
HOUSE BILL 1736

State of Washington 57th Legislature 2001 Regular Session

By Representatives Hatfield, Mitchell, Hurst, Talcott and Schoesler

Read first time 02/02/2001. Referred to Committee on Transportation.

1 AN ACT Relating to licensing criteria for motor vehicle dealers;
2 amending RCW 46.70.070; reenacting and amending RCW 46.70.041; and
3 adding a new section to chapter 46.70 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 46.70 RCW
6 to read as follows:

7 (1) Except as provided in subsection (2) of this section, the
8 following education requirements apply to an applicant for a vehicle
9 dealer license under RCW 46.70.021:

10 (a) An applicant for a vehicle dealer license under RCW 46.70.021
11 must complete a minimum of eight hours of approved education programs
12 described in subsection (3) of this section and pass a test prior to
13 submitting an application for the license; and

14 (b) An applicant for a renewal of a vehicle dealer license under
15 RCW 46.70.083 must complete a minimum of five hours per year in a
16 licensing period of approved continuing education programs described in
17 subsection (3) of this section prior to submitting an application for
18 the renewal of the vehicle dealer license.

1 (2) The education requirements in subsection (1) of this section do
2 not apply to an applicant for a vehicle dealer license under RCW
3 46.70.021 if the applicant is:

4 (a) A franchised dealer of nationally advertised and recognized
5 motor vehicles;

6 (b) A franchised dealer of new recreational vehicles;

7 (c) A nationally franchised or corporate-owned motor vehicle rental
8 company;

9 (d) A dealer of manufactured dwellings; or

10 (e) A national auction company that holds a vehicle dealer license
11 and a tow truck operator registration certificate whose primary
12 activity in this state is the sale or disposition of totaled vehicles.

13 (3) The education programs and test required in subsection (1) of
14 this section shall be developed by motor vehicle industry organizations
15 including, but not limited to, the state independent auto dealers
16 association and shall be submitted to the department for approval. The
17 department shall approve a program or test if it pertains to the motor
18 vehicle industry and includes, but is not limited to, state and federal
19 law in the following areas:

20 (a) Motor vehicle advertising;

21 (b) Odometer laws and regulations;

22 (c) Vehicle licensing and registration;

23 (d) Unlawful dealer activities;

24 (e) Washington state and industry standard motor vehicle forms;

25 (f) Truthful lending practices;

26 (g) Motor vehicle financing; and

27 (h) Service and warranty contracts.

28 (4) The education programs and test may be provided by accredited
29 educational institutions, private vocational schools, correspondence
30 schools, or trade associations if the education programs and test have
31 been approved by the department as required in subsection (3) of this
32 section.

33 (5) A new motor vehicle dealer, as defined under RCW 46.96.020, is
34 deemed to have met the education requirements required for applicants
35 for a vehicle dealer license under this section.

36 **Sec. 2.** RCW 46.70.041 and 1993 c 307 s 6 and 1993 c 175 s 2 are
37 each reenacted and amended to read as follows:

1 (1) Every application for a vehicle dealer license shall contain
2 the following information to the extent it applies to the applicant:

3 (a) Proof as the department may require concerning the applicant's
4 identity, including but not limited to his or her fingerprints, the
5 honesty, truthfulness, and good reputation of the applicant for the
6 license, or of the officers of a corporation making the application;

7 (b) The applicant's form and place of organization including if the
8 applicant is a corporation, proof that the corporation is licensed to
9 do business in this state;

10 (c) The qualification and business history of the applicant and any
11 partner, officer, or director;

12 (d) The applicant's financial condition or history including a bank
13 reference and whether the applicant or any partner, officer, or
14 director has ever been adjudged bankrupt or has any unsatisfied
15 judgment in any federal or state court;

16 (e) Whether the applicant has been adjudged guilty of a crime which
17 directly relates to the business for which the license is sought and
18 the time elapsed since the conviction is less than ten years, or has
19 suffered any judgment within the preceding five years in any civil
20 action involving fraud, misrepresentation, or conversion and in the
21 case of a corporation or partnership, all directors, officers, or
22 partners;

23 (f) A business telephone with a listing in the local directory;

24 (g) The name or names of new vehicles the vehicle dealer wishes to
25 sell;

26 (h) The names and addresses of each manufacturer from whom the
27 applicant has received a franchise;

28 (i) A certificate by a representative of the department, that the
29 applicant's principal place of business and each subagency business
30 location in the state of Washington meets the location requirements as
31 required by this chapter. The certificate shall include proof of the
32 applicant's ownership or lease of the real property where the
33 applicant's principal place of business is established;

34 (j) A copy of a current service agreement with a manufacturer, or
35 distributor for a foreign manufacturer, requiring the applicant, upon
36 demand of any customer receiving a new vehicle warranty to perform or
37 arrange for, within a reasonable distance of his or her established
38 place of business, the service repair and replacement work required of
39 the manufacturer or distributor by such vehicle warranty. This

1 requirement applies only to applicants seeking to sell, to exchange, to
2 offer, to auction, to solicit, to advertise, or to broker new or
3 current-model vehicles with factory or distributor warranties;

4 (k) The class of vehicles the vehicle dealer will be buying,
5 selling, listing, exchanging, offering, brokering, leasing with an
6 option to purchase, auctioning, soliciting, or advertising, and which
7 classification or classifications the dealer wishes to be designated
8 as;

9 (l) A certificate from the provider of each education program or
10 test showing that the applicant has completed the education programs
11 and passed the test required under section 1 of this act if the
12 applicant is a dealer subject to the education and test requirements;

13 (m) Any other information the department may reasonably require.

14 (2) If the applicant is a manufacturer the application shall
15 contain the following information to the extent it is applicable to the
16 applicant:

17 (a) The name and address of the principal place of business of the
18 applicant and, if different, the name and address of the Washington
19 state representative of the applicant;

20 (b) The name or names under which the applicant will do business in
21 the state of Washington;

22 (c) Evidence that the applicant is authorized to do business in the
23 state of Washington;

24 (d) The name or names of the vehicles that the licensee
25 manufactures;

26 (e) The name or names and address or addresses of each and every
27 distributor, factory branch, and factory representative;

28 (f) The name or names and address or addresses of resident
29 employees or agents to provide service or repairs to vehicles located
30 in the state of Washington only under the terms of any warranty
31 attached to new or unused vehicles manufactured, unless such
32 manufacturer requires warranty service to be performed by all of its
33 dealers pursuant to a current service agreement on file with the
34 department;

35 (g) Any other information the department may reasonably require.

36 **Sec. 3.** RCW 46.70.070 and 1996 c 194 s 2 are each amended to read
37 as follows:

1 (1) Before issuing a vehicle dealer's license, the department shall
2 require the applicant to file with the department a surety bond in the
3 amount of:

4 (a) (~~Fifteen~~) Thirty thousand dollars for motor vehicle dealers;

5 (b) Thirty thousand dollars for mobile home, park trailer, and
6 travel trailer dealers(~~(: PROVIDED, That if such dealer does not deal~~
7 ~~in mobile homes or park trailers such bond shall be fifteen thousand~~
8 ~~dollars))~~);

9 (c) Five thousand dollars for miscellaneous dealers,
10 running to the state, and executed by a surety company authorized to do
11 business in the state. Such bond shall be approved by the attorney
12 general as to form and conditioned that the dealer shall conduct his or
13 her business in conformity with the provisions of this chapter.

14 Any retail purchaser, consignor who is not a motor vehicle dealer,
15 or a motor vehicle dealer who has purchased from, sold to, or otherwise
16 transacted business with a wholesale dealer, who has suffered any loss
17 or damage by reason of any act by a dealer which constitutes a
18 violation of this chapter shall have the right to institute an action
19 for recovery against such dealer and the surety upon such bond.
20 However, under this section, motor vehicle dealers who have purchased
21 from, sold to, or otherwise transacted business with wholesale dealers
22 may only institute actions against wholesale dealers and their surety
23 bonds. Successive recoveries against said bond shall be permitted, but
24 the aggregate liability of the surety to all persons shall in no event
25 exceed the amount of the bond. Upon exhaustion of the penalty of said
26 bond or cancellation of the bond by the surety the vehicle dealer
27 license shall automatically be deemed canceled.

28 (2) The bond for any vehicle dealer licensed or to be licensed
29 under more than one classification shall be the highest bond required
30 for any such classification.

31 (3) Vehicle dealers shall maintain a bond for each business
32 location in this state and bond coverage for all temporary subagencies.

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