

NIADA State Mandated Education Committee Report

March 28, 2006

The following is an outline to hopefully get dealer education in your state passed legislatively.

SETTING UP CONTINUING ED/PRE-LICENSING EDUCATION FOR STATE IADA'S:

1. Write a simple legislation requiring Pre-Licensing Education/Continuing Education (PLE/CE) for independent automobile dealers attempting to get licensed for the first time. Do not include the franchised dealers in the legislation or they will lobby against you.
2. Work your relationships with DMV and other state consumer oriented agencies to raise awareness and support your legislation.
3. Work your relationships with state house and senate members to support this legislation; explain to them the benefits for all involved in the process (DMV, Consumer, Dealer, and various other state agencies). This part is vitally important and you must explain in detail the many advantages to each governmental agency so that each one is supporting your bill as a "win-win" piece of legislation.
4. Jump start your lobbying efforts.
5. Identify a strong senate or house member to introduce your legislation. You will be able to determine from the feedback you get from your state legislators, DMV, etc. whether it will be feasible to try for both PLE and CE right out of the gate or get PLE first and then when the dust settles go back and add CE.
6. In order to be successful, your association and members must be ready to focus their efforts on getting this legislation passed. If they are focused and driven, this will provide the association with the largest growth in membership and vendor participation it has ever seen! However, the association **MUST** be the **PREMIER PROVIDER** of the education product!!! The association must be the one to get in front of the dealers in order to sell the association and the multiple benefits of membership! You want every dealer to realize how their business depends on the association and the education it provides. If you get PLE and/or CE in your state and are not the primary provider of the education, you will see **NO INCREASE** in membership **AND** your dealer base will probably get an education program that is either filled with vendor promotions or erroneous information. In other words, the association will end up with egg on its face.
7. In order for all of this to come together, the association must have excellent training, excellent staff and a very supportive executive committee and a Dealer Education Committee who work hard at all aspects of education.

"Boilerplate" ideas or a template for topics to be covered during any contemplated dealer pre-licensing curriculums that would have application in virtually any state. Let me preface this by saying that dealer pre-licensing should have a total emphasis on the "pre" portion. While true that individuals with some experience may find themselves in some pre-licensing classes (PLE), we cannot and must not assume they know how to do it right! PLE should be designed to begin at the "beginning" and should never be a progress on how to sell, market, price, recondition, or acquire vehicles. In designing such a curriculum, the length of the mandated course will dictate what you can cover and what must be left to post-seminar training. As an example, if PLE is mandated as 12 or more hours, then the training should encompass some of the basics of title administration, reassignments and the like. If however, the course mandates anything less than that, time simply will not allow exploring those areas of a dealership's activity.

EDUCATIONAL CONTENT

1. Discussion of the pre-licensing requirements and rationale for the same
 - a. Compliance and course approval
 - b. Failure to renew on a timely basis

- c. A quick overview of the state's DMV and dealer enforcement function
- d. Review of enforcement activities, fines and penalties for noncompliance
- 2. Overviews of classes of dealer licenses (which will vary by state)
 - a. Dealer license application, where to get it and how to fill it out
 - b. Fees for licensure
 - c. Physical retail requirements for dealerships (if applicable)
 - d. Check lists of all pre-licensing requirements (education, bonds, insurance, local certificate of occupancy, registering business name or alias with applicable state or county agency, etc.)
 - e. Limitations of use of the dealer license. If the state has multiple classifications then typically each class has limitations. Need to discuss in detail.
 - f. Discussion of the applicable governing statute from the state and how the prospective dealer may gain access
 - g. Providing copy of a state's dealer's manual if one exists and is published by the regulatory agency
 - h. Dealer reporting forms required by a state DMV or regulatory agency
 - I. Where to actually begin the process of obtaining a dealer license
 - j. Contact points within the state's DMV or regulatory agency
 - k. Bond or insurance requirements
 - l. Office, salesroom or display area requirements
 - m. Hours of operation, if mandated under state statutes
 - n. Maintenance of dealer records and record keeping requirements
 - o. Records subject to audit by respective state's regulatory bodies
 - p. Fees for dealer licenses and salespersons, if required
 - q. Reasons for denial, suspension or revocation and methods of appeal under the respective state's administrative code.
- 3. What happens after the applicant is deemed qualified and a license issued?
 - a. FTC Safeguards Rules
 - b. Rules regarding the display of motor vehicles by a retail dealer and limitations as applicable
 - c. Review of any nuances to display rules and exceptions to rules
 - d. Consequences of displaying or selling away from premises by retail dealers
 - e. Dealer license tags, use, abuse, limitations, penalties
 - f. Demonstration permits, if applicable
 - g. Transport tags, if applicable
- 4. What a dealer should always receive when acquiring a vehicle for resale
 - a. Discussion of buyers' order or bill of sale
 - b. Odometer disclosures (in depth)
 - c. Damage disclosure laws (vary by state) and (in depth)
 - d. Title and applicable reassignment forms required
- 5. Dealer practices
 - a. Discussion of unfair and deceptive trade practices
 - b. Advertising rules
 - c. Disclosure rules
 - d. Reassignment of title rules
 - e. Discussion of title brands
 - f. Discussion of liens
 - g. Floor plans
 - h. Adherence to applicable state vehicle inspection laws
 - i. Discussion of open titles or reassignments
 - j. FTC Buyers Guide rules, fines and penalties
 - k. Warranties both implied and disclaimed
 - l. How to avoid implied warranties in applicable states
 - m. We owe and promises
- 6. Forms
 - a. Bill of sale or buyer's order requirements...what must be included pursuant to State and federal laws
 - b. Reassignment forms

- c. Title applications
 - d. Retail installment and consumer credit contracts
 - e. Privacy notifications and discussion of federal and state financial privacy requirements
 - f. Limits on finance charges, if applicable with listings
 - g. Federal truth in lending and installment agreements
7. Taxes
- a. Collection of sales or highway use taxes by dealers
 - b. Fees, title fees, license fees: collection and disbursement
8. Safeguard Rules and USA Patriot Act
- a. Discussion of federal and applicable state rules regarding the protection of customers' non-public personal information
 - b. Discussion of Specially Designated Nationals list and compliance
 - c. Form 8300 cash reporting
 - d. Other
9. Sample deals
- a. Walking the student through a sample deal...
 - b. Actual forms and paperwork completion (based upon time allowance)