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NOTE: We make every effort to ensure information in *Dealer Talk* is accurate, but it is not a substitute for legal advice.

Motor Vehicle Dealer Board Mission Statement

The Motor Vehicle Dealer Board will administer sections of the Commonwealth's Motor Vehicle Dealer Laws and regulations as charged; while providing a high level of customer service for the automotive consumer and dealer community.

In This Issue

Indep. D-O Recertification	pg 1
Do You Miss Dealer Talk	pg 4
PoD Deadline May 1	pg 5
MVDB on the Web	pg 5
2011 General Assembly	pg 6
Craigslist	pg 8
Board Actions	pg 8
License Plate Frames	pg 9
Truth in Lending	pg 9
New Jobs in Botetourt	pg 10

INDEPENDENT DEALER OPERATOR RECERTIFICATION

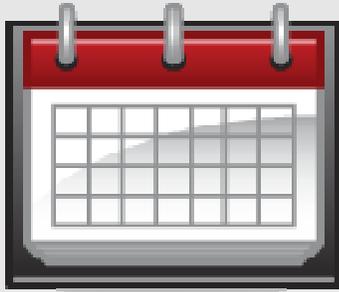
As reported in previous editions of Dealer Talk; regulations adopted by the MVDB require independent dealer operators to recertify every three years by either completing a course of study or passing an exam. The regulations provide an orderly schedule to transition existing and future independent dealer operators into a three year recertification cycle.

Recertification is tied to the month the independent dealer operator initially became certified. If a dealer operator become certified before 1995 (Including those "grandfathered" in 1989), they will need to recertify in 2011. Those initially certified between 1995 and 2005 will need to recertify in 2012 and those initially certified from 2006 to 2010, will need to recertify in 2013.

With the publication of this issue of Dealer Talk we have mailed over 400 recertification notices. This rollout continues through 2011 totaling approximately 1,700 notices by year end. Since our first mailing in January 2011, we have had dealer operators register and some complete their three year recertification requirement using one of the course options or recertification examination. (See below). The 2011 recertification notices are primarily for those dealer operators that were grandfathered in 1989 or passed the dealer operator test prior to January 1, 1995. As this program moves forward all dealer operators will receive a recertification notice based on their original qualification date.

If you do not know your original dealer operator qualification date, please do not be concerned. The Motor Vehicle Dealer Board has this information on file and will mail recertification notices in ample time to meet your recertification requirement.

(Continued on page 2)



Calendar of Events

All Meetings held at DMV
Headquarters
2300 W. Broad Street, Room
702 Richmond, VA

Monday, May 9, 2011

Time: 9:00 a.m.

**Dealer Practices Committee
Meeting**

Monday, May 9, 2011

Time: Immediately following Dealer
Practices

Licensing Committee Meeting

Monday, May 9, 2011

Time: Immediately following
Licensing

Advertising Committee Meeting

Monday, May 9, 2011

Time: Immediately following
Advertising

**Transaction Recovery Fund
Committee Meeting**

Monday, May 9, 2011

Time: 10:00 a.m.

Full Board Meeting

NOTE: Meetings may begin later,
but not earlier than
scheduled.

RECERTIFICATION

(Continued from page 1)

To date, the following recertification notices have been mailed:

- 1st mail notification January 18, 2011 - Independent Dealer Operators (104) qualified between January-March years prior to 1995 need to recertify by **May 31, 2011**.
- 2nd mail notification March 4, 2011 - Independent Dealer Operators (69) qualified between April-May years prior to 1995 will need to recertify by **July 30, 2011**.
- 3rd mail notification March 18, 2011 - Independent Dealer Operators (36) qualified June years prior to 1995 will need to recertify by **August 31, 2011**.
- 4th Mailing scheduled for completion April Independent Dealer Operators (650+) qualified July years prior to 1995 will need to recertify by **September 30, 2011**. This will be our largest pool of notifications for the year and will be mailed in stages. Given this large mail volume, we encourage dealer operators upon receipt of this notice to review the recertification letter timely and choose the course or exam options (described below) that accommodates your schedule and learning preference.

Since this is a new program, MVDB has set up several additional communication resources to ensure Independent Dealer Operators receive the necessary information to keep informed on their recertification requirements. A complete program overview, including the regulations can be found on our web site www.mvdb.virginia.gov, and by “clicking” on *Independent Dealer Operator Recertification Program*. Also a dedicated email recertify@mvdb.virginia.gov is available if there are questions/concerns of which we will provide quick response.

To further assist and provide direct service, MVDB has recently hired Ann Majors, Education and Compliance Specialist who is the primary point of contact for administering the Independent Dealer Operator Recertification Program. Ann has quickly engaged herself in the Independent Dealer Operator program regulations and recertification guidelines and has been in communication with Independent Dealer Operators throughout Virginia as well as our course providers to assist in getting this program underway.

You may email Ann directly at ann.majors@mvdb.virginia.gov or by telephone at 804-367-1100 x 3016 with questions you may have on this Program.

(Continued on page 3)

CRIMINAL HISTORY CHECKS

ScreeningOne is the vendor used by the Motor Vehicle Dealer Board to check the criminal history of new salesperson applicants. You can save time and money by running your own criminal background checks. Through a special arrangement with *ScreeningOne* you can run nationwide criminal background checks on not only your new salesperson applicants, but applicants for any position in your organization. You could even run periodic criminal backgrounds of any and all of your employees. The cost -- just \$8.50 for each criminal background you run.

Once you have signed up for this service, you can run a nationwide criminal background, sex offender and OFAC check before you send the salesperson application to the Board. We will be able to view the criminal background check that you ordered and if there are no problems - we will proceed to license your new salesperson. For additional information please contact Paul Craddock at *ScreeningOne* toll free at 888-327-6511; ext 109 or pcraddock@ScreeningOne.com.

RECERTIFICATION

(Continued from page 2)

We also encourage all Dealer Operators to notify us when there are changes to your home mailing address, telephone and email. Subscribing to Dealer Talk also ensures you are kept up to date of many changes in the industry as well as regulations that may impact your business.

The following is a listing of the recertification course options available. This information will also be included in the recertification notice when you are scheduled to recertify. Please note if your original qualification year is after 1995 you do not need to recertify in 2011.

RECERTIFICATION COURSE OPTIONS

Once it is your time to recertify, you will have the following (3) three continuing education options to meet your recertification requirement. You will receive the recertification notice along with continuing education material well in advance of your recertification deadline date. This ensures the Independent Dealer Operator has ample time to schedule the course or examination without disrupting business activities. This material will be mailed to the Dealer Operator's home address currently on file at the Board.

Options 1 and 2 are continuing education course vendors that can directly assist you on registering for the recertification course. Both the Virginia Independent Automobile Dealers Association (VIADA) and Compass Systems will notify MVDB directly when you have completed the course. If you decide to take the Dealer Operator Recertification examination, DMV notifies MVDB of your examination result. MVDB does not provide advice on which continuing education option is best for meeting the Dealer Operator recertification; however we can assist with the Dealer Operator program requirements and continuing education process. Please contact us directly at recertify@mvdv.virginia.gov for questions.

OPTION 1 - VCC- VIADA

The Virginia Community College System (VCC) and the Virginia Independent Automobile Dealers Association (VIADA) have teamed up to offer on-line *and* classroom continuing education courses to choose for recertification.

(Continued on page 4)

HOLIDAYS HOURS

In observance of the upcoming holidays, all state agencies, including the Dealer Board, will be closed on the following dates:

Monday
May 30, 2011
MEMORIAL DAY



Monday
July 4, 2011
4th of July



RECERTIFICATION

(Continued from page 3)

To register for the Dealer Operator Recertification online class go to www.tcc.edu/wd. To register for the classroom course, go to/click on www.viada.org/education.php. You may also visit the VIADA website at www.viada.org or contact their office at 800-394-1960.

OPTION 2- Compass Systems, Inc.

This course provider is offering an on-line course to meet the dealer operator recertification requirement. To register please visit www.eProLearn.com or call 800-296-5585.

OPTION 3 - Independent Dealer Operator Recertification Examination.

This is a recertification examination given at any DMV Customer Service Center. You must successfully pass the examination for recertification. *If you fail, you will not be allowed to retake this examination and must take a course (see Options 1 and 2) in order to remain certified as a Dealer Operator.* The recertification notice that is mailed to the home address of independent dealer operators will have instructions and the registration form you will need to submit to the MVDB in order to take the exam.

DO YOU MISS DEALER TALK?

We produce six issues of Dealer Talk each year. If you rely on receiving Dealer Talk by mail - you are missing out on most of the issues as we only mail one or two issues per year. The other issues are distributed by email. In order to receive your copy by email, you must sign-up for e-mail notification. To do this, simply, go to our WEB site at www.mvdb.virginia.gov and from the Home page under "What's New" and then "click" on "Subscribe to Our E-Mail List". Back issues of Dealer Talk can also be found on our WEB site under the heading "Dealer and Salesperson."

DEADLINE TO CONVERT TO PRINT-ON-DEMAND TEMPORARY TAGS IS MAY 1.

Dealers should be depleting their stock of cardboard temporary tags as the May 1, 2011, deadline to sign up for the Department of Motor Vehicles' (DMV) Print-on-Demand (PoD) temporary tags program approaches. Dealers who have not entered into an agreement with one of the PoD vendors should take immediate action. DMV requires that all dealers who wish to provide their customers with temporary tags participate in the PoD temporary tags program. On May 1, 2011, cardboard temporary tags will no longer be issued to dealers who have not entered into an agreement with one of the PoD vendors.

With less than a month remaining until the deadline, dealers should contact one of the vendors currently providing PoD temporary tags to enter into an agreement and if appropriate, schedule installation.

<p>CVR: Scott O'Laughlin (919) 753-8008 solaughlin@cvrreg.com</p>	<p>triVIN: Mike Audette (860) 448-3177 ext. 4645 maudette@trivininc.com</p>	<p>Virginia Interactive: Sheri Wood (804) 786-1851 swood@virginiainteractive.org www.pods.vi.virginia.gov</p>
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For dealers who have entered into an agreement with a vendor and are awaiting PoD installation, DMV will provide assistance by providing the opportunity to purchase a limited number of cardboard 30-day temporary tags. Once PoD is installed, DMV will no longer issue cardboard 30-day temporary tags.

Since DMV first notified dealers about the PoD temporary tags program in December 2009, nearly 1000 Virginia dealers are participating. Dealers have printed more than 120,000 PoD temporary tags from their printers.

For more information about the benefits of using Print-on-Demand temporary tags or to learn how to sign-up, visit www.dmv.virginia.gov/webdoc/commercial/dealer/pod_intro.asp or contact the Print on Demand Help Desk at (804) 367-1474 or podtemptag@dmv.virginia.gov.

WATCH US ON THE WEB

The next Motor Vehicle Dealer Board meeting, which is scheduled for May 9 at 9:00 am, will broadcast live on the WEB. A hot link will be posted on the MVDB Home Page (www.mvdb.virginia.gov) or a quick and easy connection to the broadcast. Mark your calendars now!

2011 GENERAL ASSEMBLY SUMMARY REPORT

The following is a summary of Bills adopted by the Virginia General Assembly that are related to motor vehicle dealers. Except as otherwise noted, all are effective as of July 1, 2011. The list does not include any changes to the motor vehicle franchise laws.

HB 2011 Motor Vehicle Dealer Board Omnibus Bill. Delegate Carrico was the patron for this MVDB initiated proposal that does the following:

- Allow the Commissioner of the Virginia Department of Agriculture and Consumer Services (VDACS) to designate a staff member to represent him/her on the Motor Vehicle Dealer Board.
- Allow the MVDB to recover costs associated with reprinting licenses and certificates by authorizing the MVDB to collect a \$10 fee for reprints of dealer certificates and salespersons licenses. (The cost for reprinting a registration card will remain at \$2.00.)
- Allow the MVDB to recover costs associated with reinstating suspended licenses, certificates and registrations by authorizing the MVDB to collect a \$50 reinstatement fee. For example, the \$50 fee will apply in those instances where a dealer allows his/her bond to lapse and the dealer's license is suspended pending reinstatement of the bond.
- Technical amendment to require dealers to maintain copies of buyer's orders for five years and to maintain proof that they have safety inspected their vehicles.
- Require dealers to have an internet connection and an email address by July 1, 2013.
- Requires the MVDB to study the internet/email address provision of the bill and “. . . advise the Governor and the General Assembly of the desirability and feasibility of these provisions on or before December 1, 2011.”

HB 1838 Motor Vehicle Transaction Recovery Fund. Delegate Scott Garrett was the patron of this bill that MVDB initiated. The bill clarifies that a claimant may not collect more than a total of \$20,000 between the bond and the Motor Vehicle Transaction Recovery Fund (MVTRF). The bill also modifies the method by which funds may be used from the MVTRF to pay for the administration of the Fund.

The chair of the Senate Transportation Committee asked that the MVDB convene a meeting or series of meetings with interested parties before the 2012 General Assembly to review and discuss options available to ensure the long term viability of the Motor Vehicle Transaction Fund. At minimum, to be discussed at the meeting(s) is an increase in the maximum claim amount.

HB 1412 Increases the threshold for reporting water damaged vehicles. Delegates Timothy Hugo, Robin Abbott and Senator Stephen Newman were the patrons of bills that will increase the threshold for reporting water damage from \$1,000 to \$3,500. Whenever an insurance company pays a claim of \$3,500 or more in water damage, they must report this payment to the Department of Motor Vehicles. DMV will then brand the title.

HB 1904 Drive Away License plates. Delegate Timothy Hugo was the patron for this bill that will add auto auctions to the list of those permitted to use Drive Away license plates. This will enable auto auctions to bring vehicles, such as, off-lease and rental units to the auction for reconditioning and sale.

(Continued on page 7)

2011 GENERAL ASSEMBLY SUMMARY REPORT

(Continued from page 6)

HB 1903 Temporary transport license plates; print-on-demand program. Delegate Timothy Hugo was the patron of this bill that will allow DMV to implement print-on-demand (PoD) for temporary transport plates. Dealers will be given ample notice once this program is implemented. A time frame for implementation has not yet been established.

SB 915 Inspection of motor vehicles; exceptions to requirements. Delegate Ryan McDougale was the patron of this bill that restates requirements for motor vehicle safety inspections and places exemptions under a single Code section. It does not appear that the bill changes any of the current exceptions to the safety inspection requirement. The following is a list of exemptions that might be of interest to motor vehicle dealers. This is not a comprehensive list of the exemptions, rather just those that are directly related to motor vehicle dealers.

The following are exempt from the motor vehicle safety inspection requirement:

- Boat, utility, or travel trailers that are not equipped with brakes;
- Vehicles registered as Antique motor vehicles;
- New motor vehicles operated upon the highways of Virginia for the purpose of delivery from the place of manufacture to the dealer's place of business or between places of business if the dealer has more than one place of business;
- When dealers take delivery and operate upon the highways of Virginia new motor vehicles, from another dealer or distributor provided that the motor vehicle has not been driven upon the highways for any purpose other than the delivery of the vehicle;
- Motor vehicles operated for test purposes by a certified inspector during the performance of an official inspection;
- New motor vehicles operated upon the highways of Virginia over the most direct route to a location for installation of a permanent body;
- Motor vehicles purchased outside the Commonwealth driven to the purchaser's place of residence or the dealer's or distributor's designated place of business;
- Prior to purchase from auto auctions within the Commonwealth, motor vehicles may be operated upon the highways not to exceed a five-mile radius of such auction by prospective purchasers only for the purpose of road testing without being inspected; motor vehicles purchased from auto auctions within the Commonwealth also may be operated upon the highways from such auction to the purchaser's place of residence or business without being inspected;
- A new motor vehicle, as defined in § 46.2-1500, that has been inspected in accordance with an inspection requirement of the manufacturer or distributor of the new motor vehicle by an employee who customarily performs such inspection on behalf of a motor vehicle dealer licensed pursuant to § 46.2-1508 shall be deemed to have met the safety inspection requirements without a separate safety inspection by an official inspection station. Such inspection shall be deemed to be the first inspection for the purpose of § 46.2-1158, and an inspection approval sticker furnished by the Department of State Police at the uniform price paid by all official inspection stations to the Department of State Police for an inspection approval sticker may be affixed to the vehicle as required by § 46.2-1163;
- Mopeds; and Low-speed vehicles.

CRAIGSLIST

Craigslist has become a popular advertising tool for dealers. Please remember the dealer advertising laws and regulations apply to all advertisements including those posted on Craigslist.

Virginia Law requires that in all advertisements you must identify the name of the dealership or clearly state you are a Virginia dealer by including "VA DLR" in each advertisement. Each Craigslist posting must include either the name of your dealership or "VA DLR" in the body of each posting. Posting advertisements under the heading "By Dealer Only" does not satisfy the requirement.

Also, even if you are not listing any motor vehicles in the posting - you must include the "VA DLR" or the dealership name. An example would be if your advertisement is one that does not include any vehicles, and only a credit application.

Also, Virginia Regulations require dealers to ". . . *maintain and make available to the Board and the Board staff, if requested, the original or a clear facsimile copy of all advertisements in a manner that permits systematic retrieval for a period of 60 days subsequent to the expiration date of the advertisement.*" In other words, Virginia dealers must retain a copy of each Craigslist posting for a period of 60 days from the date the posting was removed from Craigslist.

Violations are subject to a civil penalty of up to \$1,000 per occurrence and/or suspension or revocation of your dealer license.

BOARD ACTIONS

M & I Auto Sales, Inc. and Issmail Alchaleh. Since 2005, this dealer had been the subject of four administrative hearings; had paid thousands of dollars in civil penalties; was mandated by the Board to complete the dealer operator course and has had his license suspended.

Continued, failed inspections of this dealership caused the Board staff to convene an informal fact-finding conference on November 9, 2010 to address a number of alleged violations of the law including failing to have a working telephone listed in the name of the dealership; record keeping deficiencies; failing to maintain business hours; failure to have salespersons properly licensed; improper use of or permitting the improper use of dealer plates; and failure to comply subsequent to receipt of a written warning. Based on the information provided at the conference and the hearing officer's report the Board revoked all licenses issued to Mr. Alchaleh and assessed a \$3,000 civil penalty.

Razaq Auto Sales, Inc. and Jamal A. Abdulwahab. A customer complaint concerning failure to provide a title and subsequent investigation by DMV and the MVDB, revealed multiple problems and illegal actions by this dealer. As a result of this investigation, Mr. Abdulwahab was convicted of two misdemeanors related to the sale of a motor vehicle. The convictions and business practices of this dealer led to a November 19, 2010 informal fact-finding conference. Based on the information provided at the conference and the hearing officer's report the Board revoked all licenses issued to Mr. Abdulwahab and assessed a \$2,000 civil penalty.

Virginia Beach Auto Showcase, Inc. and Angela Anderson. Consumer complaints and a complaint received from another dealer led to an investigation of this dealership. Several deficiencies were found including salespersons being paid as independent contractors ("1099"). Ms. Anderson readily admitted that she was paying licensed salespersons on a "1099" despite knowing that this practice was not legal. As a result, on December 14, 2010, an informal fact-finding conference was convened. Based on the information provided at the conference and the hearing officer's report, the Board voted to assess a \$2,500 civil penalty and to suspend the dealer's license until such time they had returned a \$900 deposit to a consumer who had made the deposit, but never took possession of a vehicle.

TRUTH IN LENDING & CONSUMER LEASING ACTS

The Federal Reserve Board has adopted two rules that will expand the coverage of Regulation Z (Truth in Lending Act ("TILA")) and Regulation M (Consumer Leasing Act ("CLA")).

The MVDB Advertising Regulations require compliance with Regulations Z and M. Specifically, when certain "trigger terms" are used in an advertisement, specific disclosures are required in the advertisement. Currently, consumer loans of more than \$25,000 and leases with a total obligation exceeding \$25,000 are exempt from TILA and CLA respectively.

Effective July 21, 2011, protections of TILA and the CLA apply to consumer credit transactions and consumer leases of up to \$50,000. This amount will be adjusted annually to reflect any increase in the consumer price index.

For more information on MVDB Advertising Laws and Regulations and the required TILA and CLA disclosures, please go to the MVDB WEB site at www.mvdb.virginia.gov and click on "Advertising" in the left hand column.

LICENSE PLATE FRAMES

Virginia law prohibits license plate frames, colored glass or plastic from covering or obscuring a license plate number; the month and year decals; the word "Virginia" or any other word or term printed on the license plate; or any logo displayed on a license plate.

In an effort to ensure that your customers do not encounter difficulties with law enforcement, please be sure that any license plate frames placed on vehicles sold by your dealership conform to these laws.

Virginia has more than 200 special license plates. The same license plate number may be displayed on more than one license plate. The only difference being the name of the specialty plate printed on the top or the bottom of the plate. If a law enforcement officer "runs" a plate number, and does not include the plate type (Because it is hidden by a license plate frame), he/she may get a response that does not match the motor vehicle your customer is driving.

This has happened a number of times, causing great inconvenience for the driver. Specifically, Virginia law states:

§ 46.2-716 (B). No colored glass, colored plastic, bracket, frame, mounting, frame, or any other type of covering shall be placed, mounted, or installed on, around, or over any license plate if such glass, plastic, bracket, frame, mounting, frame, or other type of covering in any way alters or obscures (i) the alpha-numeric information, (ii) the color of the license plate, (iii) the name or abbreviated name of the state wherein the vehicle is registered, or (iv) any character or characters, decal, stamp, or other device indicating the month or year in which the vehicle's registration expires. No insignia, emblems, or trailer hitches or couplings shall be mounted in such a way as to hide or obscure any portion of the license plate or render any portion of the license plate illegible.

Please check your license plate frames carefully, making sure that they do not obscure any printed words, numbers or logos on license plates.

GOVERNOR MCDONNELL ANNOUNCES 95 NEW JOBS IN BOTETOURT COUNTY

Recently, Governor Bob McDonnell announced that Dynax America Corporation, a manufacturer of automotive components, will invest \$15.66 million to expand its operation in Botetourt County. The expansion project will accommodate new contracts with Ford, General Motors, and Daimler, creating 95 new jobs. Virginia successfully competed against China for the project.

Speaking about the recent announcement, Governor McDonnell said, “With 360 current employees, Dynax America has been a key employer in Botetourt County for 15 years. This expansion is a result of new contracts with major automotive names and is testament to the company’s success in Virginia. This significant project will enable Dynax America to continue to contribute to the strong automotive industry cluster in the region.”

Dynax America is a subsidiary of Dynax Corporation of Hokkaido, Japan, and located in Virginia in 1996. The company currently employs 360 people at its Botetourt County plant, where it manufactures clutch discs, drive plates, clutch packs, and torque converter pistons for automatic transmissions.