



**MOTOR VEHICLE DEALER SALESPERSON  
STUDY GUIDE MATERIALS**



***Motor Vehicle Dealer Board***

COMMONWEALTH OF VIRGINIA

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# INTRODUCTION

This study guide is a valuable tool for anyone interested in becoming a salesperson for car/truck, motorcycle, trailers and recreational vehicles. MVDB believes that education is the key to a successful career in the motor vehicle sales industry.

The first step in becoming a salesperson is to take the Salesperson test at any DMV, Customer Service Center. This study guide will help you pass the test. To take the test, complete a MVDB 57, Dealer-Operator/Salesperson Qualification Test Application (check salesperson exam) and pay the \$50 test fee to DMV. To pass, you must correctly answer 16 out of 20 questions. When taking the Salesperson test you may not skip any questions and come back to answer. If you fail the test you may re-take the exam on that same day, but you will have to pay another **\$50** test fee.

When you pass the test, DMV will issue you a receipt. The receipt is “NOT A LICENSE TO SELL MOTOR VEHICLES”. To obtain your license you and the hiring employer (dealership) must complete and submit to complete and submit to the Motor Vehicle Dealer Board:

- MVDB 61, Salesperson License Application
- Copy of the test receipt from DMV
- Fees payable to MVDB for Salesperson License is **\$30** and **\$10** for Criminal History Check– unless Dealer has been approved to conduct their own criminal checks for salesperson licenses

All forms mentioned above and additional information on becoming a salesperson can be found on our website [www.mvdb.virginia.gov](http://www.mvdb.virginia.gov).

QUALIFICATION TEST TYPE	DESCRIPTION
Salesperson	20 questions- First time applicant <b>or</b> salesperson license expiration date is over 12 months

### **A NOTE TO ALL APPLICANTS**

Section 46.2-1575 of the *Code of Virginia* lists specific circumstances under which a license for a motor vehicle dealer salesperson or dealer-operator license may be denied. Specifically, your application for a license may be denied for having been convicted of any of the following offenses:

- Any criminal offense classified as a felony.
- Any criminal act involving the business of selling vehicles.
- Any fraudulent act in connection with the business of selling vehicles or any consumer-related fraud.
- Larceny of a vehicle or receipt or sale of a stolen vehicle
- Odometer tampering or any related violation

Each application will be reviewed carefully and consideration will be given to all relevant information. If you have been convicted of any of the listed offenses, you are advised to submit with your application documentation and/or written explanation or statement concerning the convictions. You should include attested copies of your convictions and if you have been released from probation/parole, evidence of this fact.

A criminal history background check will be performed on every applicant for a license. Making a material misstatement on the application is also grounds for denial. If you have ever been convicted of any of the offenses listed above you must indicate so on your application.

## DEALER/SALESPERSONS TEST

### STATE STATUTES

1. What is the penalty for violating the disclosure provisions of the Virginia Dealer Licensing Act's "As Is" law?
  - A \$1,000 civil penalty.
  - The customer may return the vehicle.
  
2. Vehicles can be sold in Virginia "As Is" if:
  - A Buyers Guide is completely filled out, signed, and dated by the buyer.
  - The dealer provides the buyer, prior to the sale, a separate written disclosure as to the effect of an "As Is" sale.
  - A disclosure is printed on the front of the buyers order.
  
3. A vehicle must be inspected:
  - Between the time it comes into a dealer's inventory and the time it is sold at retail.
  
4. If a vehicle does not pass inspection:
  - The dealer may bring it into compliance.
  - The dealer may deliver the vehicle with a valid rejection sticker and a written disclosure, which may be in the form of an official inspection receipt.
  
5. A dealer licensed as a franchise or independent dealer may buy and sell motorcycles, trailers and motor homes if they have the proper:
  - License issued by MVDB.
  
6. A second set of temporary tags may be issued to a customer if:
  - The title is not available at the end of the first 30-day period.
  - The vehicle is to be titled and registered out of state.
  - All paper work is submitted to DMV along with an explanation as to why a second set needs to be issued.
  - All required fees are submitted to the Department of Motor Vehicles before authorization of temporary tags may be issued.
  
7. When issuing temporary license plates, the dealer:
  - May not charge the customer more than the fee charged the dealer for the plates.

8. Temporary transport plates may be issued for no more than:
  - 5 days.
  
9. Temporary transport plates may be used to:
  - Transport vehicles from auctions or other points of purchase or sale.
  
10. A salesperson's "certificate of qualification":
  - Must be obtained before applying for a salesperson's license.
  
11. Penalties for violating provisions of the statutes pertaining to motor vehicle salespersons include:
  - A civil penalty of not more than \$1,000 per violation.
  - Suspension of the license.
  - Revocation of the license.
  
12. A new motor vehicle is defined as one which:
  - Has not been previously titled.
  - Has less than 7,500 miles on the odometer with a disclosure.
  
13. Any person who is licensed in another state of the United States as a motor vehicle dealer may sell vehicles at Dealer Only wholesale auctions in Virginia only after obtaining a:
  - Certificate of registration.
  
14. The following must be licensed to engage in business in Virginia:
  - Motor Vehicle Dealer.
  - Motor Vehicle Distributor or Manufacturer.
  - Motor Vehicle Salesperson.
  
15. No salesperson shall be employed by more than one dealer, unless the dealerships are owned by the same person, partnership or corporation.
  - TRUE
  
16. Each dealership must post a list of the salespersons that work there.
  - TRUE

17. Salespersons must carry their license at all times and show it when asked.
  - TRUE
  
18. Temporary certificates of ownership issued by dealers must contain:
  - Date of issuance.
  - Name and address of purchaser.
  - The temporary plate number and vehicle identification number.
  
19. If you do not renew your salesperson's license by the expiration date:
  - You can not operate until a new license is obtained.
  
20. If a salesperson is found guilty of violating one or more of the provisions of the Virginia Dealer Laws, the Motor Vehicle Dealer Board may, after following the prescribed procedures:
  - Assess a civil penalty on the salesperson of up to \$1,000 per violation.
  - Refuse to renew the salesperson's license.
  - Revoke/Suspend the salesperson's license.
  
21. If a customer wishes to demonstrate a vehicle in the inventory of the dealer:
  - The salesperson must accompany the customer.
  - If not accompanied by the salesperson; a form must be completed and carried by the respective purchaser during the test drive.
  
22. The Motor Vehicle Transaction Recovery Fund:
  - Is funded by dealers and salespersons.
  
23. The purpose of the Motor Vehicle Transaction Recovery Fund:
  - Is to satisfy unpaid judgments against a dealer or salesperson that has defrauded a purchaser.
  
24. If a salesperson's license has been revoked as a result of failure to reimburse the Motor Vehicle Transaction Recovery Fund:
  - The salesperson must reimburse the fund plus eight percent interest before reapplying for a license.
  
25. A temporary certificate of ownership titled and registered in Virginia:
  - Is issued when the vehicle title is not available at the time of sale.
  - Can only be issued for one thirty day period.

26. Temporary license plates:
  - Should be destroyed after expiration or when permanent plates are issued.
27. Payments to individuals by a salesperson for procuring a customer for the salesperson:
  - Can result in a civil penalty or suspension of the salesperson's license.
28. Used vehicles in the inventory of a dealer that do not have a Virginia inspection sticker:
  - Cannot be operated on the highway except to an inspection station.
29. Applications, taxes and fees collected for the Department of Motor Vehicles on behalf of the buyer must be submitted to that Agency within:
  - 30 days.
30. If a vehicle is registered in Virginia and the owner does not have liability insurance, the penalty is an uninsured motorist fee of:
  - \$500.
31. When a thirty-day tag is issued to a customer who does not have insurance and is going to register the vehicle in Virginia, the dealer:
  - Must handle the titling, registering and payment of fees directly with DMV.
  - Must collect the uninsured motor vehicle fee.
32. Temporary Tags and Temporary Transport Tags can be loaned to another dealer.
  - FALSE
33. A "Demonstrator" is defined in part as a new motor vehicle which:
  - Has more than 750 miles accumulated on its odometer
  - Requires a written disclosure to the customer
34. Regarding "Internet employees" or persons who receive phone calls from Internet inquires:
  - May not quote pricing over the phone without a salesperson license.
  - May greet potential customers and set up appointments without a salesperson license.
35. What is an "Open Title"?
  - One that has been signed by the titled owner leaving blank the information on the buyer.

36. On extended service contracts, for both parts and labor, the dealer must collect:
- Retail sales tax on one half of the retail cost of the service contract.

### **CASH REPORTING**

1. The IRS definition of "cash" does not include:
  - Personal checks.
2. The IRS Cash Reporting Rule, enacted to prevent citizens from hiding unreported income, requires dealerships to complete and file IRS form 8300 when cash receipts exceed the following dollar amount:
  - \$10,000.
3. Violation of the IRS Cash Reporting Rule can result in which of the following personal penalties to the salespersons:
  - A severe fine.
  - A criminal felony charge.
  - Jail time if convicted.
4. What does the anti-structuring provision of the IRS Cash Reporting Rule prohibit?
  - Advising customers on how to get around the rule.

### **TRUTH IN LENDING**

1. In financing a vehicle on an installment sales contract, the APR stands for:
  - Annual percentage rate.
2. Finance charges must be stated in:
  - Annual percentage rate.
3. Full disclosure of credit terms must be made:
  - Before a sale is consummated.



4. The following is required to be disclosed under Regulation Z (Truth in Lending) of the Consumer Credit Protection Act:
  - Amount financed.
  - Late fees and APR.
  - Schedule of payments.
  
5. If a financing company denies a loan application, it must:
  - Provide the applicant with a written statement explaining the reason of denial within 30 days.
  
6. When can an inquiry be made of a credit-reporting bureau?
  - When the customer signs a credit application.
  
7. Under the Truth in Lending Act, when financing an automobile, which of the following charges have to be disclosed to the customer:
  - Annual percentage rate.
  
8. When discussing a customer's loan application, the following cannot be asked:
  - "Are you married?"

## **BUYERS GUIDE**

1. The Federal Trade Commission Used Car Rule which sets out the warranty provisions of a sale is known as:
  - The buyers guide window sticker rule.
  
2. The Buyers Guide is placed on a vehicle:
  - Before it is offered for sale.
  
3. A Buyers Guide must be placed on:
  - Demonstrators available for sale.
  - Used trucks under 16,000 lbs. GVW.
  - Consignment vehicles.
  
4. The Buyers Guide is:
  - Attached to the vehicle in a conspicuous place so both sides can be seen.

5. What does the Federal Trade Commission Used Car Rule say about Dealers offering vehicles for sale at public auctions?
  - A guide must be on the vehicle if the auction is open to the public.
6. Under the Federal Trade Commission Used Car Rule, a vehicle can be sold "As Is":
  - And the service contract box on the Buyers Guide checked.
7. What is the penalty for violating the Federal Trade Commission Used Car Rule?
  - Up to \$16,000 per violation.
8. "Full" and "Limited" are terms given to:
  - Warranties.
9. According to the Federal Trade Commission Used Car Rule, the following is considered an unfair and deceptive practice?
  - Representing that a used automobile is sold with a warranty when it is not.
10. As described in the Federal Trade Commission Used Car Rule, dealers must display conspicuously on each used car a:
  - Buyers guide.
11. According to the Federal Trade Commission Used Car Rule, the Buyer's Guide should be displayed on:
  - Demonstrator or inventory vehicles.
  - Consignment vehicles.
12. A dealer must make a copy of the written warranty available for the customer to read prior to the sale.
  - TRUE
13. A dealer can sell a vehicle "As Is" or without a warranty in Virginia
  - TRUE
14. Under the Federal Trade Commission Used Car Rule, the terms of the warranty as stated on the Buyers Guide:
  - Can be changed and noted on the original Guide or on a new Guide.

15. When giving a warranty on a **used** vehicle the dealer must:
  - Give the customer a copy of the Buyers Guide window sticker.
  - Give the customer a warranty document containing certain specific phrases.
  
16. Which of the following must be included on the Buyer's Guide?
  - Purchaser's signature
  
17. For dealer arranged financing, if the retail installment contract is not approved and the deal is cancelled you must.
  - Return the customer's trade-in.
  
18. The reverse of the Buyers Guide must be signed by the customer and the dealership:
  - In every retail sale of a used vehicle.
  
19. The reverse of the Buyers Guide must be signed.
  - In every retail sale of a used vehicle.

## **MOTOR VEHICLE INFORMATION AND COST SAVING ACT**

### **TRUTH IN MILEAGE ACT**

1. An "A" after the odometer reading on a title indicates:
  - Actual miles driven.
  
2. The term "mileage" as used in the Truth In Mileage Act means:
  - The actual distance the vehicle has been driven.
  
3. An "E" after the odometer reading on a title means:
  - Mileage in excess of the odometers mechanical limits.
  
4. Which of the following statements are true regarding the Truth In Mileage Act
  - The buyer and seller must sign and print their names
  - The customer must receive a copy of the odometer statements
  - An "N" after the odometer reading on the title means the odometer reading is not actual

5. The customer must receive a copy of the odometer statement.
  - TRUE
  
6. An "N" after the odometer reading on the title means the odometer reading is not actual.
  - TRUE
  
7. In connection with the transfer of ownership of a leased motor vehicle, the Truth In Mileage Act requires the lessor to provide the lessee with a written statement regarding the mileage of the vehicle. Some of the information required in the statement is:
  - The name of the person making the disclosure and the current odometer reading.
  - The date of the statement and lessee's and lessor's name and current address.
  - The identity of the vehicle including the make, model, year, body type and vehicle identification number.
  
8. Under Federal law the customer must receive a copy of the odometer disclosure statement. This can be furnished:
  - By giving a copy of the secure reassignment and/or power of attorney if the title is not available.
  - By giving a copy of the conforming title.
  
9. A Power of Attorney (Form VAD-70) is used only when:
  - A title is lost.
    - Or -
  - The title is held by a lien holder.
  
10. Section "B" on a Power of Attorney (Form VAD-70) is used:
  - When a vehicle is sold prior to the dealer receiving the title.
  
11. Section "C" on the Power of Attorney (Form VAD-70):
  - Must always be completed by the dealer.
  - Is an affirmation, by the dealer, that the information contained on the form is correct to the best of their knowledge?

### **PROCESSING FEE**

1. The "Processing Fee" is:
  - A charge by a dealer for processing a transaction.

2. If a dealer charges a processing fee it must be current and registered with MVDB and:
  - Posted in the public sales area and clearly visible.
3. The dealer processing fee is:
  - Subject to the motor vehicle sales and use tax.

### **USE OF DEALER PLATES**

1. A salesperson may use a dealer plate if he or she:
  - Works at least 25 hours each week on a regular basis and is compensated for this work.
2. Dealer license plates may be:
  - Used on vehicles in the inventory of the dealer.
3. A dealer may allow the prospective purchaser to use the license plates assigned to the dealer for:
  - Up to 5 days, and may be renewed once.
4. After proper forms are completed, dealer plates may be used on a vehicle in a dealer's inventory:
  - By a prospective purchaser.
  - By a customer whose vehicle is in the dealers shop for repairs.
5. The form granting permission to use dealer plates:
  - May be issued for a five day period and reissued for one additional five day period.
6. When may you use Dealer Plates on consignment vehicles?
  - If the vehicle is on consignment from another dealer.
7. The dealer may authorize a person, other than a full-time employee, to transport a vehicle on a dealer plate to and from a point of sale, an auction, and a repair facility or dealer exchange for a period not to exceed:
  - 24 hours.

## GENERAL INFORMATION

1. A vehicle identification number (VIN) is comprised of 17 alpha numeric characters. Which character identifies the model year?
  - 10<sup>th</sup>
  
2. If a vehicle is to be titled out of state, temporary tags are issued and the purchaser does not have the required liability insurance, the dealer:
  - Must collect 1/12 of the uninsured motorist fee and submit to DMV.
  
3. On the buyers order, the line item, "Balance Due at Settlement" is used:
  - With both cash and finance transactions.
  
4. In general, a completed buyers order is legally binding when:
  - Both parties agree on a price and sign the buyers order.
  
5. In order for a dealer to occasionally rent a vehicle without a rental license:
  - The dealer cannot rent a vehicle without a rental license issued by the Virginia Department of Taxation.
  
6. A dealer makes a good will substitution for a vehicle previously delivered and titled to a customer. The sales and use tax refund process is:
  - The tax is not refundable.
  
7. The sales tax on a warranty or service agreement sold to a customer is paid to:
  - The Virginia Department of Taxation.
  
8. Effective July 2012, a Temporary Supplemental License issued from the MVDB:
  - May only be issued for 8 off site sales in a year.
  - Cannot have consecutive sales in the same jurisdiction.
  - If notifications are required, notifications must be sent by Certified Mail.
  
8. How many years is a dealership required to maintain proof that a Virginia Safety Inspection was performed prior to sale at retail?
  - 5 years.

10. What type of valid proof may a Dealer use to prove a Virginia Safety Inspection is performed on a vehicle prior to retail sale?
- A receipt from an authorized Virginia Inspection station identifying vehicle by year, make, model and VIN.
  - The official state inspection document.