner's report.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3300 HEARING EXAMINER'S CONDUCT.

The hearing examiner shall not communicate, directly or indirectly, in connection with an issue of fact or law with a person or party, including the registrar, concerning a pending case, except upon notice and opportunity for all parties to participate. The hearing examiner may respond to questions relating solely to procedures for the hearing without violating parts 7400 2200 to 7400 3700.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3400 HEARING EXAMINER'S REPORT.

No factual information or evidence that is not a part of the record may be considered by the hearing examiner or the registrar in determining a dealer license revocation, suspension, or cancellation.

Following the close of the record, the hearing examiner shall report the findings of fact, conclusions, and a recommendation, taking notice of the degree to which the registrar has documented the statutory authority to take the proposed action and fulfilled the relevant substantive and procedural requirements of law or rule. Upon completion, the report must be delivered to the registrar who shall serve a copy of the report upon the parties.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3500 TIMING OF REGISTRAR'S DECISION.

The registrar shall not make a final decision until at least ten days after service of the hearing examiner's report if the report was personally served or 14 days after service if the report was served by mail.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3600 REGISTRAR'S DECISION; EFFECTIVE DATE.

In each dealer license revocation, suspension, and cancellation, the registrar shall render a written decision and order and serve the decision and order on all parties. Part 7400 2200, subpart 4, notwithstanding, the registrar shall serve the decision and order in the manner provided by Minnesota Statutes, section 168 27, subdivision 13. Unless a later date is stated in the order, the order is effective upon service.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.3700 REGISTRAR'S DECISION; CONTENT.

The registrar's decision and order must contain, among other things, the following:

- A a caption that includes the proposed action and the name and dealer license number of the dealer,
- B findings of fact and conclusions on the material issues;
- C the action taken by the registrar, and
- D when the license has been revoked without a hearing, notice of any rights that the dealer may have to a postrevocation hearing.

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

ESTABLISHED PLACE OF BUSINESS

7400.4000 SALVAGE POOLS, USED PARTS DEALERS, AND SCRAP PROCESSORS.

Subpart 1. Vehicle salvage pool. A vehicle salvage pool licensee must have an established place of business, which must include as a minimum a commercial building owned or under lease by the licensee. The lease must be for a minimum term of one year. The building must contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or automatic telephone answering service during normal business hours. Dealership business hours must be conspicuously posted on the place of doing business and readily viewable by the public. The licensee must have an area to display motor vehicles that is owned or under lease by the licensee. The display area may be either indoors or outdoors. The licensee must have a sign that clearly identifies the dealership by name and that is readily viewable by the public.

If a salvage pool maintains more than one place of doing business in a county, the separate places must be listed on the application. If additional places of business are maintained outside of one county, separate licenses must be obtained for each county.

Subp. 2. Used parts dealer or scrap processor. A used vehicle parts dealer or scrap metal processor licensee must have an established place of business, which must include as a minimum a street address where the books, records, and files necessary to conduct the busi-

MINNESOTA RULES 1994

17

MOTOR VEHICLE DEALERS 7400.4100

ness are kept and maintained and where there is available during normal business hours either personnel or an automatic telephone answering service

If a used vehicle parts dealer or scrap metal processor maintains more than one permanent place of doing business, either in one or more counties, the separate places must be listed in the application, but only one used vehicle parts dealer or scrap metal processor license is required

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.4100 LOCATION.

Subpart 1 Commercial building. This subpart applies to a dealer licensed as a new motor vehicle dealer, a used motor vehicle dealer, a motor vehicle auctioneer, or a vehicle salvage pool. The dealer shall own or lease a commercial office space that must be enclosed with floor to ceiling walls. The office space must be for the exclusive use of the dealer. No person, partnership, corporation, or limited liability company other than the dealer may conduct business in the office space unless the other business is in a separate office space enclosed with floor to ceiling walls. The dealer may, however, conduct any business in the office space, provided the dealer maintains separate records for purchasing or selling motor vehicles or for other motor vehicle transactions. The dealer shall maintain a separate and identifiable doorway to the office space that leads directly to the office space from the outdoors or from a public area. The dealer may maintain other doorways to the office space. If any of the other doorways leads from commercial or residential space in the same building, there must be a door that can be shut and locked to close off the entire doorway. The dealer shall maintain an address that is separate from the address of any other business or entity in the building.

Subp 2 Commercial office space. This subpart applies to a dealer licensed as a motor vehicle lessor or a motor vehicle wholesaler. The dealer shall own or lease a commercial office space that is enclosed with floor to ceiling walls. The office space must be for the exclusive use of the dealer. No person, partnership, corporation, or limited liability company other than the dealer may conduct business in the office space unless the other business is in a separate office space enclosed with floor to ceiling walls. The dealer may, however, conduct any business in the office space, provided the dealer maintains separate records for purchasing or selling motor vehicles or for other motor vehicle transactions. The dealer may have any number of doorways to the dealership. If a doorway leads from commercial or residential space in the same building, there must be a door that can be shut and locked to close off the entire doorway.

Subp. 3 Display area. This subpart applies to a dealer licensed as a new motor vehicle dealer, a used motor vehicle dealer, or a vehicle salvage pool. The area for the display of motor vehicles offered for sale by the dealer must be at least large enough for the reasonable display of five of the vehicles the dealer is selling. The display area boundaries or markings must make it readily apparent that the dealer is separate and distinct from other businesses.

Subp 4 Additional location. If a dealer has an additional location in a commercial building or commercial office space, the location must conform to all of the commercial building or commercial office space requirements that apply to the dealer's original location. If the dealer has an additional location that is outdoors or in a public area, the dealer shall own or lease the location and it must be readily apparent that the dealer is separate and distinct from other businesses.

Subp 5 Phase-in. The registrar shall waive the location requirements in this part for a licensed dealer whose location met the registrar's requirements at the time it was approved by the registrar, but whose location does not meet the requirements contained in this chapter. The waiver ends July 25, 1996. Until the waiver period ends, the location must meet either the requirements under which it was approved or the requirements of this part.

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

7400.4200 SIGNS.

Subpart 1 **Locations.** This subpart applies to a dealer licensed as a new motor vehicle dealer, a used motor vehicle dealer, or a vehicle salvage pool. There must be a sign clearly identifying the dealership by name at each location of the dealer. If the dealer's display area is not adjacent to the sign for the dealer's commercial building, the sign at the display area must also indicate where the commercial building is located. The sign must be in letters that contrast sharply in color with the background on which the letters are placed. If the sign is on a commercial building or a display area, it must be readily legible during daylight hours from the nearest road or street. If the sign is on a commercial office space, the sign must be readily legible in the lighting commonly used in the area of the sign from the nearest access to the sign.

Subp 2. **Vehicles.** This subpart applies to a dealer that acquires vehicles to dismantle or destroy. There must be a sign clearly identifying the dealer by name on each vehicle of the dealer used to transport another vehicle that the dealer has acquired to dismantle or destroy. The sign must appear on both sides of the vehicle while it is being used to transport a vehicle that will be dismantled or destroyed. The sign must be in letters that contrast sharply in color with the background on which the letters are placed and must be readily legible during daylight hours from a distance of 50 feet while the vehicle is stationary.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.4300 NORMAL BUSINESS HOURS.

Subpart 1 **Absence during normal business hours.** If a new motor vehicle dealer will not have personnel available during normal business hours or if any other dealer will not have personnel available or an automatic telephone answering service during normal business hours, the dealer shall notify the registrar. The dealer shall give notice so that it is received by the registrar at least seven days before the absence will occur, unless the reason for the absence is not known at that time, in which case, the dealer shall give notice as soon as reasonable. The dealer may notify the registrar in writing or by telephone. If the dealer notifies the registrar by telephone, the registrar shall give the dealer a verification number.

Subp 2 **Records and location availability.** The limitations of this subpart apply only to routine dealer inspections conducted by dealer examiners of the Driver and Vehicle Services Division of the Department of Public Safety. A dealer shall make its records and location available to the registrar for inspection, upon the request of the registrar. If the request is made when personnel responsible for maintaining the records and location are available to assist the registrar at a dealer's established place of business during business hours, the dealer shall make the records and location available for inspection at that time. If the request is made when personnel responsible for maintaining the records and location are not available to assist the registrar, the dealer shall inform the registrar and shall make arrangements to make the records and location available to the registrar within 30 days of the request. If the request is made by a written notice or by leaving a message with the automatic telephone answering service of the dealer, the dealer shall respond by contacting the registrar within 14 days of the request and shall make the records and location available for inspection by the registrar within 30 days of the request.

For nonroutine dealer inspections, a dealer shall make its records and location available for inspection upon request as required by Minnesota Statutes, section 168A 11, subdivision 3. Nonroutine inspections include inspections by

A a peace officer,

B a dealer examiner conducted to follow up on findings of noncompliance from a previous inspection, and

C a dealer examiner conducted in conjunction with an inspection by a peace officer.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

VEHICLE TRANSACTIONS; RECORDS

7400.5000 ACQUIRING NEW MOTOR VEHICLE; DOCUMENTATION.

Subpart 1 **Documentation required on file.** For each new vehicle acquired and held for resale by a dealer, the dealer must have on file the originals or copies of the purchase agreement or dealer invoice and of the manufacturer's statement or certificate of origin

Subp 2 **Purchase agreement or dealer invoice.** The purchase agreement or dealer invoice must be maintained and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer. The purchase agreement or dealer invoice must contain the following information

- A the name and address of the dealer and every seller,
- B a complete description of the vehicle, including the model year, make, model, body style, and vehicle identification number,
- C the date of acquisition, and
- D where applicable, signatures on behalf of the sellers and the dealer

Subp 3 **Manufacturer's statement or certificate of origin.** The manufacturer's statement or certificate of origin must be maintained and made available for the registrar's inspection until the vehicle is sold or otherwise disposed of by the dealer

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5100 ACQUIRING USED MOTOR VEHICLE; DOCUMENTATION.

Subpart 1 **Documentation required on file.** For each used vehicle acquired and held for resale by a dealer, the dealer must have on file the originals or copies of the purchase agreement, an odometer statement, the certificate of title, and, if the vehicle has a Minnesota certificate of title, a dealer purchase receipt as required by Minnesota Statutes, section 168A 11

Subp 2 **Purchase agreement.** The purchase agreement must be maintained and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer. For a purchase from a licensed dealer or motor vehicle owner, this information does not need to be on a document separate from the certificate of title. The purchase agreement must contain the following information

- A the name and address of the dealer and every seller,
- B a complete description of the vehicle, including the model year, make, model, body style, vehicle identification number, license plate number, and state of registration,
- C the date of acquisition, and
- D signatures on behalf of the sellers and the dealer

Subp 3 **Odometer statement.** The odometer statement must meet the requirements of chapter 7402, and Minnesota Statutes, section 325E.15. The odometer statement must be maintained and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer. The odometer statement does not need to be on a document separate from the certificate of title

Subp 4 **Certificate of title.** The dealer shall ensure that the certificate of title is properly assigned to the dealer and signed by all sellers. The original or a copy of the certificate of title must be maintained and made available for the registrar's inspection until the vehicle is sold or otherwise disposed of by the dealer

Subp 5 **Dealer purchase receipt.** The dealer purchase receipt must be maintained and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer. The dealer purchase receipt must contain the following information

- A the title number of the vehicle, when it is available, or the license plate number and state of registration, when the title number is not available,
- B a complete description of the vehicle, including the model year, make, model, body style, and vehicle identification number,

MINNESOTA RULES 1994

7400.5100 MOTOR VEHICLE DEALERS

20

C the names and street addresses of all sellers and, if applicable, the seller's dealer number,

D the name, street address, and dealer number of the dealer submitting the dealer purchase receipt,

E. the date of acquisition, and

F a signature on behalf of the dealer

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5200 SELLING NEW OR USED MOTOR VEHICLE.

Subpart 1 **Documentation required on file.** For each vehicle sold by a dealer, the dealer must have on file copies of the sales agreement, an odometer statement, and, if the vehicle is sold to a Minnesota retail customer, evidence that taxes and fees have been collected from the customer and paid to the registrar and that an application for a Minnesota certificate of title has been completed and filed

Subp 2 **Sales agreement.** The sales agreement must be maintained and made available for the registrar's inspection for three years after the sale of the vehicle. For a sale to a licensed dealer, this information does not need to be on a document separate from the manufacturer's statement or certificate of origin or the certificate of title. The sales agreement must contain the following information

A the name and address of the dealer and every purchaser,

B a complete description of the vehicle, including the model year, make, model, body style, vehicle identification number, and, if a used vehicle, the license plate number and state of registration,

C if the vehicle is sold to a retail customer, the sale price of the vehicle,

D the allowance for and the description of any trade-in,

E an itemized list of all fees and taxes collected in connection with the vehicle transaction,

F the date of sale, and

G. signatures on behalf of the purchasers and the dealer

Subp 3 **Odometer statement.** The odometer statement must meet the requirements of chapter 7402, and Minnesota Statutes, section 325E 15. The odometer statement must be maintained and made available for the registrar's inspection for three years after the sale of the vehicle. The odometer statement does not need to be on a document separate from the certificate of title

Subp 4 **Taxes, fees, and title application.** Except as provided in items A to D, the dealer shall complete a title and registration application and shall submit the application along with the excise and registration taxes and all applicable fees to the registrar within ten days of the sale of the vehicle. The dealer must have on file an itemized receipt showing a breakdown of the taxes and fees paid. The receipt must be stamped as paid by a deputy registrar. The receipt must be maintained and made available for the registrar's inspection for three years after the sale of the vehicle

A. If the purchaser is not a Minnesota customer, the dealer is not required to complete an application or submit the application, taxes, and fees

B If the purchaser is eligible to pay a prorated tax and provides a prorate account number to the dealer, the dealer shall complete and file a title application, but the dealer is not required to collect and submit either the excise or registration tax

C If the vehicle is currently registered in Minnesota, the dealer is not required to collect and submit the registration tax

D If the vehicle must have an emissions inspection before registration, the dealer is not required to collect and submit the registration tax

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5300 HOLDING VEHICLE FOR CONSIGNMENT SALE.

Subpart 1 **Consignment agreement required; content.** When a dealer has possession of a vehicle belonging to another person and the dealer is holding the vehicle for sale, the dealer must have on file an original or copy of a written consignment agreement. The dealer shall give one copy of the consignment agreement to each owner of the vehicle. The consignment agreement must be maintained by the dealer and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer. The consignment agreement must contain the following information:

- A the beginning date and termination date of the agreement,
- B the full name, address, and phone number of each owner of the vehicle;
- C the full name, address, phone number, and dealer number of each dealer involved in the agreement,
- D a complete description of the vehicle, including the model year, make, model, body style, vehicle identification number, license plate number, and state of registration,
- E the vehicle odometer reading at the time the agreement is signed, unless the vehicle is reported to the registrar under part 7400.5700,
- F the terms of the agreement, including the method of calculating the dealer's compensation,
- G a statement specifying which party is responsible for maintaining insurance on the vehicle in accordance with Minnesota Statutes, chapter 65B, during the time the dealer is holding the vehicle for sale,
- H the policy number and the name of the insurance company providing insurance on the vehicle,
- I signatures on behalf of each owner and the dealer, and
- J if the vehicle is returned to the owner, the date of return and a signature on behalf of each owner acknowledging the return.

Subp 2 **Multiple vehicles under one consignment agreement.** A consignment agreement may cover multiple vehicles owned by the same person or persons and consigned to the same dealer. The description, odometer reading, and insurance information for each vehicle must be contained in the agreement or in an addendum to the agreement. An addendum to the agreement must clearly refer to the agreement and must be signed on behalf of each owner and on behalf of the dealer. The agreement and each addendum to the agreement must be maintained by the dealer and made available for the registrar's inspection for three years after the last vehicle covered by the agreement is sold or otherwise disposed of by the dealer.

Subp 3 **Selling junked vehicle.** Before selling on consignment an unreparable total loss vehicle with a junking certificate, a dealer licensed as a vehicle salvage pool or acting as an agent of an insurance company shall verify that the purchaser holds a used vehicle parts dealer license from Minnesota.

Subp 4 **Salvage vehicle sold on consignment.** If a vehicle sold on consignment is subject to the requirements of Minnesota Statutes, section 168A.151, subdivision 1, a dealer may not deliver the title to the buyer unless the title is a salvage certificate of title.

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

7400.5400 TEMPORARY VEHICLE PERMITS FOR BUYERS.

Subpart 1 **Permits issued to dealers.** A temporary vehicle permit is a permit issued under Minnesota Statutes, section 168.091 or 168.092, to a purchaser of a motor vehicle. Permits may be distributed to a dealer for issuance to purchasers of motor vehicles from the dealer. When the dealer sells a motor vehicle, the dealer shall not issue more than one permit for the vehicle. When requested by the registrar, the dealer shall submit to the registrar the dealer's copy of a permit.

Subp 2 **Contents of permit.** The dealer's copy of a temporary vehicle permit must be maintained and made available for the registrar's inspection until the copy is submitted to the registrar under subpart 1 or for three years, whichever comes first. The permit must contain the following information:

- A the issue date and the expiration date of the permit,
- B. a description of the vehicle, including the model year, make, and vehicle identification number,
- C. when applicable, the registered gross weight of the vehicle,
- D either the name and address or the Minnesota driver's license number of the purchaser;
- E. the name of the insurance company with which the purchaser holds an automobile insurance policy conforming to Minnesota Statutes, chapter 65B, and either the policy number or a statement that the policy number has not yet been issued,
- F the name and dealer number of the dealer, and
- G. for a resident permit, the address of the dealer and a signature on behalf of the dealer

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5500 LEASING VEHICLES.

Subpart 1 Documentation required on file. For each Minnesota-registered vehicle leased by a dealer, the dealer must have on file copies of the purchase agreement or dealer invoice, the certificate of title or the registration card, and all lease agreements transacted in Minnesota. For each leased vehicle with out-of-state registration, the dealer must have on file records indicating the state of title and registration, the date that a licensed location of the dealer took delivery of the vehicle in Minnesota, and copies of all lease agreements transacted in Minnesota. These documents must be maintained and made available for the registrar's inspection for three years after the vehicle is sold or otherwise disposed of by the dealer.

Subp 2 Selling leased vehicle. For each leased vehicle that is subsequently sold by the dealer, the dealer shall meet the requirements of part 7400.5200.

Statutory Authority: *MS s 299A.01*

History: *19 SR 157*

7400.5600 ACQUIRING SALVAGE VEHICLE.

If a dealer acquires a damaged motor vehicle with an out-of-state title and the cost of repairs exceeds the value of the damaged vehicle, the dealer shall apply for a salvage certificate of title. If a dealer acquires a motor vehicle with an out-of-state salvage title or certificate as proof of ownership, the dealer shall apply for a salvage certificate of title. The dealer shall apply for the salvage certificate of title within 48 hours of receiving the out-of-state title. If the dealer sells the vehicle before the 48-hour period lapses, the dealer shall nevertheless apply for the salvage certificate of title and shall not deliver the out-of-state title to the buyer.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5700 ACQUIRING VEHICLE TO DISMANTLE OR DESTROY.

Subpart 1 Older model vehicle. When a dealer buys an older model vehicle to be dismantled or destroyed, the dealer shall report to the registrar and shall surrender the certificate of title to the registrar. Completion of the title in the name of the seller is not required. The dealer shall complete the report and shall submit it to the registrar within 30 days of taking delivery of the vehicle. A dealer's obligation to report the vehicle is met if the title has previously been surrendered to an appropriate titling authority.

Subp 2 Late model or high value vehicle. When a dealer buys a late model or high value vehicle to be dismantled or destroyed, the dealer shall report to the registrar and shall surrender the certificate of title to the registrar. The "Assignment by Seller" portion of the title must be completed and all security interests must be released. A dealer's obligation to report the vehicle and surrender the title is met if the title has previously been surrendered to an appropriate titling authority.

A This item applies to a dealer licensed as a used vehicle parts dealer or a scrap metal processor, but not licensed as any other type of dealer. Within ten days of taking deliv-

MINNESOTA RULES 1994

23

MOTOR VEHICLE DEALERS 7400.5900

ery of the vehicle, the dealer shall either complete the report or have an authorization from the owner or insurer of the vehicle. The dealer shall submit the report and the title to the registrar within ten days of receiving the title.

B This item applies to a dealer that is licensed as a new motor vehicle dealer, used motor vehicle dealer, vehicle salvage pool, motor vehicle lessor, motor vehicle wholesaler, or motor vehicle auctioneer. Within 48 hours of taking delivery of the vehicle, the dealer shall either complete the report as set out in subpart 3 or meet all the requirements of part 7400.5100 for holding a vehicle for resale.

(1) If the dealer completes the report in subpart 3, the dealer shall submit the report and the title to the registrar within ten days of receiving the title.

(2) If the dealer meets all the requirements of part 7400.5100 for holding a vehicle for resale and later decides to dismantle or destroy the vehicle, the dealer shall complete a report and shall submit the report and the title to the registrar within ten days of making the decision or within ten days of receiving the title, whichever is later.

Subp 3 Report. The dealer shall make the report on a form created or approved by the registrar. A copy of the report must be maintained and made available for the registrar's inspection for three years after the decision to dismantle or destroy the vehicle. The report must include the following information:

A the dealer's name and dealer number,

B a complete description of the vehicle, including the model year, make, model, body style, vehicle identification number, license plate number, and state of registration, and

C the seller's name and driver's license number. When the seller is a corporation, limited liability company, or partnership, the dealer shall include on the report the full name of the seller and of the person authorizing the sale in place of the seller's driver's license number. When the person selling the vehicle does not have a driver's license number available, the dealer shall include on the report the seller's full name and date of birth. When a dealer holds a vehicle for resale and later decides to dismantle or destroy the vehicle, the dealer may write "NOT AVAILABLE" in place of the seller's driver's license number. The registrar's acceptance of information on the report in place of the driver's license number is only for meeting the reporting requirements of subparts 1 and 2. The reporting does not serve to relieve the dealer of liability to the owner of the vehicle if the seller of the vehicle did not have authority to sell the vehicle.

Subp 4 Title. A title acquired by the dealer must be maintained and made available for the registrar's inspection until the title is surrendered to the registrar.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5800 SELLING SALVAGE VEHICLE TAKEN OUT OF STATE; REPORT.

When a dealer sells a salvage vehicle to a buyer who intends to remove the vehicle from the state, the dealer shall report to the registrar. The report must be on a form created or approved by the registrar. The report must be submitted to the registrar within ten days of the buyer receiving the title or of the buyer removing the vehicle from the state, whichever is earlier. A copy of the report must be maintained by the dealer and made available for the registrar's inspection for three years after the sale of the vehicle. The report must include:

A the dealer's name and dealer number,

B a complete description of the vehicle, including the model year, make, model, body style, vehicle identification number, license plate number, and state of registration, and

C the buyer's name and address.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

7400.5900 RECORD KEEPING.

Subpart 1 Records kept on paper. This part applies to all records required to be maintained by a dealer under this chapter. Except as otherwise provided in subpart 2, a dealer shall make all records on paper of a quality to ensure permanent records.

MINNESOTA RULES 1994

7400.5900 MOTOR VEHICLE DEALERS

24

Subp 2 **Records kept on other media.** A dealer may make records using a medium other than paper if the dealer applies for and receives approval from the registrar. The registrar shall approve the use of an alternate medium for maintaining records if the registrar determines that the following conditions are met.

A. those authorized by law to have access to information contained in the records will have access to the information,

B the accuracy, security, and permanency of information contained in the records will be adequately protected, and

C. the records are not otherwise required by law or rule to be an original document

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*

DEALER LICENSE PLATES

7400.6000 DEALER LICENSE PLATES.

Subpart 1 **Use by dealer.** Under Minnesota Statutes, section 168 27, subdivision 16, clause (1), a motor vehicle owned by a dealer and bearing a dealer demonstration plate may be used by the dealer, or by the dealer's spouse, or by a full-time employee of the dealer for either private or business purposes. All owners, officers, and board members are dealers for purposes of the use of dealer demonstration plates.

Subp. 2 **Use by prospective buyer.** Under Minnesota Statutes, section 168 27, subdivision 16, clause (3), a dealer demonstration plate may be used for demonstration purposes by a prospective buyer of a motor vehicle. During the demonstration period, the vehicle may be used for private or business purposes by the prospective buyer.

Subp 3 **Improper use of dealer plate.** The registrar shall immediately revoke a dealer demonstration plate or a dealer in-transit plate when the registrar has sufficient cause to believe that the plate was used on a vehicle other than as provided in subparts 1 and 2 or Minnesota Statutes, section 168 27, subdivisions 16 and 17. When a dealer plate is revoked, the dealer shall surrender the plate to a peace officer or to the registrar at the time notice of revocation is delivered to the dealer. If a revoked dealer plate is not at the dealer's place of business when a notice of the revocation is served, the dealer shall surrender the plate to the registrar within 48 hours after notice of the revocation is served. The vehicle on which the dealer plate was misused must be titled and registered within ten days of the revocation of the plate.

Statutory Authority: *MS s 299A 01*

History: *19 SR 157*