

SECTION I

DEALER LICENSES

TYPES OF DEALER LICENSES

The Department of Motor Vehicles (DMV) issues several types of licenses for buying, selling and trading motor vehicles. The type of business you wish to operate should determine the type of license appropriate for you. Each license is valid for 12 months and must be displayed prominently in your place of business. Each license applies to only one dealer at one business location and is not transferable to any other dealer or location. The fee for each license is \$50. If you operate as a dealer or wholesaler without the proper license, you may be convicted of a misdemeanor and fined up to \$10,000 and/or imprisoned for up to two (2) years.

MOTOR VEHICLE DEALER LICENSE

A motor vehicle retail dealer license, the most commonly issued license, will allow you to sell retail or wholesale motor vehicles in your inventory. Vehicles may be sold to the general public and any other dealer or wholesaler.

As a licensed dealer, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a dealer license if you do the following:

- sell or attempt to sell more than five (5) vehicles in a calendar year.

MOTOR VEHICLE WHOLESALER LICENSE

Licensed motor vehicle wholesalers differ from dealers in that the law restricts to whom they can sell motor vehicles. As a licensed wholesaler, you may only sell vehicles in your inventory to licensed motor vehicle dealers or other licensed wholesalers. There are no limitations on or requirements for the number of vehicles you sell in a calendar year. In addition, as a licensed wholesaler, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a wholesaler license if you do the following:

- sell or attempt to sell more than five (5) vehicles in a calendar year.

MOTOR VEHICLE WHOLESALE AUCTION LICENSE

A motor vehicle wholesale auction license allows you to conduct a motor vehicle auction in your place of business. You do not own the vehicles auctioned. Other businesses actually own, buy or sell the vehicles. Your wholesale auction license permits you to provide a building or place to conduct the auction. If you choose to purchase and sell vehicles belonging to the auction, you may do so.

MOTORCYCLE DEALER LICENSE

As a retail motorcycle dealer, you are licensed to sell retail or wholesale motorcycles in your inventory to the general public or any other dealer or wholesaler. As a licensed motorcycle dealer, you are not required to sell a specific number of motorcycles to maintain your license. However, you must have a dealer license if you do the following:

- sell or attempt to sell more than five (5) motorcycles in a calendar year.

MOTORCYCLE WHOLESALER LICENSE

Licensed motorcycle wholesalers are limited to selling motorcycles to licensed motorcycle dealers or other licensed motorcycle wholesalers. In addition, as a licensed wholesaler, you are not required to sell a specific number of vehicles to maintain your license. However, you must have a motorcycle wholesaler license if you do the following:

- sell or attempt to sell more than five (5) motorcycles in a calendar year.

TRAVEL TRAILER DEALER LICENSE

You are required to be a travel trailer dealer if you do the following:

- sell or attempt to sell one travel trailer that has never been titled.
- sell or attempt to sell more than three (3) previously titled travel trailers in a calendar year.

(NOTE: These dealers are issued a regular dealer's license marked *Travel Trailer Dealer*. This dealer license expires on December 31 regardless of issue date. Only travel trailers [also called campers, RVs, and motor homes] are issued this type of license. The sale of utility and other trailers do not require a dealer license.)

(TEMPORARY) TRAVEL TRAILER/CAMPER DEALER LICENSE

You must be a licensed South Carolina travel or camper trailer dealer to apply for a temporary travel trailer dealer license. This temporary license permits you to exhibit and sell travel trailers or motor homes at fairs, recreational and sports shows, vacation shows and other similar events. Dealers may not purchase more than six (6) temporary licenses in one year. This license applies to only one dealer operating in one location and is not transferable to any other dealer or location.

The temporary travel trailer/dealer camper license is valid for 10 consecutive days, and the fee is \$20 per license. DMV Form 417-C, "Application for a Temporary Motor Home or Travel Trailer Dealer License" must be completed in order to obtain this license.

TRANSPORTER PERMIT

A “transporter” is a person engaged in the business of moving motor vehicles for the following purposes:

- from a manufacturer to a dealer;
- from a railroad terminal to a storage facility;
- for further construction of cabs or bodies; or
- in connection with the foreclosure or repossession of a vehicle.

A person applying for a transporter permit must complete DMV Form DLA-3, Application for License as Motor Vehicle Transporter. The annual fee for a transporter permit is \$50. Transporters may also purchase transporter plates for an annual fee of \$10 per plate. Transporter plates may be transferred from vehicle to vehicle, but must not be used on vehicles that are loaned, rented, or leased. To use transporter plates you must have obtained a transporter permit or be an employee of the permit holder with your name and drivers license on file with the DMV.

Brokers and/or Internet Dealers/Wholesaler

Brokers and/or Internet Dealers/Wholesalers must comply with all current dealer requirements.

PENALTY

If you operate as a dealer, wholesaler, auto auction, or transporter without the proper license, you may be convicted of a misdemeanor and fined up to:

1. \$200 and/or imprisoned for up to 30 days for first offense.
2. \$1,000 and/or imprisoned for up to six (6) months for second offense.
3. \$10,000 and/or imprisoned for up to two (2) years for third and subsequent offenses.

HOW TO APPLY

Before beginning business operations as a dealer or wholesaler, you must pay all required fees to the Department of Motor Vehicles. Depending upon the type of license you require and whether you have been licensed before, your licensing requirements may differ.

INITIAL/NEW DEALER LICENSE APPLICATIONS

To obtain any type of dealer or wholesaler license, you must complete all required applications and pass an inspection by the Department of Motor Vehicles' Dealer Licensing and Audit Unit. As a first-time applicant or wholesaler changing to a retail dealer license you must, submit the following documents:

- DMV Form DLA-1, "Application for Dealer or Wholesaler License"
- DMV Form DLA-1B, "Motor Vehicle Dealer and Wholesaler Surety Bond" with an appropriate power of attorney
- Certificate of Completion from an approved eight (8) hour dealer pre-licensing class

No fees are required when submitting your application. Your application and documents must be presented or mailed to the address below:

**South Carolina Department of Motor Vehicles
Dealer Licensing and Audit Unit
P.O. Box 1498
Blythewood, SC 29016-0023
For questions, call (803) 896-2611**

Application

DMV Form DLA-1, "Application for Dealer or Wholesaler License" is the application to complete for a dealer or wholesaler license. You must indicate the type of business you intend to operate, the address of your dealership and information regarding your employees. The application also requires you to provide estimates regarding the number of vehicles you expect to sell during the first year of operation.

Surety Bond

DMV Form DLA-1B, "Motor Vehicle Dealer and Wholesaler Surety Bond" insures that every dealer or wholesaler applicant furnishes a surety bond. The amount of the bond varies depending on the type of dealer or wholesaler (see DMV form DLA-1B for details). You must submit your original Surety Bond and Power of Attorney with DMV Form DLA-1, "Application for Dealer or Wholesaler License" at the time of your application. The purpose of the bond is to provide indemnity for loss or damage caused an individual due to fraud or fraudulent representation in relation to a sale or transfer of a motor vehicle by a licensed dealer, wholesaler, or their employees.

Your bond must be in effect before the DMV will issue a license to you. The owner, partner, or corporate officer of the dealership must sign the surety bond. If you should change your bonding company, you must mail a new surety bond and Power of Attorney to the Dealer Licensing and Audit Unit as indicated below:

South Carolina Department of Motor Vehicles
Dealer Licensing and Audit Unit
P.O. Box 1498
Blythewood, SC 29016-0023

DEALER PRE-LICENSE COURSE

Certificate of Completion from an Approved Eight (8) Hour Dealer Pre-licensing Class. (Note: Franchised dealers, wholesalers, auto auctions, and motorcycle dealers are exempt from the pre-license course.)

INFORMATION CHANGES

Any changes in the information provided on your application (DMV Form DLA-1, "Application for Dealer or Wholesaler License") must be reported to the SCDMV Dealer License & Audit Unit within 30 days, along with a new surety bond or a rider. If you move your dealership to a new location, change the name of the business, change ownership or change your status from a wholesaler to a dealer, you must complete and submit a new application. In the event you cease operating as a dealer or wholesaler, you must notify the DMV within 10 days and return your dealer or wholesaler license as well as any dealer plates issued to you.

INITIAL INSPECTION

Once your application is processed by the Dealer Licensing and Audit Unit, a DMV agent will contact you to schedule an initial inspection of your place of business. During this inspection, the DMV agent will determine whether or not your place of business and operational procedures qualify you as a motor vehicle dealer. Depending upon your status as a dealer or wholesaler, certain requirements must be met for you to pass the inspection (see Sections 1-8 and 1-9 Dealership Requirements).

Once the inspection is completed, you will be notified within 10 working days whether your license is approved or disapproved. If disapproved, you may request an administrative hearing to contest the DMV's action. See Section V of this manual on how to request an administrative hearing.

If you have multiple locations, you must apply for a separate license and have a separate surety bond for each location.

RENEWAL APPLICATIONS

Your dealer license expires 12 months from the month of issue, except travel trailer dealer licenses, which expire on December 31. To renew your dealer or wholesaler license, you must complete and submit the following documents to a local DMV field office:

- **DMV Form DLA-1, “Application for Dealer or Wholesaler License”,**
- **DMV Form DLA-1C, “Certification of Vehicles Sold by Dealer”** (required if purchasing dealer plates.)

Dealers may substitute another form to certify sales. However, the identical information that the DMV requires must be indicated. The DMV reserves the right to authorize other certifications.

Individual bills of sale or other individual documents will not be accepted.

(Note: If you purchased a new surety bond since your last application, you must submit your original bond and Power of Attorney when you renew your license at your local DMV Field office.

Inspections for Renewals

Some applicants require facility inspection prior to renewal. The following criteria determine whether or not an inspection is required for a renewal applicant:

1. The dealer or wholesaler license has been expired for more than 90 days;
2. The status of the license has changed (wholesaler to retail dealer or vice versa);
3. The name and/or address of the dealer or wholesaler changed;
4. The ownership or location changed.

(NOTE: If any of these changes occur, you must contact the Dealer Licensing and Audit Unit at 803-896-2611.)

TIPS TO REMEMBER...

- ◆ The name and address on your surety bond must match the name and address on your application.
- ◆ The names, addresses, and driver's license numbers of all your employees must be furnished on the reverse side of your application. If additional space is needed, please attach a separate sheet of paper.
- ◆ Prior to moving or changing the name of your dealership, a DMV agent must inspect your new location before a new license can be issued.
- ◆ If you have been assigned a new address by the 911 system or post office, you must submit a new application, letter from the Post Office and an address change rider from your bond company.
- ◆ If you are applying for a retail license, you must provide your South Carolina sales tax number.
- ◆ If you are applying for a wholesale only license, you must provide your South Carolina Sales Tax exempt number..
- ◆ You should submit only original documents for processing.
- ◆ Before you apply for a dealer license, you must file articles of authorization with the S. C. Secretary of State. Example: "Inc" or "LLC."

DEALERSHIP REQUIREMENTS

Certain criteria must be met for your business to operate legally in South Carolina. Your Dealer Agent can explain the requirements and offer suggestions.

BUILDING REQUIREMENTS

Building Structure (Not Required for Wholesalers)

As a motor vehicle dealer, you must maintain a bona fide established place of business that is a permanent enclosed structure or building. Your building, whether a permanent structure or mobile home, must have at least 96 square feet of floor space. The structure cannot be a residence, tent, temporary stand or other temporary quarters. The building also must be easily accessible to the public. The principal business conducted in the building by the dealer (except motorcycle dealers) must be the selling or exchanging of vehicles. Your records, files, and books shall also be maintained and housed in this structure. Businesses must post the days and hours of operation.

Sign (Not Required for Wholesalers)

Your business location must display a permanent sign with lettering that is at least six inches (6") in height. Your sign must be clearly legible from the nearest avenue of traffic, and must clearly identify your business.

Lot (Not Required for Wholesalers)

As a dealer, you must have a reasonable area and/or lot to properly display motor vehicles. Reasonable area is defined as a 2,000-square-foot minimum, excluding alleys and driveways. The total area may include a display area and lot located at the same address. Dealers are encouraged to contact the Dealer Licensing and Audit Unit at (803) 896-2611 to discuss facility requirements.

Zoning and Business License Regulations

Dealers should research and comply with all local zoning and business license regulations.

Garage Liability Insurance

You must obtain garage liability insurance prior to applying for dealer demonstration plates. Upon cancellation of garage liability insurance, you will be required to surrender dealer plates to your local DMV. If you decide to operate your business without dealer plates, obtaining garage liability insurance is optional. **(NOTE: Dealers may discuss any potential issues with their respective dealer agents by contacting the Dealer Licensing and Audit Unit (803) 896-2611.)**

DISPLAYING YOUR DEALER OR WHOLESALER LICENSE

Once you receive your dealer license, you must display it in a prominent place in your business.

BUYER'S GUIDE

Federal law requires that every used vehicle for sale on a dealer lot must have a completed "Buyer's Guide Form" in the window. This form indicates whether the used vehicle is being sold

under warranty or "As Is" without a warranty. When the vehicle is sold, one copy of the form must remain with the dealer's records and another copy must be given to the customer buying the vehicle. The purchaser should sign both copies. This requirement protects dealers and customers from any misunderstandings. A "Buyer's Guide" must be signed by both parties to be enforceable.

RECORDS

Every dealer is required to keep complete records of each sales transaction at the licensed location. These records must be maintained for four (4) years from the date of the transaction. To be accurate and complete, these records must reflect the following on all incoming and outgoing documents:

1. The correct name and address of the buyer and seller of the vehicle.
2. The correct date of the transaction.
3. A correct description of the vehicle, which includes the vehicle identification number, year, make, model, and body type.
4. The Federal Odometer Disclosure Statement; the odometer reading at the time the vehicle was transferred to and from the dealer or wholesaler.

The DMV requires that these records be available for inspection and duplication by a DMV agent during normal business hours at all reasonable times. Your records must be maintained in a reasonably organized and orderly manner. All entries must be legible upon inspection. If your records are not kept in this fashion, you could receive a sanction from the DMV. Any dealer or wholesaler who fails to keep the required records or fails to make them available upon inspection is guilty of a misdemeanor. Upon conviction, the dealer or wholesaler may be fined up to \$200, imprisoned for up to 30 days and/or lose his or her dealer license.

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS

All businesses including Motor Vehicle Dealers that extend credit to consumers and have gross sales in excess of \$150,000 are required to file a "Consumer Credit Grantor Notification" form with the South Carolina Department of Consumer Affairs (SCDCA). Additionally, all businesses, including Motor Vehicle Dealers, that impose a finance charge on credit sales or consumer loans in excess of 18% APR must file a Maximum Rate Schedule with the SCDCA. Also, every Motor Vehicle Dealer charging closing fees on a Motor Vehicle sales contract shall pay a one time registration fee of ten dollars (\$10.00) during each state fiscal year (July - August 31).

For more information contact:
South Carolina Department of Consumer Affairs
3600 Forest Drive, Suite 300
P.O. Box 5246
Columbia, South Carolina 29250
Website: www.sccoconsumer.gov
(Forms available on Web)
or call (803) 734-4200

SOUTH CAROLINA DEPARTMENT OF REVENUE

You can register for the most common state business taxes by completing Form SCTC-111, Business Tax Application, which can be obtained from the Department of Revenue (DOR) website at www.sctax.org or by calling DOR's Forms Office at (803) 898-5599. You can use this

form to register for a retail license, a purchaser's certificate of registration, solid waste tax, business personal property tax, and income tax withholding.

\$300 MAXIMUM TAX

A maximum sales tax of \$300 is imposed on the sale or lease of motor vehicles, boats, aircraft, motorcycles, trailers or semi-trailers pulled by a truck tractor, horse trailers, recreational vehicles and certain self-propelled light construction equipment. For more information on the maximum tax, please contact the DOR Sales Tax Department at (803) 898-5800.

SALES OF MOTOR VEHICLES TO NON-RESIDENTS

Sales of new or used motor vehicles, trailers, semi-trailer and pole trailers to residents of another state are taxed at the rate imposed by the purchaser's state of residence. The tax cannot exceed the \$300 maximum tax imposed by South Carolina.

For South Carolina sales tax purposes, sales tax due on a sale to non-residents of new or used motor vehicles, trailers, semi-trailers, and pole trailers that are registered and licensed in the purchaser's state of residence are taxed at the lesser of the following:

1. Sales tax that would be imposed on the purchaser's state of residence, or
2. Tax that would be imposed under Chapter 36 of the South Carolina Code of Laws

No sales tax is due in South Carolina if a non-resident purchaser cannot receive credit in their resident state for sales tax paid to South Carolina. Form ST-385, Vehicle Affidavit for Nonresident must be completed on each vehicle sold to a non-resident.

For more information pertaining to taxes, visit the Department of Revenue's home page on the Internet at www.sctax.org. Tax laws, regulations, policy documents, publications, forms, electronic services, various links and attorney general opinions may be found there.

SALES TAX

As a retail dealer, you must collect sales tax on any sale. You can obtain your required sales tax number from the Department of Revenue. For each sale, you should complete DMV Form 400, "Application for Certificate of Title and Registration for Motor Vehicle or Manufactured Home/Mobile Home," and indicate your dealer license number and sales tax number.

DEALER PLATES

Once you become a licensed dealer or wholesaler, you may purchase dealer (demonstration) plates from your local DMV. The purchase and use of these plates are limited as listed below:

QUALIFYING FOR DEALER PLATES

To be eligible to purchase dealer plates, you must:

1. Be a licensed South Carolina dealer or wholesaler;
2. Furnish proof of garage liability insurance; and
3. Document the number of vehicles sold in the previous year on DMV Form DLA-1C, "Certification of Vehicles Sold by Dealer."

If a dealer has been in business one year, s/he may purchase dealer plates based on the number of vehicles sold in the preceding 12 months. (**Example:** The first 20 vehicles sold, you may purchase 2 dealer plates; for each 15 additional vehicles you sell beyond that number, you may purchase 1 additional plate.) This formula will vary depending upon the type of dealer plate you purchase. (**NOTE: Issuance of dealer plates to new dealers will be based on estimated sales.**) The table below lists the types of dealer plates available:

DEALER TYPE	DEALER PLATE INFORMATION	SPECIAL RESTRICTIONS (OTHER RESTRICTIONS LISTED BELOW)
Auto, Motorcycle or Travel Trailer/Camper/RV, Dealers and/or Wholesalers	2 plates may be purchased after 20 sales. 1 additional plate may be purchased for each 15 sales. No maximum limit on purchase.	Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to 7 days with a demo certificate.
Heavy Trucks	No minimum sales required. No maximum limit on purchase.	May only be used on heavy trucks (16,000 lbs. or greater.) Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to 3 days with a demo certificate.
Antique Dealer	Plates may be purchased after 5 sales. Purchases are not restricted by formula. No maximum limit on purchase.	May only be used on antique vehicles (30 years old or older).
Wholesale Auto Auction	2 plates may be purchased after 20 sales. 1 additional plate may be purchased for each 50 sales. Maximum limit is 75 plates.	Use to transport vehicles in the course of doing business.

Dealer plates cost \$20 per plate. Dealer plates are for demonstration vehicles. They cannot be used on wreckers, rollbacks, leased, rented, or service vehicles. The vehicle (except heavy trucks) cannot perform a commercial service.

The transfer of ownership between the same individual or corporation more than once is considered one sale. Multiple transfers of motor vehicles between dealers for the purpose of meeting eligibility requirements are prohibited.

DEALER PLATE RESTRICTIONS

The use of dealer plates is limited to vehicles that are:

1. Owned by the dealership;
2. Assigned to the dealership; and
3. Issued to prospective buyers for test-driving purposes.

Vehicles equipped with dealer plates may be driven on South Carolina highways by owners, employees, and dealership corporate officers.

Employees, owners, and agents who drive or may drive dealer-owned vehicles using dealer plates must be listed on the dealer license application. If personnel changes occur that affect the listing, the DMV must be notified immediately by fax or in writing. Dealer employee revisions must include the following:

- dealer's name and dealer number;
- name of employee to be added or deleted along with the employee's address;
- employee's driver's license number; and
- signature of the shareholder of the dealership.

Prospective vehicle buyers may also drive motor vehicles with dealer plates while test-driving. If you choose to allow your customers to drive a vehicle, you must provide them with a completed DMV Form MV-38, "Motor Vehicle Demonstration Certificate," or DMV approved equivalent. Prospective buyers are limited to driving vehicles with dealer plates up to seven (7) days.

When demonstrating or test driving heavy-duty trucks 16,000 GVW or greater, the prospective buyer may use the truck to carry merchandise or cargo for up to three (3) days with a special heavy-duty dealer plate. You must provide the customer with a completed DMV Form MV-38, "Motor Vehicle Demonstration Certificate."

PENALTY

Any person who misuses a dealer license plate may be fined \$300, required to forfeit the plate and/or lose his or her dealer license.

TEMPORARY TAG LAW

A dealer of new or used vehicles should issue to the purchaser of a vehicle at the time of its sale a temporary license plate that must contain the following:

1. A rectangular box with a white background on the bottom of the plate in dimensions of not less than six inches (6") wide and two (2") inches high.
2. The rectangular box must contain, in characters not less than one-quarter ($\frac{1}{4}$) inch wide and one-and-one-half ($1\frac{1}{2}$) inches high, the expiration date of the period within which the purchaser must register the vehicle.
3. The expiration date, which must be written using a permanent black marker with at least a one-quarter ($\frac{1}{4}$) inch wide tip. It must contain a numerical month, date, and year.

(NOTE: Temporary tags must be dated 45 days from the purchase date.)

The temporary license plate must be made of heavy stock paper or plastic, inscribed with contrasting indelible ink and designed to resist deterioration or fading from exposure to the elements during the period the tag is displayed. The plate must contain the dealer's name, city, and phone number, or the dealer's name and computer website address. Expiration date should be legible from a distance of 25 feet.

The "Bill of Sale," title or a copy of one of the two (2) documents must be maintained in the vehicle at all times to verify the vehicle's date of purchase to a law enforcement officer. The "Bill of Sale," title or a copy of either document must contain:

1. a description of the vehicle;
2. the name and address of both the seller and purchaser of the vehicle; and
3. the date of sale.

A dealer may issue a temporary license plate only to a purchaser of a vehicle and may not use a temporary license plate for any other purpose. A dealer who issues a temporary license plate or allows a temporary plate to be issued and violates this law is guilty of a misdemeanor and, upon conviction, must be fined \$100 for each occurrence. S/he also may receive sanctions against his or her dealer license.

TRANSFERRING TAGS

South Carolina law allows owners of vehicles to transfer license plates from one vehicle to another. If a person intends to transfer a license plate from one vehicle to another vehicle, s/he may place the license plate to be transferred on the newly acquired vehicle on the date of purchase. The "Bill of Sale" for the new vehicle and a copy of the registration that corresponds to the license plate must be maintained in the new vehicle at all times to verify its date of purchase to a law enforcement officer.

The purchaser must register the vehicle with the DMV within 45 days from its purchase date. A person who transfers a license plate or allows a license plate to be transferred and violates this law is subject to the vehicle registration and licensing provisions of the law. Effective March 1, 2006, a consumer may transfer a license plate only to a specific vehicle one (1) time without paying additional property taxes.

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