

## **UMV&PC Requirement for OSBI Reports**

### **By ADR Staff**

Oklahoma used motor vehicle dealers are finding that failure to comply with state and federal regulations can have a negative impact on store profits. Violations can result in fines and/or sanctions being imposed against dealers and salespersons. Fines may be up to \$1,000 for each violation; sanctions may include revocation of license. Further, dealers may be required to attend the Commission education class as a condition of any consent agreement. Following are activities for which dealers have been fined and sanctioned in recent months.

**Allowing unlicensed individual to act as a dealer** resulted in a \$3,500 fine for one dealer. All persons are prohibited from engaging in activities that facilitate non-dealers acting as dealers. Prohibited activities include a dealer selling vehicles to an individual without assigning the title to the buyer, then allowing the individual to sell the vehicles from the dealer's licensed location.

**Employing an unlicensed individual as a salesperson** resulted in a \$2,500 fine for one dealer and a \$5,000 fine for another dealer. Dealers are responsible for ensuring that all persons acting as salespersons in their employment are duly licensed by the UMV&PC.

**Rebuilding vehicles without a rebuilder's license** resulted in \$1,000 fine for one dealer. Rebuilding vehicles for sale without obtaining a used motor vehicle rebuilder's license can be grounds for a fine.

**Failing to execute and retain bills of sale.** Rules require dealers to execute and retain a sales contract or bill of sale for each transaction. The form must be approved by the Commission for use by used motor vehicle dealers in the state of Oklahoma. The form shall identify the parties to the sale, document specific identifying vehicle information, comply with Federal Used Car Rule requirements, fully document contingencies to the sale, clearly indicate the type of title, and satisfy various other requirements as specified by Rule.

**Failing to execute 30-day notice title receipts.** UMV&PC Rules require dealers to provide specific notice to the purchaser that the title must be registered in the purchaser's name and all taxes paid within 30 days of the sale. Because of heightened enforcement of this Rule, the 30-day notice language has been incorporated in the Retail Purchase Agreement/Bill of Sale (F06) and Retail Purchase Agreement/Multiform (F06.2) offered to dealers through the OIADA.

**Failing to make and retain copies of certificates of title.** UMV&PC Rules require dealers to make a copy of the front and back of the completely assigned certificate of title with the tax stamp affixed. The title copy should be retained along with the other sales documents for the vehicle.

**Failing to deliver certificates of title within 30 days** resulted in a fine of \$1,500 for one dealer. State law requires dealers to deliver certificates of title within 30 days of selling a vehicle. The penalty can be as much as \$100 per title.

**Contracting vehicles for sale using different processing fees in the contracts.** The processing fee is permitted under the Consumer Credit Code to allow the creditor to recover the costs associated with processing applications, including but not limited to cost of services such as credit reports and credit investigations. Assessing different processing fee amounts for different accounts may lead to charges of discrimination in violation of the Equal Credit Opportunity Act. Assessing fees on credit sale customers, but not on cash sale customers, requires the additional fees to be considered a cost of financing and should, therefore, be included in the Annual Percentage Rate calculation.

**Selling vehicles at locations other than the dealer's licensed location and advertising vehicles online as "for sale by owner"** resulted in a \$6,000 fine for one dealer. A dealer license authorizes the holder to sell vehicles from the location indicated on the license application. Sales from any other location, including the dealer's home, are strictly forbidden. Dealers must disclose the fact of their licensing when advertising vehicles for sale. Dealers cannot offer vehicles for sale as "by owner."

**Failing to maintain temporary license plate records.** UMV&PC Rules require dealers to maintain a record of temporary license plates issued. The record shall include the unique sequential number, the date issued, the name of the purchaser and the year, make, model and vehicle identification number of the vehicle for which the temporary license plate was issued. It is recommended that the unique sequential number also be recorded on the bill of sale in order to readily cross-reference to the tag log.

**Misusing temporary tags resulted in a \$3,000 fine for one dealer.** Tags were placed on unsold vehicles and were placed on dealership vehicles being used for business purposes. UMV&PC Rules permit the use of temporary tags ONLY on vehicles that have been sold. Metal dealer plates, rather than temporary tags, are appropriate for use on dealership vehicles being used for business purposes.