

# **READ THIS FIRST!**

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

## **INSTRUCTION BOOKLET**

### **CONTACT US:**

**Michigan Department of State  
Office of Investigative Services  
Business Licensing Section  
Lansing, MI 48918**

**Telephone: (888) SOS – MICH  
(888) 767 – 6424**

**Fax: (517) 335 – 2810**

**E-Mail: [licensing@michigan.gov](mailto:licensing@michigan.gov)**

# 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, and a repair facility agreement form. For additional copies, contact the Business Licensing Section at 1-888-SOS-MICH (1-888-767-6424) or [licensing@michigan.gov](mailto:licensing@michigan.gov).*

**Please note:** A pre-license inspection of the business location will be conducted prior to a license being issued. The business address must meet the established place of business requirements set forth in Section 14 of the Michigan Vehicle Code [MCL 257.14].

## TRAINING REQUIREMENT FOR CLASS B APPLICANTS

---

Effective March 20, 2019, PA 420 of 2018 mandates that in the 6 month period preceding the date of the application for an original eligible used vehicle dealer license, each individual who is the applicant, each partner of the applicant, or each officer of the applicant, as applicable for the original eligible used vehicle dealer license must complete the prelicensure dealer training program. The training dates can be found on our website at [www.Michigan.gov/dealertraining](http://www.Michigan.gov/dealertraining).

## FINGERPRINTS

---

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 link "[Private Live Scan Vendors](#)" tab on the right.

Contact the Business Licensing Section to get a Live Scan Fingerprint form. Please note that all fingerprints received without a Live Scan form and dealer application will be destroyed, and new fingerprints will need to be submitted.

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

---

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)

---

**NOTICE: The surety bond must be completed correctly or a dealer license cannot be issued. 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. 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 & MUNICIPALITY

---

Approval for applicable zoning and municipal requirements must be obtained for the established place of business for all vehicle dealer license classifications. All forms submitted must be signed within 90 days of receipt of the dealer license application.

The enclosed zoning and municipal approval forms must be completed by the local zoning/municipality authority. In Detroit, contact the Department of Buildings and Safety Engineering, Zoning Division, 4th floor, City-County Building. Only forms with the city seal will be accepted from Detroit.

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

---

**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 but not limited to: 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 & E-MAIL ADDRESS**

List the area code and telephone number of your business, your fax number (if applicable) and the business e-mail address. **Please note a business e-mail address is required for a dealer license.**

**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 Corporations Division of Licensing and Regulatory Affairs (LARA). If you are using an assumed name, please ensure to file an assumed name filing with Licensing and Regulatory Affairs.

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 Michigan Vehicle Code has different requirements for each class of dealer. The following descriptions explain what each class of dealer is permitted to do, and which classes are compatible.

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

Allows dealer to buy and sell new vehicles under a franchise agreement or bonafide contract with a new vehicle manufacturer.

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

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

Allows dealer to buy and sell used vehicles to and from the general public and other licensed vehicle dealers.

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

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

Allows dealer to 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 Business Licensing Section 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 one another, or with Class D or Class G.

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

Allows dealer to "broker" 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 with a Class G.

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

The 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)**

Allows dealer process 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)**

The 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)**

The dealer engages in the business of selling used vehicles to or purchasing used vehicles from another 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 self-certification that you hold a bonafide contract to act as a factory representative, factory distributor, or distributor representative to sell at retail the make(s) of vehicle(s) to be sold. Ensure these documents include the name and address of the manufacturer and the dealer; as well as a signature from the manufacturer or distributor.

NOTE: Conversion companies are manufacturers.

If you have questions about the agreement you have, contact the Business Licensing Section at 888-767-6424 or [licensing@michigan.gov](mailto:licensing@michigan.gov).



## 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 classifications of dealers must maintain a minimum of 4 consecutive business hours per week.

If you change your business hours, you must notify the Business Licensing Section in writing, by fax at (517) 335-2810, or by e-mail at [licensing@michigan.gov](mailto:licensing@michigan.gov).

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

List the full name, home address, date of birth, social security number, date of prelicensure training for all owners, partners, corporate officers, members and directors. (The prelicensure training applies to Class B dealers only)

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 itself 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 (Classes A and B only)

New and used vehicle dealers are required to provide proper servicing facilities. The servicing facility must be located within 10 miles of the dealership’s established place of business. **This requirement applies even**

**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 and the repair facility **owner’s** signature.

## **10. BUSINESS LOCATION DESCRIPTION**

Check the appropriate boxes.

A dealer’s established place of business must meet all applicable zoning and municipal requirements.

**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. Please note that Department Policy only allows the issuance of one dealer plate for the first year of business for all Class W dealers. Class Ws may apply for additional plates after one year.

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.

Class W dealers may apply for any additional dealer plate(s) according to the following formula. Class W's must submit proof of inventory:

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)

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 Licensing and Regulatory Affairs (LARA) at (517) 322-1195 WC-337 form.

#### **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.