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# **ATTENTION! READ THIS FIRST!**

## ***ORIGINAL VEHICLE DEALER LICENSE APPLICATION***

## **INSTRUCTION BOOKLET**

**Michigan Department of State  
Driver Programs Division  
Business Licensing Section  
Lansing, MI 48918**

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1-888-SOS-MICH  
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# INSTRUCTION BOOKLET

## ORIGINAL VEHICLE DEALER LICENSE APPLICATION

*This dealer application packet contains: the dealer license application, a surety bond form, a zoning approval form, municipality approval form, a repair facility registration application, a repair facility agreement form, a dealer selection for designated branch form, and also a Livescan form. For additional copies, contact the Business Licensing Section at 1-888-SOS-MICH (1-888-767-6424), [licensing@michigan.gov](mailto:licensing@michigan.gov) or visit our website at [www.Michigan.gov/sos](http://www.Michigan.gov/sos).*

**Please Note:** The Michigan Vehicle Code [MCL 257.14 et seq.] defines an "established place of business" as the place actually occupied either continuously or at regular periods by a dealer where books and records are kept and a large share of business transacted. The address or location listed on your dealer application cannot be identical to the established place of business or location of another licensed dealer. By statute, the proposed address or location can only be the established place of business of **1 licensed vehicle dealer**.

## FINGERPRINTS

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Each individual listed in Item 8 on the application must be fingerprinted. Fingerprints are taken by appointment only. To schedule an appointment you must:

- a. Visit [www.michigan.gov/msp](http://www.michigan.gov/msp)
- b. Click on the "Criminal History Records" tab on the right.
- c. Click on "For employment/licensing" and follow the instructions

Take the *Live Scan Fingerprint Request* included in this packet to that appointment.

All fees associated with fingerprinting will be collected by the printing agency. They will provide you with a signed receipt as proof of fingerprinting. Please include a copy of that signed receipt when you submit your *Original Vehicle Dealer License Application*.

## SALES TAX NUMBER

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Most Michigan businesses are required to have a sales tax number. To see if the license classification(s) you are applying for requires a sales tax license, please contact the Michigan Department of Treasury at: Michigan Department of Treasury,

Registration Division, Lansing, MI 48922 or call (517) 636-4660.

## **SURETY BOND** (Classes A, B, and D only)

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**NOTICE: An original surety bond must be submitted and be completed correctly. Please carefully follow the instructions on the back of the Uniform Vehicle Dealer Surety Bond form.**

The **exact** business name and address of the dealership must appear on the face of the bond as it appears on the dealer license application form.

Individual owners and partners **must** be listed in addition to the business name and address (i.e. John Doe dba John's Used Cars, or John Doe and Sally Doe dba John's Used Cars).

Corporate officers, etc., do not need to be listed for a corporation, and members do not need to be listed for a limited liability company. **Only** the corporate name or the name of the limited liability company (including d/b/a or assumed name, if any) and the business address need to appear on the bond.

The **bond number** must appear on the face of the bond. The **surety's name** must be listed on the face of the bond.

### **Signatures are required for:**

- a. Attorney-in-Fact for the Surety;
- b. Witness to the Attorney-in-Fact for the Surety;
- c. Principal (dealer license applicant); and
- d. Witness to Principal.

A **power of attorney** for the Attorney-in-Fact must accompany the bond OR must be on file with the Michigan Department of State, Business Licensing Section, Lansing, MI 48918-1210. Again, the **original** bond must be submitted to the State of Michigan. A photocopy or fax copy is unacceptable, and a dealer license will not be issued.

## **ZONING**

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Approval for applicable zoning and municipal requirements must be obtained for the dealership address of all vehicle dealer license classifications.

The enclosed zoning and municipal approval forms must be completed by the local zoning/municipality authority and returned with the application materials within 90 days of signature. In Detroit, contact the Department of Buildings

and Safety Engineering, Zoning Division, 4th floor, City-County Building.

**The item numbers below match the item numbers on the application.**

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**1. BUSINESS NAME**

Enter the exact name of the business. The name must match the business name on all documents presented with the application, including the surety bond, the insurance certificate, the assumed name filing, the articles of incorporation, etc.

**2. BUSINESS LOCATION**

Enter the **complete** business address. A Rural Route or Post Office Box alone will not be accepted. The physical location must be identified. The address must match the address on all documents presented with the application (see document list in Item 1 above).

**3. BUSINESS TELEPHONE**

List the area code and telephone number of your business, and your fax number, and e-mail address.

**4. BUSINESS TYPE**

Check the appropriate box, and follow the instructions below:

**Individual Owner or Partnership:** Enclose a copy of the Assumed Name Filing from the County Clerk for the county in which the business is located.

**Corporation or Limited Liability Company:** Enclose a copy of the articles of incorporation, articles of organization, or certificate of good standing from the Michigan Department of Consumer and Industry Services. Businesses formed in other states must obtain a certificate of authority from the Michigan Department of Consumer and Industry Services before applying for a Michigan dealer license. Telephone (517) 241-6470 for further information.

Note: Unincorporated trusts cannot be licensed as a dealer in Michigan. Only the business types listed may be issued a dealer license.

## 5. LICENSE CLASSIFICATIONS

Indicate the license classification(s) for which you are applying.

A dealer license may be issued in one or more classifications (classes), depending on the business activity performed.

The law requires different things from different classes of dealers. Sometimes the requirements will not allow one type of dealer to do something another type of dealer would be permitted to do. Because of this, not all license classes are "compatible" with each other. The following descriptions tell you in general what activities each class allows and which classes are compatible.

### **Class A (New Vehicle Dealer)**

This dealer buys and sells new vehicles under a franchise agreement or a contract with a new vehicle manufacturer.

Class A is compatible with B, C or R, and E classes.

### **Class B (Used Vehicle Dealer)**

This dealer buys and sells used vehicles.

Class B is compatible with A, C or R, and E.

### **Class C (Used Vehicle Parts Dealer) and Class R (Automotive Recycler)**

These dealers buy or otherwise acquire late model major component parts for resale, either at wholesale or at retail, and/or acquire vehicles to dismantle for the resale of their parts, selling the remains as scrap. These are the only classes which can legally buy late model distressed vehicles (salvage or scrap vehicles) or late model major component parts from insurance companies, or through auctions, brokers, or salvage pools in Michigan.

Note: A Class C or Class R dealer may only be represented at an auction, broker, or salvage pool by its own **Licensed Salvage Vehicle Agent**. Contact the Licensing Unit to obtain a Salvage Vehicle Agent application.

Class C and Class R are compatible with A, B, and E; or E and F. Class C

and Class R are NOT COMPATIBLE with each other or with Class D or Class G.

### **Class D (Broker)**

This dealer "brokers" the sale of vehicles or late model major component (salvageable) parts by arranging (or offering to arrange) for the sale of the vehicles or parts between two parties. A broker **may not** take ownership of the vehicles or major component parts. Examples of brokers are new car brokers, vehicle sales listing agencies, consignment lots, flea markets, auctions, and salvage pools.

Brokers cannot buy vehicles at auctions.

Class D is compatible only with Class G.

### **Class E (Distressed Vehicle Transporter)**

This dealer may: 1) buy or acquire ownership of, 2) transport, and 3) sell scrapped or junked vehicles only. Vehicles may be sold at wholesale only to:

1. Used Vehicle Parts Dealers (Class C); or
2. Scrap Metal Processors (Class F); or
3. Automotive Recyclers (Class R).

This dealer may NOT dismantle vehicles or sell parts.

Note: A vehicle "crusher" is one type of distressed vehicle transporter.

Class E is compatible with A, B, and/or C; or C and/or F; or A, B, and/or R; or R and/or F.

### **Class F (Vehicle Scrap Metal Processor)**

This dealer processes vehicles into scrap metal by shearing, fragmenting, baling, shredding, etc. (Crushing vehicles is not considered a scrap metal process since it is not the final step before remelting.)

A scrap metal processor who acquires vehicles only from licensed dealers is not required to be licensed but must keep certain records and make them

available for inspection.

Class F is compatible with C and/or E; or E and/or R.

### **Class G (Vehicle Salvage Pool)**

This dealer engages in the business of storing and displaying damaged or distressed vehicles for insurance companies.

Class G is compatible only with Class D.

### **Class W (Wholesaler)**

This dealer engages in the business of selling used vehicles to or purchasing used vehicles from a licensed motor vehicle dealer and who does not sell or offer for sale motor vehicles of any classification to a person other than a licensed vehicle dealer.

A wholesaler shall not advertise vehicles for sale on the internet or any classified listing unless the advertisement clearly discloses the wholesaler's license classification and clearly states that any purchaser shall be a licensed vehicle dealer.

A wholesaler shall buy or sell not less than 24 vehicles in this state each year to retain possession of a wholesaler license.

Class W is compatible with a used or secondhand vehicle parts dealer (C) or automotive recycler (R).

## **6. CONTRACT OR FRANCHISE AGREEMENT (Class A only)**

List the makes of new vehicles for which you have franchises or agreements to sell.

Enclose a copy of franchise agreement, letter of intent, or a certification that you hold a contract to act as a factory representative, factory distributor, or distributor representative to sell at retail the make(s) of vehicle(s) you listed. Make sure these documents include the name and address of the manufacturer and the dealer.

NOTE: Conversion companies are not the same as manufacturers. If you

have questions about the agreement you have, contact the Business Licensing Section at 1-888-SOS-MICH (1-888-767-6424).

## **7. BUSINESS DAYS AND HOURS**

List the specific days and hours the business will be open. Class A and Class B dealers are required to maintain a minimum of 30 business hours per week.

All other dealer classes must maintain at least 4 consecutive business hours on file with the Secretary of State.

If you change your business hours, you must notify the Business Licensing Section, in writing or by fax at (517) 335-2810.

## **8. OWNERS, PARTNERS, CORPORATE OFFICERS, DIRECTORS**

List the full name, home address, social security number and birthdate for all owners, partners, corporate officers, members and directors.

For corporations, "owners" also includes any stockholder holding 25% or more of the stock issued.

Limited Liability Companies must include information for all managers.

If the owner, partner or manager listed on the application form is a corporation, partnership or limited liability company, the individuals who are the owners, partners, corporate officers, directors, managers, or stockholders or members holding 25% or more of the stock issued for the company listed in Item 8 must be disclosed. Use a separate sheet to provide the full name, home address, home telephone and birthdate for each individual.

Each individual listed in Item 8 must have fingerprints on file with this department. Individuals disclosed under a corporation, partnership or limited liability company listed as a licensee who will have direct impact on the operation of the business must also have fingerprints on file. Please refer to the instructions for completing fingerprint cards for more details.

## **9. SERVICING FACILITY REQUIREMENT**

Class A and Class B vehicle dealers are required to provide proper servicing facilities. Used vehicle parts dealers and recyclers are required to provide proper servicing facilities if they are installing parts. Used vehicle parts dealers and automotive recycler business holding a new or used vehicle dealer license must have a registered motor vehicle repair facility or enter an agreement with a registered repair facility.

The servicing facility must be located within 10 miles of the dealership's established place of business. **This requirement also applies if vehicles are sold "AS IS" or wholesale.**

This requirement may be met in one of two ways:

1. Register as a motor vehicle repair facility. A Motor Vehicle Repair Facility Registration Application is enclosed. It is not necessary to register again if the business is currently registered and the ownership has not changed.
2. Enter into an agreement with a currently registered motor vehicle repair facility.

An agreement form is enclosed. Make sure the agreement shows the repair facility registration number, the repair facility is not expired and a signature from an **owner/officer** on file.

## 10. BUSINESS LOCATION DESCRIPTION

Check the appropriate box.

The Michigan Vehicle Code [MCL 257.14] defines an "established place of business" as the place actually occupied either continuously or at regular periods by a dealer where books and records are kept and a large share of business transacted. Dealerships cannot share or pool resources to meet established place of business requirements. Each dealership must separately meet the requirements.

A pre-licensing inspection of the business location will be conducted for class A (upon request), Class B and Class W applicants prior to a license being issued. The business address must meet the established place of business requirements. A dealer's established place of business must meet all applicable zoning and municipal requirements.

Businesses applying for a vehicle dealer license at the same address or

location as another vehicle dealer must provide evidence (e.g. photos, images, drawings etc.) clearly reflecting each business is not occupying the same established place of business. Modifications to the address such as suite numbers or other distinguishing characters such as A, B, ½, etc. can be submitted as verification the applicant does not share a location with another dealer.

As a reminder, businesses cannot share or pool resources to meet established place of business requirements. Each business must separately meet the requirements.

The Business Licensing Section will evaluate each original dealer license application submission where it appears more than one dealer may be occupying the same address or location on a case-by-case basis.

**For a Class A and Class B dealer**, an established place of business must include the following:

- The premises must contain a permanently enclosed building or structure either owned, leased, or rented by a dealer, which is not a residence, tent, temporary stand, or any temporary quarters;
- The building or structure is required to be continuously occupied in good faith for the purpose of selling, buying, trading, leasing, or otherwise dealing in motor vehicles;
- All books, records, and files necessary to conduct the business of a Class A or class B dealer must be maintained in the building or structure;
- A building or structure housing an office of at least 150 square feet in size, equipped with standard office furniture, working utilities, a working restroom, and a working telephone listed in the name of the business on the dealer's license;
- Land space of no less than 1,300 square feet to accommodate the display of a minimum of 10 vehicles of the kind and type that the dealer is licensed to sell and an additional 650 square feet for customer parking. The display and customer parking areas must be adequately surfaced and well lit during business hours;
- An exterior sign displaying the name of the dealership that is permanently affixed to the building or land with letters clearly visible from a highway identifies the premises;
- Conspicuous posting of the dealer's regular hours of operation. The posted hours must be not less than 30 hours per week;

- The premises must contain a registered repair facility on site for the repair and servicing of motor vehicles of a type sold at the established place of business, unless the dealer has entered into a written servicing agreement with a registered repair facility at a location not to exceed 10 miles' distance from the established place of business. If repairs are conducted pursuant to a servicing agreement, the servicing agreement must be conspicuously posted in the office;

A dealer may not combine space and resources with another dealer to meet the minimum established place of business requirements for a new or used vehicle dealer. Each licensed new or used dealer must meet the established place of business requirements separately.

**For a Class W dealer**, an established place of business must include the following:

The premises shall contain a permanently enclosed building or structure that is either owned, leased, or rented by a wholesaler, which is not a commercial mailbox, tent, temporary stand, or other temporary quarters.

All books, records, and files necessary to conduct the business of the wholesaler shall be maintained in the building or structure described in the above paragraph.

The premises shall not be used for the display of vehicles. However, the premises may be used for the storage of vehicles purchased by the wholesaler prior to sale to a licensed vehicle dealer.

The premises shall be identified by an exterior sign displaying the name of the wholesaler that is permanently affixed to the building or land with letters clearly visible from the roadway.

**For other dealer classes** an established place of business means the place actually occupied either continuously or at regular periods where books and records are kept and a large share of business is transacted.

Estimate the greatest number of vehicles you will have in inventory at one time.

## **11. DEALER PLATES AND FLEET INSURANCE** (Class A, B, W only)

You must have 20/40/10 fleet-type Michigan no-fault insurance indicating coverage for **“ANY VEHICLE”** or **“ALL OWNED VEHICLES.”**

Enclose a copy of your fleet insurance certificate. Your insurance certificate must have the exact business name as listed in Item 1. **If the insurance certificate does not indicate ANY VEHICLE or ALL OWNED VEHICLES, the application cannot be processed.**

Class A and Class B dealers are required by law to purchase a minimum of two dealer plates.

There is no minimum dealer plate purchase requirement for a Class W dealer.

Class A and Class B dealers may apply for additional plates according to the following formula:

ONE plate for each five vehicles carried in highest inventory, up to and including 400 vehicles. ONE plate for each seven vehicles in excess of 400, up to a maximum of 100 plates.

A newly licensed Class W dealer is initially issued 1 dealer plate. Based upon proof of inventory, a Class W dealer may apply for any additional dealer plate(s) according to the following formula:

One plate for each five vehicles carried in highest inventory, up to and including 40 vehicles. One plate for each 10 vehicles in excess of 40, up to a maximum of 40 plates.

## **12. FEES**

Calculate the fees based on the information provided on the application form. Make check or money order payable to **State of Michigan**.

## **13. WORKERS' COMPENSATION INSURANCE** (Classes C and R only)

Other dealers may also need Workers' Compensation Insurance; however, the Michigan Vehicle Code requires used or secondhand vehicle parts dealers and automotive recyclers to provide evidence of workers' compensation insurance for employees classified as automobile dismantlers.

To determine your eligibility for a Notice of Exclusion, contact the Michigan Department of Consumer and Industry Services at (517) 284-8922.

## 14. APPLICANT HISTORY

Complete for each applicant listed in Item 8 following the instructions provided on the application form. Use separate sheets as necessary.

- A. Check the appropriate box. List the name of any applicant who has had a vehicle dealer license refused or revoked. Provide a detailed explanation.
- B. Check the appropriate box. List the name of any applicant who is related by birth or marriage to any dealer. List the name of any applicant who is or was employed by, or is or was an agent for, any dealer within the past five (5) years. List the name of the dealer and, if known, the dealer license number.
- C. Check the appropriate box. If the answer is YES, include a detailed explanation, including the alleged offense, the police department, the court of jurisdiction and, if known, the case number. Do not include traffic offenses.
- D. Each applicant must complete a work history for the past five (5) years.

## 15. SIGNATURES AND CERTIFICATIONS

Each applicant listed in Item 8 must sign the certifications.

This application is a legal document. **Please read each certification before signing.** Providing false information is a felony.