

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1581

Chapter 272, Laws of 2001

57th Legislature
2001 Regular Legislative Session

MOTOR VEHICLE DEALERS AND MANUFACTURERS

EFFECTIVE DATE: 7/22/01 - Except section 12, which becomes effective 7/1/02.

Passed by the House April 18, 2001
Yeas 73 Nays 18

FRANK CHOPP
Speaker of the House of Representatives

CLYDE BALLARD
Speaker of the House of Representatives

Passed by the Senate April 9, 2001
Yeas 47 Nays 0

BRAD OWEN
President of the Senate

Approved May 11, 2001

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1581** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 11, 2001 - 10:04 a.m.

**Secretary of State
State of Washington**

HOUSE BILL 1581

AS AMENDED BY THE SENATE

Passed Legislature - 2001 Regular Session

State of Washington 57th Legislature 2001 Regular Session

By Representatives Cooper, Haigh, Morell, Hankins, Rockefeller and
Delvin; by request of Department of Licensing

Read first time 01/30/2001. Referred to Committee on Transportation.

1 AN ACT Relating to licensing of motor vehicle dealers and
2 manufacturers; amending RCW 46.70.005, 46.70.011, 46.70.051, 46.70.090,
3 46.70.101, 46.70.120, 46.70.122, 46.70.130, 46.70.180, 46.70.900, and
4 46.70.070; reenacting and amending RCW 46.70.041; adding a new section
5 to chapter 46.70 RCW; and providing an effective date.

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

7 **Sec. 1.** RCW 46.70.005 and 1986 c 241 s 1 are each amended to read
8 as follows:

9 The legislature finds and declares that the distribution ~~((and))~~,
10 sale, and lease of vehicles in the state of Washington vitally affects
11 the general economy of the state and the public interest and the public
12 welfare, and that in order to promote the public interest and the
13 public welfare, and in the exercise of its police power, it is
14 necessary to regulate and license vehicle manufacturers, distributors,
15 or wholesalers and factory or distributor representatives, and to
16 regulate and license dealers of vehicles doing business in Washington,
17 in order to prevent frauds, impositions, and other abuses upon its
18 citizens and to protect and preserve the investments and properties of
19 the citizens of this state.

1 **Sec. 2.** RCW 46.70.011 and 1998 c 46 s 1 are each amended to read
2 as follows:

3 As used in this chapter:

4 (1) "Vehicle" means and includes every device capable of being
5 moved upon a public highway and in, upon, or by which any persons or
6 property is or may be transported or drawn upon a public highway,
7 excepting devices moved by human or animal power or used exclusively
8 upon stationary rails or tracks.

9 (2) "Motor vehicle" means every vehicle which is self-propelled and
10 every vehicle which is propelled by electric power obtained from
11 overhead trolley wires, but not operated upon rails, and which is
12 required to be registered and titled under Title 46 RCW, Motor
13 Vehicles.

14 (3) "Vehicle dealer" means any person, firm, association,
15 corporation, or trust, not excluded by subsection (4) of this section,
16 engaged in the business of buying, selling, listing, exchanging,
17 offering, brokering, leasing with an option to purchase, auctioning,
18 soliciting, or advertising the sale of new or used vehicles, or
19 arranging or offering or attempting to solicit or negotiate on behalf
20 of others, a sale, purchase, or exchange of an interest in new or used
21 motor vehicles, irrespective of whether the motor vehicles are owned by
22 that person. Vehicle dealers shall be classified as follows:

23 (a) A "motor vehicle dealer" is a vehicle dealer that deals in new
24 or used motor vehicles, or both;

25 (b) A "mobile home and travel trailer dealer" is a vehicle dealer
26 that deals in mobile homes, park trailers, or travel trailers, or more
27 than one type of these vehicles;

28 (c) A "miscellaneous vehicle dealer" is a vehicle dealer that deals
29 in motorcycles or vehicles other than motor vehicles or mobile homes
30 and travel trailers or any combination of such vehicles.

31 (4) The term "vehicle dealer" does not include, nor do the
32 licensing requirements of RCW 46.70.021 apply to, the following
33 persons, firms, associations, or corporations:

34 (a) Receivers, trustees, administrators, executors, guardians, or
35 other persons appointed by, or acting under a judgment or order of, any
36 court; or

37 (b) Public officers while performing their official duties; or

38 (c) Employees of vehicle dealers who are engaged in the specific
39 performance of their duties as such employees; or

1 (d) Any person engaged in an isolated sale of a vehicle in which
2 that person is the registered or legal owner, or both, thereof; or

3 (e) Any person, firm, association, corporation, or trust, engaged
4 in the selling of equipment other than vehicles, subject to
5 registration, used for agricultural or industrial purposes; or

6 (f) A real estate broker licensed under chapter 18.85 RCW, or an
7 affiliated licensee, who, on behalf of another negotiates the purchase,
8 sale, lease, or exchange of a manufactured or mobile home in
9 conjunction with the purchase, sale, exchange, rental, or lease of the
10 land upon which the manufactured or mobile home is, or will be,
11 located; or

12 (g) Owners who are also operators of the special highway
13 construction equipment or of the highway construction equipment for
14 which a vehicle license and display vehicle license number plate is
15 required as defined in RCW 46.16.010; or

16 (h) Any bank, trust company, savings bank, mutual savings bank,
17 savings and loan association, credit union, and any parent, subsidiary,
18 or affiliate thereof, authorized to do business in this state under
19 state or federal law with respect to the sale or other disposition of
20 a motor vehicle owned and used in their business; or with respect to
21 the acquisition and sale or other disposition of a motor vehicle in
22 which the entity has acquired an interest as a lessor, lessee, or
23 secured party ; or

24 (i) Any person who is regularly engaged in the business of
25 acquiring leases or installment contracts by assignment, with respect
26 to the acquisition and sale or other disposition of a motor vehicle in
27 which the person has acquired an interest as a result of the business.

28 (5) "Vehicle salesperson" means any person who for any form of
29 compensation sells, auctions, leases with an option to purchase, or
30 offers to sell or to so lease vehicles on behalf of a vehicle dealer.

31 (6) "Department" means the department of licensing, which shall
32 administer and enforce the provisions of this chapter.

33 (7) "Director" means the director of licensing.

34 (8) "Manufacturer" means any person, firm, association,
35 corporation, or trust, resident or nonresident, who manufactures or
36 assembles new and unused vehicles or remanufactures vehicles in whole
37 or in part and further includes the terms:

38 (a) "Distributor," which means any person, firm, association,
39 corporation, or trust, resident or nonresident, who in whole or in part

1 offers for sale, sells, or distributes any new and unused vehicle to
2 vehicle dealers or who maintains factory representatives.

3 (b) "Factory branch," which means a branch office maintained by a
4 manufacturer for the purpose of selling or offering for sale, vehicles
5 to a distributor, wholesaler, or vehicle dealer, or for directing or
6 supervising in whole or in part factory or distributor representatives,
7 and further includes any sales promotion organization, whether a
8 person, firm, or corporation, which is engaged in promoting the sale of
9 new and unused vehicles in this state of a particular brand or make to
10 vehicle dealers.

11 (c) "Factory representative," which means a representative employed
12 by a manufacturer, distributor, or factory branch for the purpose of
13 making or promoting for the sale of their vehicles or for supervising
14 or contracting with their dealers or prospective dealers.

15 (9) "Established place of business" means a location meeting the
16 requirements of RCW 46.70.023(1) at which a vehicle dealer conducts
17 business in this state.

18 (10) "Principal place of business" means that dealer firm's
19 business location in the state, which place the dealer designates as
20 their principal place of business.

21 (11) "Subagency" means any place of business of a vehicle dealer
22 within the state, which place is physically and geographically
23 separated from the principal place of business of the firm or any place
24 of business of a vehicle dealer within the state, at which place the
25 firm does business using a name other than the principal name of the
26 firm, or both.

27 (12) "Temporary subagency" means a location other than the
28 principal place of business or subagency within the state where a
29 licensed vehicle dealer may secure a license to conduct the business
30 and is licensed for a period of time not to exceed ten days for a
31 specific purpose such as auto shows, shopping center promotions, tent
32 sales, exhibitions, or similar merchandising ventures. No more than
33 six temporary subagency licenses may be issued to a licensee in any
34 twelve-month period.

35 (13) "Wholesale vehicle dealer" means a vehicle dealer who buys and
36 sells other than at retail.

37 (14) "Retail vehicle dealer" means a vehicle dealer who may buy and
38 sell at both wholesale and retail.

1 (15) "Listing dealer" means a used mobile home dealer who makes
2 contracts with sellers who will compensate the dealer for obtaining a
3 willing purchaser for the seller's mobile home.

4 (16) "Auction" means a transaction conducted by means of exchanges
5 between an auctioneer and the members of the audience, constituting a
6 series of oral invitations for offers for the purchase of vehicles made
7 by the auctioneer, offers to purchase by members of the audience, and
8 the acceptance of the highest or most favorable offer to purchase.

9 (17) "Auction company" means a sole proprietorship, partnership,
10 corporation, or other legal or commercial entity licensed under chapter
11 18.11 RCW that only sells or offers to sell vehicles at auction or only
12 arranges or sponsors auctions.

13 (18) "Buyer's agent" means any person, firm, partnership,
14 association, limited liability company, limited liability partnership,
15 or corporation retained or employed by a consumer to arrange for or to
16 negotiate, or both, the purchase or lease of a new motor vehicle on
17 behalf of the consumer, and who is paid a fee or receives other
18 compensation from the consumer for its services.

19 (19) "New motor vehicle" means any motor vehicle that is self-
20 propelled and is required to be registered and titled under Title 46
21 RCW, has not been previously titled to a retail purchaser or lessee,
22 and is not a "used vehicle" as defined under RCW 46.04.660.

23 **Sec. 3.** RCW 46.70.041 and 1993 c 307 s 6 and 1993 c 175 s 2 are
24 each reenacted and amended to read as follows:

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

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

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

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

36 (d) The applicant's financial condition or history including a bank
37 reference and whether the applicant or any partner, officer, or

1 director has ever been adjudged bankrupt or has any unsatisfied
2 judgment in any federal or state court;

3 (e) Whether the applicant has been adjudged guilty of a crime which
4 directly relates to the business for which the license is sought and
5 the time elapsed since the conviction is less than ten years, or has
6 suffered any judgment within the preceding five years in any civil
7 action involving fraud, misrepresentation, or conversion and in the
8 case of a corporation or partnership, all directors, officers, or
9 partners;

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

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

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

15 (i) A certificate by a representative of the department, that the
16 applicant's principal place of business and each subagency business
17 location in the state of Washington meets the location requirements as
18 required by this chapter. The certificate shall include proof of the
19 applicant's ownership or lease of the real property where the
20 applicant's principal place of business is established;

21 (j) A copy of a current service agreement with a manufacturer, or
22 distributor for a foreign manufacturer, requiring the applicant, upon
23 demand of any customer receiving a new vehicle warranty to perform or
24 arrange for, within a reasonable distance of his or her established
25 place of business, the service repair and replacement work required of
26 the manufacturer or distributor by such vehicle warranty. This
27 requirement applies only to applicants seeking to sell, to exchange, to
28 offer, to auction, to solicit, to advertise, or to broker new or
29 current-model vehicles with factory or distributor warranties;

30 (k) The class of vehicles the vehicle dealer will be buying,
31 selling, listing, exchanging, offering, brokering, leasing (~~with an~~
32 ~~option to purchase~~), auctioning, soliciting, or advertising, and which
33 classification or classifications the dealer wishes to be designated
34 as;

35 (l) Effective July 1, 2002, a certificate from the provider of each
36 education program or test showing that the applicant has completed the
37 education programs and passed the test required under section 12 of
38 this act if the applicant is a dealer subject to the education and test
39 requirements;

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

2 (2) If the applicant is a manufacturer the application shall
3 contain the following information to the extent it is applicable to the
4 applicant:

5 (a) The name and address of the principal place of business of the
6 applicant and, if different, the name and address of the Washington
7 state representative of the applicant;

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

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

12 (d) The name or names of the vehicles that the licensee
13 manufactures;

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

16 (f) The name or names and address or addresses of resident
17 employees or agents to provide service or repairs to vehicles located
18 in the state of Washington only under the terms of any warranty
19 attached to new or unused vehicles manufactured, unless such
20 manufacturer requires warranty service to be performed by all of its
21 dealers pursuant to a current service agreement on file with the
22 department;

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

24 **Sec. 4.** RCW 46.70.051 and 1997 c 432 s 4 are each amended to read
25 as follows:

26 (1) After the application has been filed, the fee paid, and bond
27 posted, if required, the department shall, if no denial order is in
28 effect and no proceeding is pending under RCW 46.70.101, issue the
29 appropriate license, which license, in the case of a vehicle dealer,
30 shall designate the classification of the dealer. Nothing prohibits a
31 vehicle dealer from obtaining licenses for more than one
32 classification, and nothing prevents any vehicle dealer from dealing in
33 other classes of vehicles on an isolated basis.

34 (2) An auction company licensed under chapter 18.11 RCW may sell at
35 auction all classifications of vehicles under a motor vehicle dealer's
36 license issued under this chapter including motor vehicles,
37 miscellaneous type vehicles, and mobile homes and travel trailers.

1 (3) At the time the department issues a vehicle dealer license, the
2 department shall provide to the dealer a current, up-to-date vehicle
3 dealer manual that may be provided electronically setting forth the
4 various statutes and rules applicable to vehicle dealers. In addition,
5 at the time any such license is renewed under RCW 46.70.083, the
6 department shall provide the dealer with any updates or current
7 revisions to the vehicle dealer manual. These updates or current
8 revisions may be provided electronically.

9 (4) The department may contract with responsible private parties to
10 provide them elements of the vehicle data base on a regular basis. The
11 private parties may only disseminate this information to licensed
12 vehicle dealers.

13 (a) Subject to the disclosure agreement provisions of RCW 46.12.380
14 and the requirements of Executive Order 97-01, the department may
15 provide to the contracted private parties the following information:

16 (i) All vehicle and title data necessary to accurately disclose
17 known title defects, brands, or flags and odometer discrepancies;

18 (ii) All registered and legal owner information necessary to
19 determine true ownership of the vehicle and the existence of any
20 recorded liens, including but not limited to liens of the department of
21 social and health services or its successor; and

22 (iii) Any data in the department's possession necessary to
23 calculate the motor vehicle excise tax, license, and registration fees
24 including information necessary to determine the applicability of
25 regional transit authority excise and use tax surcharges.

26 (b) The department may provide this information in any form the
27 contracted private party and the department agree upon, but if the data
28 is to be transmitted over the Internet or similar public network from
29 the department to the contracted private party, it must be encrypted.

30 (c) The department shall give these contracted private parties
31 advance written notice of any change in the information referred to in
32 (a)(i), (ii), or (iii) of this subsection, including information
33 pertaining to the calculation of motor vehicle excise taxes.

34 (d) The department shall revoke a contract made under this
35 subsection (4) with a private party who disseminates information from
36 the vehicle data base to anyone other than a licensed vehicle dealer.
37 A private party who obtains information from the vehicle data base
38 under a contract with the department and disseminates any of that

1 information to anyone other than a licensed vehicle dealer is guilty of
2 a gross misdemeanor punishable under chapter 9A.20 RCW.

3 (e) Nothing in this subsection (4) authorizes a vehicle dealer or
4 any other organization or entity not otherwise appointed as a vehicle
5 licensing subagent under RCW 46.01.140 to perform any of the functions
6 of a vehicle licensing subagent so appointed.

7 **Sec. 5.** RCW 46.70.090 and 1994 c 262 s 10 are each amended to read
8 as follows:

9 (1) The department shall issue a vehicle dealer license plate which
10 shall be attached to the rear of the vehicle only and which is capable
11 of distinguishing the classification of the dealer, to vehicle dealers
12 properly licensed pursuant to this chapter and shall, upon application,
13 issue manufacturer's license plates to manufacturers properly licensed
14 pursuant to this chapter.

15 (2) The department shall issue to a vehicle dealer up to three
16 vehicle dealer license plates. After the third dealer plate is issued,
17 the department shall limit the number of dealer plates to six percent
18 of the vehicles sold during the preceding license period. For an
19 original license the vehicle dealer license applicant shall estimate
20 the first year's sales or leases. The director or director's designee
21 may waive these dealer plate issuance restrictions for a vehicle dealer
22 if the waiver both serves the purposes of this chapter and is essential
23 to the continuation of the business. The director shall adopt rules to
24 implement this waiver.

25 (3) Motor vehicle dealer license plates may be used:

26 (a) To demonstrate motor vehicles held for sale or lease when
27 operated by an individual holding a valid operator's license, if a
28 dated demonstration permit, valid for no more than seventy-two hours,
29 is carried in the vehicle at all times it is operated by any such
30 individual.

31 (b) On motor vehicles owned, held for sale or lease, and which are
32 in fact available for sale or lease by the firm when operated by an
33 officer of the corporation, partnership, or proprietorship or by their
34 spouses, or by an employee of the firm, if a card so identifying any
35 such individual is carried in the vehicle at all times it is operated
36 by such individual. Any such vehicle so operated may be used to
37 transport the dealer's own tools, parts, and equipment of a total
38 weight not to exceed five hundred pounds.

1 (c) On motor vehicles being tested for repair.

2 (d) On motor vehicles being moved to or from a motor vehicle
3 dealer's place of business for sale.

4 (e) On motor vehicles being moved to or from motor vehicle service
5 and repair facilities before sale or lease.

6 (f) On motor vehicles being moved to or from motor vehicle
7 exhibitions within the state of Washington, if any such exhibition does
8 not exceed a period of twenty days.

9 (4) Mobile home and travel trailer dealer license plates may be
10 used:

11 (a) On units hauled to or from the place of business of the
12 manufacturer and the place of business of the dealer or to and from
13 places of business of the dealer.

14 (b) On mobile homes hauled to a customer's location for set-up
15 after sale.

16 (c) On travel trailers held for sale to demonstrate the towing
17 capability of the vehicle if a dated demonstration permit, valid for
18 not more than seventy-two hours, is carried with the vehicle at all
19 times.

20 (d) On mobile homes being hauled from a customer's location if the
21 requirements of RCW 46.44.170 and 46.44.175 are met.

22 (e) On any motor vehicle owned by the dealer which is used only to
23 move vehicles legally bearing mobile home and travel trailer dealer
24 license plates of the dealer so owning any such motor vehicle.

25 (f) On vehicles being moved to or from vehicle exhibitions within
26 the state of Washington, if any such exhibition does not exceed a
27 period of twenty days.

28 (5) Miscellaneous vehicle dealer license plates may be used:

29 (a) To demonstrate any miscellaneous vehicle: PROVIDED, That:

30 (i) No such vehicle may be demonstrated on a public highway unless
31 the customer has an appropriate endorsement on his or her driver's
32 license, if such endorsement is required to operate such vehicle; and
33 (ii) A dated demonstration permit, valid for no more than seventy-
34 two hours, is carried with the vehicle at all times it is operated by
35 any such individual.

36 (b) On vehicles owned, held for sale, and which are in fact
37 available for sale, by the firm when operated by an officer of the
38 corporation, partnership, or proprietorship or by a bona fide full-time

1 employee of the firm, if a card so identifying such individual is
2 carried in the vehicle at all times it is operated by him or her.

3 (c) On vehicles being tested for repair.

4 (d) On vehicles being transported to or from the place of business
5 of the manufacturer and the place of business of the dealer or to and
6 from places of business of the dealer.

7 (e) On vehicles on which any other item sold or to be sold by the
8 dealer is transported from the place of business of the manufacturer to
9 the place of business of the dealer or to and from places of business
10 of the dealer if such vehicle and such item are purchased or sold as
11 one package.

12 (6) Manufacturers properly licensed pursuant to this chapter may
13 apply for and obtain manufacturer license plates and may be used:

14 (a) On vehicles being moved to or from the place of business of a
15 manufacturer to a vehicle dealer within this state who is properly
16 licensed pursuant to this chapter.

17 (b) To test vehicles for repair.

18 (7) Vehicle dealer license plates and manufacturer license plates
19 shall not be used for any purpose other than set forth in this section
20 and specifically shall not be:

21 (a) Used on any vehicle not within the class for which the vehicle
22 dealer or manufacturer license plates are issued unless specifically
23 provided for in this section.

24 (b) Loaned to any person for any reason not specifically provided
25 for in this section.

26 (c) Used on any vehicles for the transportation of any person,
27 produce, freight, or commodities unless specifically provided for in
28 this section, except there shall be permitted the use of such vehicle
29 dealer license plates on a vehicle transporting commodities in the
30 course of a demonstration over a period not to exceed seventy-two
31 consecutive hours from the commencement of such demonstration, if a
32 representative of the dealer is present and accompanies such vehicle
33 during the course of the demonstration.

34 (d) Used on any vehicle sold to a resident of another state to
35 transport such vehicle to that other state in lieu of a trip permit or
36 in lieu of vehicle license plates obtained from that other state.

37 (e) Used on any new vehicle unless the vehicle dealer has provided
38 the department a current service agreement with the manufacturer or
39 distributor of that vehicle as provided in RCW 46.70.041(1)(k).

1 (8) In addition to or in lieu of any sanction imposed by the
2 director pursuant to RCW 46.70.101 for unauthorized use of vehicle
3 dealer license plates or manufacturer license plates, the director may
4 order that any or all vehicle dealer license plates or manufacturer
5 license plates issued pursuant to this chapter be confiscated for such
6 period as ((he)) the director deems appropriate.

7 **Sec. 6.** RCW 46.70.101 and 1998 c 282 s 7 are each amended to read
8 as follows:

9 The director may by order deny, suspend, or revoke the license of
10 any vehicle dealer or vehicle manufacturer or, in lieu thereof or in
11 addition thereto, may by order assess monetary penalties of a civil
12 nature not to exceed one thousand dollars per violation, if the
13 director finds that the order is in the public interest and that the
14 applicant or licensee:

15 (1) In the case of a vehicle dealer:

16 (a) The applicant or licensee, or any partner, officer, director,
17 owner of ten percent or more of the assets of the firm, or managing
18 employee:

19 (i) Was the holder of a license issued pursuant to this chapter,
20 which was revoked for cause and never reissued by the department, or
21 which license was suspended for cause and the terms of the suspension
22 have not been fulfilled or which license was assessed a civil penalty
23 and the assessed amount has not been paid;

24 (ii) Has been adjudged guilty of a crime which directly relates to
25 the business of a vehicle dealer and the time elapsed since the
26 adjudication is less than ten years, or suffering any judgment within
27 the preceding five years in any civil action involving fraud,
28 misrepresentation, or conversion. For the purposes of this section,
29 adjudged guilty shall mean in addition to a final conviction in either
30 a state or municipal court, an unvacated forfeiture of bail or
31 collateral deposited to secure a defendant's appearance in court, the
32 payment of a fine, a plea of guilty, or a finding of guilt regardless
33 of whether the sentence is deferred or the penalty is suspended;

34 (iii) Has knowingly or with reason to know made a false statement
35 of a material fact in his or her application for license or any data
36 attached thereto, or in any matter under investigation by the
37 department;

1 (iv) Has knowingly, or with reason to know, provided the department
2 with false information relating to the number of vehicle sales
3 transacted during the past one year in order to obtain a vehicle dealer
4 license plate;

5 (v) Does not have an established place of business as required in
6 this chapter;

7 (vi) Refuses to allow representatives or agents of the department
8 to inspect during normal business hours all books, records, and files
9 maintained within this state;

10 (vii) Sells, exchanges, offers, brokers, auctions, solicits, or
11 advertises a new or current model vehicle to which a factory new
12 vehicle warranty attaches and fails to have a valid, written service
13 agreement as required by this chapter, or having such agreement refuses
14 to honor the terms of such agreement within a reasonable time or
15 repudiates the same, except for sales by wholesale motor vehicle
16 auction dealers to franchise motor vehicle dealers of the same make
17 licensed under Title 46 RCW or franchise motor vehicle dealers of the
18 same make licensed by any other state;

19 (viii) Is insolvent, either in the sense that their liabilities
20 exceed their assets, or in the sense that they cannot meet their
21 obligations as they mature;

22 (ix) Fails to pay any civil monetary penalty assessed by the
23 director pursuant to this section within ten days after such assessment
24 becomes final;

25 (x) Fails to notify the department of bankruptcy proceedings in the
26 manner required by RCW 46.70.183;

27 (xi) Knowingly, or with reason to know, allows a salesperson
28 employed by the dealer, or acting as their agent, to commit any of the
29 prohibited practices set forth in subsection (1)(a) of this section and
30 RCW 46.70.180;

31 (xii) Fails to have a current certificate or registration with the
32 department of revenue.

33 (b) The applicant or licensee, or any partner, officer, director,
34 owner of ten percent of the assets of the firm, or any employee or
35 agent:

36 (i) Has failed to comply with the applicable provisions of chapter
37 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted
38 thereunder;

1 (ii) Has defrauded or attempted to defraud the state, or a
2 political subdivision thereof of any taxes or fees in connection with
3 the sale, lease, or transfer of a vehicle;

4 (iii) Has forged the signature of the registered or legal owner on
5 a certificate of title;

6 (iv) Has purchased, sold, disposed of, or has in his or her
7 possession any vehicle which he or she knows or has reason to know has
8 been stolen or appropriated without the consent of the owner;

9 (v) Has willfully failed to deliver to a purchaser or owner a
10 certificate of ownership to a vehicle which he or she has sold or
11 leased;

12 (vi) Has committed any act in violation of RCW 46.70.090 relating
13 to vehicle dealer license plates or manufacturer license plates;

14 (vii) Has committed any act in violation of RCW 46.70.180 relating
15 to unlawful acts and practices;

16 (viii) Has engaged in practices inimical to the health or safety of
17 the citizens of the state of Washington including but not limited to
18 failure to comply with standards set by the state of Washington or the
19 federal government pertaining to the construction or safety of
20 vehicles, except for sales by wholesale motor vehicle auction dealers
21 to motor vehicle dealers and vehicle wreckers licensed under Title 46
22 RCW or motor vehicle dealers licensed by any other state;

23 (ix) Has aided or assisted an unlicensed dealer or salesperson in
24 unlawful activity through active or passive participation in sales,
25 allowing use of facilities, dealer license number, or by any other
26 means;

27 (x) Converts or appropriates, whether temporarily or permanently,
28 property or funds belonging to a customer, dealer, or manufacturer,
29 without the consent of the owner of the property or funds; or

30 (xi) Has sold any vehicle with actual knowledge that:

31 (A) It has any of the following brands on the title:
32 "SALVAGE/REBUILT," "JUNK," or "DESTROYED"; or

33 (B) It has been declared totaled out by an insurance carrier and
34 then rebuilt; or

35 (C) The vehicle title contains the specific comment that the
36 vehicle is "rebuilt";
37 without clearly disclosing that brand or comment in writing.

38 (c) The licensee or any partner, officer, director, or owner of ten
39 percent or more of the assets of the firm holds or has held any such

1 position in any other vehicle dealership licensed pursuant to this
2 chapter which is subject to final proceedings under this section.

3 (2) In the case of a manufacturer, or any partner, officer,
4 director, or majority shareholder:

5 (a) Was or is the holder of a license issued pursuant to this
6 chapter which was revoked for cause and never reissued by the
7 department, or which license was suspended for cause and the terms of
8 the suspension have not been fulfilled, or which license was assessed
9 a civil penalty and the assessed amount has not been paid;

10 (b) Has knowingly or with reason to know, made a false statement of
11 a material fact in his or her application for license, or any data
12 attached thereto, or in any matter under investigation by the
13 department;

14 (c) Has failed to comply with the applicable provisions of chapter
15 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted
16 thereunder;

17 (d) Has defrauded or attempted to defraud the state or a political
18 subdivision thereof, of any taxes or fees in connection with the sale,
19 lease, or transfer of a vehicle;

20 (e) Has purchased, sold, leased, disposed of, or has in his or her
21 possession, any vehicle which he or she knows or has reason to know has
22 been stolen or appropriated without the consent of the owner;

23 (f) Has committed any act in violation of RCW 46.70.090 relating to
24 vehicle dealer license plates and manufacturer license plates;

25 (g) Has committed any act in violation of RCW 46.70.180 relating to
26 unlawful acts and practices;

27 (h) Sells or distributes in this state or transfers into this state
28 for resale or for lease, any new or unused vehicle to which a warranty
29 attaches or has attached and refuses to honor the terms of such
30 warranty within a reasonable time or repudiates the same;

31 (i) Fails to maintain one or more resident employees or agents to
32 provide service or repairs to vehicles located within the state of
33 Washington only under the terms of any warranty attached to new or
34 unused vehicles manufactured and which are or have been sold or
35 distributed in this state or transferred into this state for resale or
36 for lease unless such manufacturer requires warranty service to be
37 performed by all of its dealers pursuant to a current service agreement
38 on file with the department;

1 (j) Fails to reimburse within a reasonable time any vehicle dealer
2 within the state of Washington who in good faith incurs reasonable
3 obligations in giving effect to warranties that attach or have attached
4 to any new or unused vehicle sold, leased, or distributed in this state
5 or transferred into this state for resale or for lease by any such
6 manufacturer;

7 (k) Engaged in practices inimical to the health and safety of the
8 citizens of the state of Washington including but not limited to
9 failure to comply with standards set by the state of Washington or the
10 federal government pertaining to the construction and safety of
11 vehicles;

12 (l) Is insolvent either in the sense that his or her liabilities
13 exceed his or her assets or in the sense that he or she cannot meet his
14 or her obligations as they mature;

15 (m) Fails to notify the department of bankruptcy proceedings in the
16 manner required by RCW 46.70.183.

17 **Sec. 7.** RCW 46.70.120 and 1996 c 282 s 4 are each amended to read
18 as follows:

19 A dealer shall complete and maintain for a period of at least five
20 years a record of the purchase and sale or lease of all vehicles
21 purchased (~~or~~), sold, or leased by him or her. The records shall
22 consist of:

23 (1) The license and title numbers of the state in which the last
24 license was issued;

25 (2) A description of the vehicle;

26 (3) The name and address of the person from whom purchased;

27 (4) The name of the legal owner, if any;

28 (5) The name and address of the purchaser or lessee;

29 (6) If purchased from a dealer, the name, business address, dealer
30 license number, and resale tax number of the dealer;

31 (7) The price paid for the vehicle and the method of payment;

32 (8) The vehicle odometer disclosure statement given by the seller
33 to the dealer, and the vehicle odometer disclosure statement given by
34 the dealer to the purchaser or lessee;

35 (9) The written agreement to allow a dealer to sell between the
36 dealer and the consignor, or the listing dealer and the seller;

37 (10) Trust account records of receipts, deposits, and withdrawals;

1 (11) All sale documents, which shall show the full name of dealer
2 employees involved in the sale or lease; and

3 (12) Any additional information the department may require.
4 However, the department may not require a dealer to collect or retain
5 the hardback copy of a temporary license permit after the permanent
6 license plates for a vehicle have been provided to the purchaser or
7 lessee, if the dealer maintains some other copy of the temporary
8 license permit together with a log of the permits issued.

9 Such records shall be maintained separate from all other business
10 records of the dealer. Records older than two years may be kept at a
11 location other than the dealer's place of business if those records are
12 made available in hard copy for inspection within three calendar days,
13 exclusive of Saturday, Sunday, or a legal holiday, after a request by
14 the director or the director's authorized agent. Records kept at the
15 vehicle dealer's place of business must be available for inspection by
16 the director or the director's authorized agent during normal business
17 hours.

18 Dealers may maintain their recordkeeping and filing systems in
19 accordance with their own particular business needs and practices.
20 Nothing in this chapter requires dealers to maintain their records in
21 any particular order or manner, as long as the records identified in
22 this section are maintained in the dealership's recordkeeping system.

23 **Sec. 8.** RCW 46.70.122 and 1990 c 238 s 5 are each amended to read
24 as follows:

25 (1) If the purchaser or transferee is a dealer he or she shall, on
26 selling, leasing, or otherwise disposing of the vehicle, promptly
27 execute the assignment and warranty of title, in such form as the
28 director shall prescribe.

29 (2) The assignment and warranty shall show any secured party
30 holding a security interest created or reserved at the time of resale
31 or lease, to which shall be attached the assigned certificates of
32 ownership and license registration received by the dealer. The dealer
33 shall mail or deliver them to the department with the transferee's
34 application for the issuance of new certificates of ownership and
35 license registration. The title certificate issued for a vehicle
36 possessed by a dealer and subject to a security interest shall be
37 delivered to the secured party who upon request of the dealer's
38 transferee shall, unless the transfer was a breach of the security

1 agreement, either deliver the certificate to the transferee for
2 transmission to the department, or upon receipt from the transferee of
3 the owner's bill of sale or sale document, the transferee's application
4 for a new certificate and the required fee, mail or deliver to the
5 department. Failure of a dealer to deliver the title certificate to
6 the secured party does not affect perfection of the security interest.

7 **Sec. 9.** RCW 46.70.130 and 1996 c 282 s 5 are each amended to read
8 as follows:

9 (1) Before the execution of a contract or chattel mortgage or the
10 consummation of the sale or lease of any vehicle, the seller must
11 furnish the buyer or lessee an itemization in writing signed by the
12 seller separately disclosing to the buyer or lessee the finance charge,
13 insurance costs, taxes, and other charges which are paid or to be paid
14 by the buyer or lessee.

15 (2) Notwithstanding subsection (1) of this section, an itemization
16 of the various license and title fees paid or to be paid by the buyer
17 or lessee, which itemization must be the same as that disclosed on the
18 registration/application for title document issued by the department,
19 may be required only on the title application at the time the
20 application is submitted for title transfer. A vehicle dealer may not
21 be required to separately or individually itemize the license and title
22 fees on any other document, including but not limited to the purchase
23 order and lease agreement. No fee itemization may be required on the
24 temporary permit.

25 **Sec. 10.** RCW 46.70.180 and 1999 c 398 s 10 are each amended to
26 read as follows:

27 Each of the following acts or practices is unlawful:

28 (1) To cause or permit to be advertised, printed, displayed,
29 published, distributed, broadcasted, televised, or disseminated in any
30 manner whatsoever, any statement or representation with regard to the
31 sale, lease, or financing of a vehicle which is false, deceptive, or
32 misleading, including but not limited to the following:

33 (a) That no down payment is required in connection with the sale of
34 a vehicle when a down payment is in fact required, or that a vehicle
35 may be purchased for a smaller down payment than is actually required;

1 (b) That a certain percentage of the sale price of a vehicle may be
2 financed when such financing is not offered in a single document
3 evidencing the entire security transaction;

4 (c) That a certain percentage is the amount of the service charge
5 to be charged for financing, without stating whether this percentage
6 charge is a monthly amount or an amount to be charged per year;

7 (d) That a new vehicle will be sold for a certain amount above or
8 below cost without computing cost as the exact amount of the factory
9 invoice on the specific vehicle to be sold;

10 (e) That a vehicle will be sold upon a monthly payment of a certain
11 amount, without including in the statement the number of payments of
12 that same amount which are required to liquidate the unpaid purchase
13 price.

14 (2) To incorporate within the terms of any purchase and sale or
15 lease agreement any statement or representation with regard to the
16 sale, lease, or financing of a vehicle which is false, deceptive, or
17 misleading, including but not limited to terms that include as an added
18 cost to the selling price or capitalized cost of a vehicle an amount
19 for licensing or transfer of title of that vehicle which is not
20 actually due to the state, unless such amount has in fact been paid by
21 the dealer prior to such sale.

22 (3) To set up, promote, or aid in the promotion of a plan by which
23 vehicles are to be sold or leased to a person for a consideration and
24 upon further consideration that the purchaser or lessee agrees to
25 secure one or more persons to participate in the plan by respectively
26 making a similar purchase and in turn agreeing to secure one or more
27 persons likewise to join in said plan, each purchaser or lessee being
28 given the right to secure money, credits, goods, or something of value,
29 depending upon the number of persons joining the plan.

30 (4) To commit, allow, or ratify any act of "bushing" which is
31 defined as follows: Taking from a prospective buyer or lessee of a
32 vehicle a written order or offer to purchase or lease, or a contract
33 document signed by the buyer or lessee, which:

34 (a) Is subject to the dealer's, or his or her authorized
35 representative's future acceptance, and the dealer fails or refuses
36 within three calendar days, exclusive of Saturday, Sunday, or legal
37 holiday, and prior to any further negotiations with said buyer or
38 lessee, either (i) to deliver to the buyer or lessee the dealer's
39 signed acceptance, or (ii) to void the order, offer, or contract

1 document and tender the return of any initial payment or security made
2 or given by the buyer or lessee, including but not limited to money,
3 check, promissory note, vehicle keys, a trade-in, or certificate of
4 title to a trade-in; or

5 (b) Permits the dealer to renegotiate a dollar amount specified as
6 trade-in allowance on a vehicle delivered or to be delivered by the
7 buyer or lessee as part of the purchase price or lease, for any reason
8 except:

9 (i) Failure to disclose that the vehicle's certificate of ownership
10 has been branded for any reason, including, but not limited to, status
11 as a rebuilt vehicle as provided in RCW 46.12.050 and 46.12.075; or

12 (ii) Substantial physical damage or latent mechanical defect
13 occurring before the dealer took possession of the vehicle and which
14 could not have been reasonably discoverable at the time of the taking
15 of the order, offer, or contract; or

16 (iii) Excessive additional miles or a discrepancy in the mileage.
17 "Excessive additional miles" means the addition of five hundred miles
18 or more, as reflected on the vehicle's odometer, between the time the
19 vehicle was first valued by the dealer for purposes of determining its
20 trade-in value and the time of actual delivery of the vehicle to the
21 dealer. "A discrepancy in the mileage" means (A) a discrepancy between
22 the mileage reflected on the vehicle's odometer and the stated mileage
23 on the signed odometer statement; or (B) a discrepancy between the
24 mileage stated on the signed odometer statement and the actual mileage
25 on the vehicle; or

26 (c) Fails to comply with the obligation of any written warranty or
27 guarantee given by the dealer requiring the furnishing of services or
28 repairs within a reasonable time.

29 (5) To commit any offense relating to odometers, as such offenses
30 are defined in RCW 46.37.540, 46.37.550, 46.37.560, and 46.37.570. A
31 violation of this subsection is a class C felony punishable under
32 chapter 9A.20 RCW.

33 (6) For any vehicle dealer or vehicle salesperson to refuse to
34 furnish, upon request of a prospective purchaser or lessee, for
35 vehicles previously registered to a business or governmental entity,
36 the name and address of the business or governmental entity.

37 (7) To commit any other offense under RCW 46.37.423, 46.37.424, or
38 46.37.425.

1 (8) To commit any offense relating to a dealer's temporary license
2 permit, including but not limited to failure to properly complete each
3 such permit, or the issuance of more than one such permit on any one
4 vehicle. However, a dealer may issue a second temporary permit on a
5 vehicle if the following conditions are met:

6 (a) The lienholder fails to deliver the vehicle title to the dealer
7 within the required time period;

8 (b) The dealer has satisfied the lien; and

9 (c) The dealer has proof that payment of the lien was made within
10 two calendar days, exclusive of Saturday, Sunday, or a legal holiday,
11 after the sales contract has been executed by all parties and all
12 conditions and contingencies in the sales contract have been met or
13 otherwise satisfied.

14 (9) For a dealer, (~~salesman~~) salesperson, or mobile home
15 manufacturer, having taken an instrument or cash "on deposit" from a
16 purchaser or lessee prior to the delivery of the bargained-for vehicle,
17 to commingle the "on deposit" funds with assets of the dealer,
18 (~~salesman~~) salesperson, or mobile home manufacturer instead of
19 holding the "on deposit" funds as trustee in a separate trust account
20 until the purchaser or lessee has taken delivery of the bargained-for
21 vehicle. Delivery of a manufactured home shall be deemed to occur in
22 accordance with RCW 46.70.135(5). Failure, immediately upon receipt,
23 to endorse "on deposit" instruments to such a trust account, or to set
24 aside "on deposit" cash for deposit in such trust account, and failure
25 to deposit such instruments or cash in such trust account by the close
26 of banking hours on the day following receipt thereof, shall be
27 evidence of intent to commit this unlawful practice: PROVIDED,
28 HOWEVER, That a motor vehicle dealer may keep a separate trust account
29 which equals his or her customary total customer deposits for vehicles
30 for future delivery. For purposes of this section, "on deposit" funds
31 received from a purchaser of a manufactured home means those funds that
32 a seller requires a purchaser to advance before ordering the
33 manufactured home, but does not include any loan proceeds or moneys
34 that might have been paid on an installment contract.

35 (10) For a dealer or manufacturer to fail to comply with the
36 obligations of any written warranty or guarantee given by the dealer or
37 manufacturer requiring the furnishing of goods and services or repairs
38 within a reasonable period of time, or to fail to furnish to a
39 purchaser or lessee, all parts which attach to the manufactured unit

1 including but not limited to the undercarriage, and all items specified
2 in the terms of a sales or lease agreement signed by the seller and
3 buyer or lessee.

4 (11) For a vehicle dealer to pay to or receive from any person,
5 firm, partnership, association, or corporation acting, either directly
6 or through a subsidiary, as a buyer's agent for consumers, any
7 compensation, fee, purchase moneys or funds that have been deposited
8 into or withdrawn out of any account controlled or used by any buyer's
9 agent, gratuity, or reward in connection with the purchase ~~((or))~~
10 sale, or lease of a new motor vehicle.

11 (12) For a buyer's agent, acting directly or through a subsidiary,
12 to pay to or to receive from any motor vehicle dealer any compensation,
13 fee, gratuity, or reward in connection with the purchase ~~((or))~~ sale,
14 or lease of a new motor vehicle. In addition, it is unlawful for any
15 buyer's agent to engage in any of the following acts on behalf of or in
16 the name of the consumer:

17 (a) Receiving or paying any purchase moneys or funds into or out of
18 any account controlled or used by any buyer's agent;

19 (b) Signing any vehicle purchase orders, sales contracts, leases,
20 odometer statements, or title documents, or having the name of the
21 buyer's agent appear on the vehicle purchase order, sales contract,
22 lease, or title; or

23 (c) Signing any other documentation relating to the purchase, sale,
24 lease, or transfer of any new motor vehicle.

25 It is unlawful for a buyer's agent to use a power of attorney
26 obtained from the consumer to accomplish or effect the purchase, sale,
27 lease, or transfer of ownership documents of any new motor vehicle by
28 any means which would otherwise be prohibited under (a) through (c) of
29 this subsection. However, the buyer's agent may use a power of
30 attorney for physical delivery of motor vehicle license plates to the
31 consumer.

32 Further, it is unlawful for a buyer's agent to engage in any false,
33 deceptive, or misleading advertising, disseminated in any manner
34 whatsoever, including but not limited to making any claim or statement
35 that the buyer's agent offers, obtains, or guarantees the lowest price
36 on any motor vehicle or words to similar effect.

37 (13) For a buyer's agent to arrange for or to negotiate the
38 purchase, or both, of a new motor vehicle through an out-of-state
39 dealer without disclosing in writing to the customer that the new

1 vehicle would not be subject to chapter 19.118 RCW. This subsection
2 also applies to leased vehicles. In addition, it is unlawful for any
3 buyer's agent to fail to have a written agreement with the customer
4 that: (a) Sets forth the terms of the parties' agreement; (b)
5 discloses to the customer the total amount of any fees or other
6 compensation being paid by the customer to the buyer's agent for the
7 agent's services; and (c) further discloses whether the fee or any
8 portion of the fee is refundable. (~~The department of licensing shall~~
9 ~~by December 31, 1996, in rule, adopt standard disclosure language for~~
10 ~~buyer's agent agreements under RCW 46.70.011, 46.70.070, and this~~
11 ~~section.))~~

12 (14) Being a manufacturer, other than a motorcycle manufacturer
13 governed by chapter 46.94 RCW, to:

14 (a) Coerce or attempt to coerce any vehicle dealer to order or
15 accept delivery of any vehicle or vehicles, parts or accessories, or
16 any other commodities which have not been voluntarily ordered by the
17 vehicle dealer: PROVIDED, That recommendation, endorsement,
18 exposition, persuasion, urging, or argument are not deemed to
19 constitute coercion;

20 (b) Cancel or fail to renew the franchise or selling agreement of
21 any vehicle dealer doing business in this state without fairly
22 compensating the dealer at a fair going business value for his or her
23 capital investment which shall include but not be limited to tools,
24 equipment, and parts inventory possessed by the dealer on the day he or
25 she is notified of such cancellation or termination and which are still
26 within the dealer's possession on the day the cancellation or
27 termination is effective, if: (i) The capital investment has been
28 entered into with reasonable and prudent business judgment for the
29 purpose of fulfilling the franchise; and (ii) the cancellation or
30 nonrenewal was not done in good faith. Good faith is defined as the
31 duty of each party to any franchise to act in a fair and equitable
32 manner towards each other, so as to guarantee one party freedom from
33 coercion, intimidation, or threats of coercion or intimidation from the
34 other party: PROVIDED, That recommendation, endorsement, exposition,
35 persuasion, urging, or argument are not deemed to constitute a lack of
36 good faith.

37 (c) Encourage, aid, abet, or teach a vehicle dealer to sell or
38 lease vehicles through any false, deceptive, or misleading sales or

1 financing practices including but not limited to those practices
2 declared unlawful in this section;

3 (d) Coerce or attempt to coerce a vehicle dealer to engage in any
4 practice forbidden in this section by either threats of actual
5 cancellation or failure to renew the dealer's franchise agreement;

6 (e) Refuse to deliver any vehicle publicly advertised for immediate
7 delivery to any duly licensed vehicle dealer having a franchise or
8 contractual agreement for the retail sale or lease of new and unused
9 vehicles sold or distributed by such manufacturer within sixty days
10 after such dealer's order has been received in writing unless caused by
11 inability to deliver because of shortage or curtailment of material,
12 labor, transportation, or utility services, or by any labor or
13 production difficulty, or by any cause beyond the reasonable control of
14 the manufacturer;

15 (f) To provide under the terms of any warranty that a purchaser or
16 lessee of any new or unused vehicle that has been sold or leased,
17 distributed for sale or lease, or transferred into this state for
18 resale or lease by the vehicle manufacturer may only make any warranty
19 claim on any item included as an integral part of the vehicle against
20 the manufacturer of that item.

21 Nothing in this section may be construed to impair the obligations
22 of a contract or to prevent a manufacturer, distributor,
23 representative, or any other person, whether or not licensed under this
24 chapter, from requiring performance of a written contract entered into
25 with any licensee hereunder, nor does the requirement of such
26 performance constitute a violation of any of the provisions of this
27 section if any such contract or the terms thereof requiring
28 performance, have been freely entered into and executed between the
29 contracting parties. This paragraph and subsection (14)(b) of this
30 section do not apply to new motor vehicle manufacturers governed by
31 chapter 46.96 RCW.

32 (15) Unlawful transfer of an ownership interest in a motor vehicle
33 as defined in RCW 19.116.050.

34 (16) To knowingly and intentionally engage in collusion with a
35 registered owner of a vehicle to repossess and return or resell the
36 vehicle to the registered owner in an attempt to avoid a suspended
37 license impound under chapter 46.55 RCW. However, compliance with
38 chapter ((62A.9)) 62A.9A RCW in repossessing, selling, leasing, or

1 otherwise disposing of the vehicle, including providing redemption
2 rights to the debtor, is not a violation of this section.

3 **Sec. 11.** RCW 46.70.900 and 1973 1st ex.s. c 132 s 20 are each
4 amended to read as follows:

5 All provisions of this chapter shall be liberally construed to the
6 end that deceptive practices or commission of fraud or
7 misrepresentation in the sale, lease, barter, or disposition of
8 vehicles in this state may be prohibited and prevented, and
9 irresponsible, unreliable, or dishonest persons may be prevented from
10 engaging in the business of selling, leasing, bartering, or otherwise
11 dealing in vehicles in this state and reliable persons may be
12 encouraged to engage in the business of selling, leasing, bartering and
13 otherwise dealing in vehicles in this state: PROVIDED, That this
14 chapter shall not apply to printers, publishers, or broadcasters who in
15 good faith print, publish or broadcast material without knowledge of
16 its deceptive character.

17 NEW SECTION. **Sec. 12.** A new section is added to chapter 46.70 RCW
18 to read as follows:

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

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

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

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

34 (a) A franchised dealer of new recreational vehicles;

35 (b) A nationally franchised or corporate-owned motor vehicle rental
36 company;

37 (c) A dealer of manufactured dwellings;

1 (d) A national auction company that holds a vehicle dealer license
2 and a wrecker license whose primary activity in this state is the sale
3 or disposition of totaled vehicles; or

4 (e) A wholesale auto auction company that holds a vehicle dealer
5 license.

6 (3) The education programs and test required in subsection (1) of
7 this section shall be developed by motor vehicle industry organizations
8 including, but not limited to, the state independent auto dealers
9 association and the department of licensing.

10 (4) A new motor vehicle dealer, as defined under RCW 46.96.020, is
11 deemed to have met the education and test requirements required for
12 applicants for a vehicle dealer license under this section.

13 **Sec. 13.** RCW 46.70.070 and 1996 c 194 s 2 are each amended to read
14 as follows:

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

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

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

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

28 Any retail purchaser, consignor who is not a motor vehicle dealer,
29 or a motor vehicle dealer who has purchased from, sold to, or otherwise
30 transacted business with a wholesale dealer, who has suffered any loss
31 or damage by reason of any act by a dealer which constitutes a
32 violation of this chapter shall have the right to institute an action
33 for recovery against such dealer and the surety upon such bond.
34 However, under this section, motor vehicle dealers who have purchased
35 from, sold to, or otherwise transacted business with wholesale dealers
36 may only institute actions against wholesale dealers and their surety
37 bonds. Successive recoveries against said bond shall be permitted, but
38 the aggregate liability of the surety to all persons shall in no event

1 exceed the amount of the bond. Upon exhaustion of the penalty of said
2 bond or cancellation of the bond by the surety the vehicle dealer
3 license shall automatically be deemed canceled.

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

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

9 NEW SECTION. **Sec. 14.** Section 12 of this act takes effect July 1,
10 2002.

Passed the House April 18, 2001.

Passed the Senate April 9, 2001.

Approved by the Governor May 11, 2001.

Filed in Office of Secretary of State May 11, 2001.