

Inside this issue:

<u>Buyers Order Fees</u>	1
<u>Renting Dealer Licenses and D-Tags</u>	1
<u>Upcoming Events</u>	2
<u>SBA EIDL Loan Scams</u>	3
<u>Rebuilt Disclosures</u>	3
<u>Governor Signs Key Bills into Law</u>	4
<u>Bogus COVID Survey</u>	4
<u>John Smith Retires</u>	5
<u>Deloitte</u>	5
<u>Trust, Your Employees, and Lady Gaga</u>	6
<u>Board Actions</u>	7
<u>RV vs. Trailers</u>	8
<u>D-O Class Schedule</u>	9
<u>What's Wrong With This Picture?</u>	10

CONTACT US

2201 W. BROAD ST.
SUITE 104
RICHMOND, VA
23220

dboard@mvdv.virginia.gov

www.mvdv.virginia.gov

William Childress,
Executive Director
Rick Sipe,
Operations Manager
Lisa Mack-Nelson,
Field Rep. Supervisor
804-367-1100

MOTOR VEHICLE DEALER BOARD

Dealer Talk

Buyers Order Fees

The Board is aware that some dealers are overcharging fees on their buyers orders. The Board recommends the Buyers order have only the allowable fees listed in 46.2-1530. DMV fees and online dealer fees are a pass through, and should be the same fees that the DMV would charge if the customer were to transact with DMV themselves. Remember, you as a dealer are only collecting and passing on the DMV fees on behalf of the customer. If it is found that you have overcharged the fees to the customer, you will need to reimburse the customer their overpayment. As a best practice, be sure to check your dealer management software to ensure the fees being inserted on the buyers order are accurate. Click [HERE](#) for the latest DMV fee chart.

If you are charging fees that are not included in the advertised price of the vehicle, you may be in violation of Va. Code Advertising Laws. §46.2-1581.8 states in part “the advertised price or credit terms shall include all charges which the buyer must pay to the seller, except buyer-selected options, state and local fees and taxes, and manufacturer's or distributor's freight or destination charges, and a processing fee, if

Cont'd on pg. 2

Renting Dealer Licenses and D-Tags

The Motor Vehicle Dealer Board and the Department of Motor Vehicles are committed to putting a stop to dealers who lease and/or rent dealer license plates. Va. Code Section 46.2-1575 (12) authorizes the Board to suspend or revoke the license of any dealer who leases, rents, lends or otherwise allows the use of a dealer's license plate by persons not specifically authorized under the Virginia Motor Vehicle Dealer Act. If you are allowing an “Independent Contractor” to use a dealer tag, you may be in violation of the Virginia Law as noted above. If an individual has a salesperson's license issued in the name of your dealership, you must pay them a salary (and/or commission) and you must file an IRS Form “W-2” for each of these employees. Independent contractors (Individuals who file IRS Form “1099”) may not be issued a salespersons license and are not allowed to use a dealer tag, except for very limited purposes and only if issued a “PERMISSION TO USE DEALER LICENSE PLATES” form (DSD-27).

Dealers may not rent their dealer certificate either. A salesperson may not purchase vehicles with their own funds and pay the dealer a fee or commission for each vehicle they sell. A good “rule of thumb” to determine if you may be in violation of Virginia Law is to look at who is paying whom. If a licensed salesperson or anyone

Cont'd on pg. 2



Cont'd from pg. 1

Upcoming EVENTS

BOARD MEETINGS

Virtual meeting will be held on

Monday, May 10, 2021**

Dealer Practices Committee Meeting

Time: 9:00 a.m.

Licensing Committee Meeting

Time: Immediately following Dealer Practices Committee

Advertising Committee Meeting

Time: Immediately following Licensing Committee

Transaction Recovery Fund Committee Meeting

Time: Immediately following Advertising Committee

Full Board Meeting

Immediately following Transaction Recovery Fund Committee meeting.

**Click [HERE](#) for Virginia Town Hall to view meeting information.

Buyers Order Fees

any. If a processing fee or freight or destination charges are not included in the advertised price, the amount of any such processing fee and freight or destination charge must be (i) clearly and conspicuously disclosed ...” The dealer’s processing fee is the fee that the dealer has on file with the Board. Additional fees may not be added at the time of sale, they must be added into the advertised price of the vehicle. The Board believes that adding fees specifically not allowed by Virginia Law to the advertised price is deceptive. For example, if the advertised price is \$20,000, and at signing, the buyers order adds an additional \$4,000 for a document fee, and an administrative fee, and a dealer prep fee, and a reconditioning fee, credit application fee, and a 3rd party vendor fee, etc.; these fees should not appear as line items on your buyers order. Any and all of those fees/costs must be included in the advertised price of the vehicle---not added to the buyers order at the time of signing. This type of advertising could be considered a violation of §46.2-1581.12 "Bait" advertising, in which an advertiser may have no intention to sell at the price or terms advertised. The Board staff will be stepping up enforcement and utilizing an accelerated penalty process for violators. First time violators will receive a written warning and second time violators will receive a \$1,000.00 civil penalty (if appealed, granted an informal fact-finding conference). Third time violators will be granted an informal fact-finding conference and eventually appear before the Board. If you have any questions regarding “fees” that you can legally charge to a customer you should contact the MVDB, VADA, or VIADA.

Cont'd from pg. 1

MVDB will be closed

◆ May 31, 2021, Memorial Day



Renting Dealer Licenses and D-Tags

else is using a dealer tag issued to your dealership or using your dealer certificate number; and that salesperson is paying you money – then you are probably in violation of Virginia Law. If this description fits you – please take immediate, corrective action. In short, salespersons and dealers must use dealership funds to purchase vehicles, and dealers must provide proof of dealership ownership of vehicles in their inventory that have been purchased under their dealer license certificate number. Failure to take corrective action could result in the suspension or revocation of your dealer license.

Back to pg. 1

SBA EIDL Loan Scam

Did you get a bill for a Small Business Administration (SBA) loan, but you didn't apply for one? It's likely that an identity thief applied for the loan using your personal or business information. The SBA has new guidance about reporting the fraud, and the FTC has tips to help you clear up any credit problems it may cause.

The SBA's Office of Disaster Assistance has been issuing the loans under its COVID-19 Economic Injury Disaster Loan (EIDL) program. They're designed to give financial help to small businesses and non-profit organizations. Criminals have taken advantage of the program by using stolen information to get loans in someone else's name, or in the name of that person's company. And now, the bills are landing in the mailboxes of people and businesses that never applied.

If you or your business is billed for an SBA EIDL loan you don't owe:

Report the problem right away to the SBA's Office of Disaster Assistance and follow their [guidance on what to do](#).

While the SBA processes your identity theft report, you may still get monthly invoices. Keep these invoices until the SBA has finished reviewing your identity theft report.

If you run into other problems caused by the misuse of your personal information:

Visit IdentityTheft.gov/steps, which will guide you through placing a free, one-year fraud alert on your credit, checking your free credit reports for other accounts you did not open, closing fraudulent accounts opened in your name, and adding a free extended fraud alert or credit freeze to your credit report.

Report on IdentityTheft.gov all instances of fraudulent accounts that you find, including the SBA loan. You will get an Identity Theft Report that you can use to clear fraudulent information from your credit reports.

Your personal credit may be affected by the identity theft. Keep a close eye on what's in your credit report by checking it regularly. Visit annualcreditreport.com to get a free credit report every year from each of the three national credit agencies.

Reminders...

ALL IDO's of independent dealerships must recertify their IDO qualification every three years by either taking an online course, classroom course, or by passing an administered DMV test. Click [HERE](#) for more information and [HERE](#) to determine your recertification deadline. Please note that dealers with [Franchise](#) endorsements are exempt from recertification. If you are unclear on your recertification deadline, or any other recertification questions, please contact Ann Majors at the MVDB. She may be reached at 804-367-1100 x 3016#, or email at ann.majors@mvdb.virginia.gov

Rebuilt Disclosure

When a dealer sells a "REBUILT" salvage vehicle to a purchaser, the dealer must make sure the purchaser and dealer both sign the [VSA 59](#). This rebuilt vehicle disclosure statement must be included with the sales documents, title paperwork, other required documents, taxes, and fees that the dealer submits to DMV. Virginia Code §46.2-1602(A)(4) states that "It shall be unlawful for any person to sell a rebuilt vehicle without first having disclosed the fact that the vehicle is a rebuilt vehicle to the buyer." Virginia Code §46.2-1600 defines a rebuilt vehicle as: (i) any salvage vehicle that has been repaired for use on the public highways, or (ii) any late model vehicle that has been repaired and the estimated cost of repair exceeded 75% of its actual cash value, excluding the cost to repair damage to the engine, transmission or drive axle assembly.

Governor Northam Signs Key Bills Into Law

Governor Ralph Northam announced he has signed several important pieces of legislation, including measures to modernize public health funding, increase access to early childhood education, boost the sale of electric vehicles, and remove the statue of Harry F. Byrd, Sr. from Capitol Square.

Of interest to the Dealer community, may be new laws to boost the sale of electric vehicles.

House Bill 1965, sponsored by Delegate Lamont Bagby, helps reduce air pollution by requiring car manufacturers to sell a certain percentage of electric or hybrid electric passenger cars. Transportation is the leading source of greenhouse gas pollution in Virginia, and this measure is supported by both automobile dealers and the environmental community.

House Bill 2282, sponsored by Delegate Rip Sullivan, directs the State Corporation Commission to report on policy proposals that will increase the use of electric vehicles.

Other Laws Governor Northam signed include:

Expanding access to healthcare

Equity and inclusion

Support families and small business

Increase access to voting

The full list of legislation signed by Governor Northam from the 2021 special session is available [here](#).

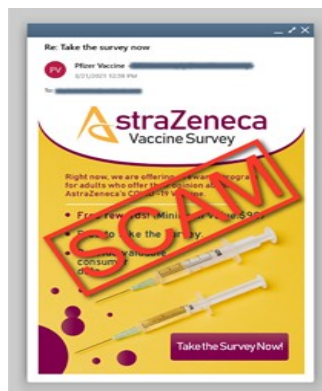
Bogus COVID Survey

Scammers are using a new trick to steal your money and personal information: a bogus COVID vaccine survey. People across the country are reporting getting emails and texts out of the blue, asking them to complete a limited-time survey about the Pfizer, Moderna, or AstraZeneca vaccine. (And no doubt, there may be one for Johnson & Johnson, too.) In exchange, people are offered a free reward, but asked to pay shipping fees.

If you get an email or text like this, **STOP**. It's a scam. Remember:

- Don't give your bank account, credit card, or personal information to someone who contacts you out of the blue.
- You can [filter unwanted text messages](#) on your phone, through your wireless provider, or with a call-blocking app.
- If you get an email or text that asks for your personal information and you think it could be a scam, tell the FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud).

To learn more about COVID-related frauds and scams, visit [ftc.gov/coronavirus/scams](https://www.ftc.gov/coronavirus/scams).



Reminders...

All new/initial salesperson applications require a criminal background check and the Board requires dealers to conduct the background checks PRIOR to submitting the MVDB 61. Be sure to insert the vendor name and file number directly on the MVDB 61. Completing these two small tasks will ensure the quickest processing of a new sales license application. Secondly, as a reminder, since the dealer has completed the background check, the dealer only submits a \$30 per salesperson license fee (\$60 if the dealership has a 2 year renewal.) Lastly, if you are a dealer, please remember to inform the Board when salespersons no longer are employed at your dealership. For your convenience, we have a MVDB 41 "notice of termination" form on our website that you may fax or email to the Board. Conversely, if you hire a salesperson (as soon as possible) please send in the MVDB 61 to transfer the salesperson to your dealership, or apply for a new/initial sales license as described above.

John Smith Retires



After 25 years with the MVDB John Smith retired.

John began his career as a law enforcement officer for Fairfax County; and after 25 years with Fairfax County, he took a position at the DMV. After 2 years, John left DMV to become one of the original Field Representatives when the MVDB was founded in 1995.

John was a valuable member of our MVDB team and will be missed. Best wishes to John in his retirement!

Deloitte

Deloitte's Automotive Consumer Study

From September through October 2020, Deloitte surveyed more than 24,000 consumers in 23 countries to explore opinions regarding a variety of critical issues affecting the automotive sector, including the development of advanced technologies. The overall goal of this annual study is to answer important questions that can help companies prioritize and better position their business strategies and investments.

EV's still have a few hurdles to clear

Although the longer-term trend toward EVs appears to be solidifying, consumers may be looking for more familiarity and affordability in the face of near-term uncertainty.

Younger consumers feeling the pressure?

The percentage of younger consumers in the United States and Germany that have requested a vehicle payment deferment this year is well above that of their older counterparts, raising questions about their ability to support a sustained demand recovery.

Downside risk for demand in some markets

As a result of the pandemic, a significant number of consumers in China, India, and the Republic of Korea have altered their timeline for acquiring their next vehicle, with some people planning to delay it as they consider more affordable options.

Vehicle sales moving online? Not so fast

Even though virtual vehicle sales may be here to stay, a majority of consumers would still prefer to acquire their next vehicle in person at an authorized dealer, as some aspects of the buying process remain difficult to digitize. For the full Deloitte global consumer study click [HERE](#).

Trust, Your Employees, and Lady Gaga

“Trust is like a mirror, you can fix it if it's broken, but you can still see the crack in (their) reflection.”~ Lady Gaga. (You can Google this to see the unedited quote as only Lady Gaga can express!)

Positive relations with employees start with trust. If you break the trust, you have a long journey ahead.

You may be in one of four (4) scenarios:

- You have trust with your staff and want to ensure you maintain it.
- You had trust with the employees, made a mistake, and are working on building back trust.
- You do not have trust with your team and you need to climb out of a hole.
- You do not have trust and do not even realize you have a problem.

Once you identify which of these situations you may be in, you are on the road to building a culture of trust within your organization. Simply realizing where you are is the first step.

Next, stop these nine (9) toxic practices right now:

Treating the employee like an enemy even if they are the messenger of not-so-great news. This is belittling to the messenger.

Discouraging the disclosure of bad news. You need that bad news to operate the business. If you lack an “open door” policy on this, employees will do everything possible to avoid communicating.

Making policy exceptions to benefit you only. Employees see right through it. You may be the owner or dealer, but this smacks of inequality and erodes morale.

Lying. Even partial truths will be perceived as a lie. Employees are much smarter than you think.

Failing to listen. In a call or Zoom or meeting, if you interrupting because you are in a hurry, not understanding, or not finding the facts by asking questions to the employee, then you are making a mistake. You are not only frustrating the employee, you are not collecting all the important information. Your decisions will be based on a lack of accurate information, so you may be building a house of cards. Simultaneously, you are frustrating the employee and getting poor information. That’s a double-whammy.

Being discriminatory against certain employees. Stop harping and picking on certain employees (i.e. showing blatant favoritism). This creates resentments and animus. Endeavor to treat everyone equally.

Practicing nepotism. If you treat your children in the business differently than the other employees, you will create deep-seated resentment. Another punch to the gut to your employees’ morale.

Duplicity. Talking to employees about other employees. You may think you are confiding but it will come across as gossip.

Piling on. Bosses tend to pile too much work on top of those who are pulling their weight, plus some. Piling excessive work on to those workers will create resentment. This is not where you want to go. That person will be miserable. If you have an employee who is highly productive, you build around them. Give them a few employees of their own to support the increased workload. Too much is simply too much.

Lady Gaga would remind you, “Don’t be insecure (about this), if your heart is pure.”

This is Part 1 In a 2 Part article. Part 2 of this article, we will discuss rebuilding employee relations by implementing five (5) new habits and, in order to promote a culture of trust, we will discuss four (4) other changes for you to consider. To read Part 2, please go to Tom Kline www.BetterVantagePoint.com

Reminders...

§46.2-1539 requires a safety inspection between the time the vehicle comes into the possession of the dealer and the time it is sold at retail. In the event the vehicle is found not to be in compliance with all safety inspection requirements, the dealer shall either take steps to bring it into compliance, or shall furnish any buyer intending it for use on the public highway a written disclosure, prior to sale, that the vehicle did not pass a safety inspection. The provisions of this section shall also apply to watercraft trailers and watercraft trailer dealers.

Board Actions

Dealer Practices

Informal Fact-Finding Conferences:

301 Auto Sales & Service and Victor L. Carter - On December 10, 2020, an informal fact-finding conference was conducted to address the alleged violations of failure to maintain dealer records, and failure to comply with previous warnings. Based on the information provided at the conference, the Board assessed a civil penalty of \$500 and a satisfactory inspection. Mr. Carter may appeal to a Formal Hearing.

Formal Hearings

Midtown Motors, Inc. and John Forney - Historical Overview leading up to the formal hearing: On July 23, 2020, an informal fact-finding conference was conducted to address the alleged violations of misuse of dealer tags. Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$250. At the September 14, 2020 Committee and Full Board Meetings, the Board adopted a resolution, to table the issue to the November Board Meeting. At the November 9, 2020 the Board adopted a resolution assessing a civil penalty of \$250. On December 22, 2020, Mr. Forney appealed for a formal hearing. On January 28, 2021, a formal hearing was conducted to address the alleged violations. Based on the information provided at the hearing, Board assessed a civil penalty of \$500. Mr. Forney may appeal to Circuit Court.

Administrative Actions:

Kingdom Kars Auto Sales LLC and Michael Bradford Hathaway. Paid a \$250 civil penalty for failure to maintain dealer records, proof of safety inspection prior to retail sale, and records of all dealer plates.

Dulles Car, and Mehmet F. Gunan. Paid a \$250 civil penalty for failure to maintain dealer records, proof of safety inspection prior to retail sale, and failure to conspicuously post the processing sign in a public area.

Bond's Auto Sales, and Mickey Bond. Suspended and sent to debt set-off for failure to pay a \$250 civil penalty for failure to maintain dealer records, and proof of safety inspection prior to retail sale.

Autoxport Corp, and Shakira Torres. Paid a \$500 civil penalty for failure to maintain dealer records, and salespersons licensed and paid on a W-2.

Friendship Motorsports, and Mitch Walters. Paid a \$250 civil penalty for failure to maintain dealer records, and proof of safety inspection prior to retail sale.

Koons Automotive, Inc., and John Koons III. Paid a \$250 civil penalty for unlicensed salespersons.

Car Credit Nation, and Christopher Maher. Paid a \$250 civil penalty for mis-use of D-tags.

AMS Auto Sales LLC and John B. Johnson. Suspended for non payment of a \$750 civil penalty for unlicensed salespersons, dealer records, and failure to maintain liability insurance on each D-tag.

Morgan McClure Chevrolet Buick Cadillac Inc., and Timothy D. Morgan. Paid a \$750 civil penalty for failure to maintain dealer records, failure to maintain records of D-tag usage, and failure to comply with previous warnings.

Copan Auto, and Dayana Rossibell Martinez. Paid a \$4,000 civil penalty for failure to maintain PoD records.

Harding's Auto Sales, LLC, and Brent Harding. Suspended for failure to pay a \$750 civil penalty for failure to maintain dealer records, odometer records, and mis-use of D-tags.

Muhammad's Auto sales, and Muhammad Jamed Wilson. Paid a \$1,500 civil penalty for failure to maintain dealer record, proof of safety inspection prior to retail sale, salespersons licensed and paid on a W-2, and records of D-tag usage.

Board Actions

Advertising

Wilson's Garage, and Gary Sanderson. Paid a \$250 civil penalty for advertising vehicles in Craigslist under "Owner" instead of "Dealer".

For prior issues of Dealer Talk click [HERE](#)

RV vs. Trailers

It has come to our attention that there may be some confusion on which type of dealer tag is appropriate for use on RV's and trailers. Below are some definitions and guidance on dealer tag usage for RV's and trailers.

"Recreational vehicle" or "RV" means a vehicle that (i) is either self-propelled or towed by a consumer-owned tow vehicle, (ii) is primarily designed to provide temporary living quarters for recreational, camping, or travel use; and (iii) complies with all applicable federal vehicle regulations and does not require a special movement permit to legally use the highways. ***Recreational vehicle includes motor homes, travel trailers, and camping trailers.***

"Camping trailer" means a recreational vehicle constructed with collapsible partial side walls that fold for towing by a consumer-owned tow vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

"Motor home" means a motorized recreational vehicle designed to provide temporary living quarters for recreational, camping, or travel use that contains at least four of the following permanently installed independent life support systems that meet the National Fire Protection Association standards for recreational vehicles: (i) a cooking facility with an onboard fuel source; (ii) a potable water supply system that includes at least a sink, a faucet, and a water tank with an exterior service supply connection; (iii) a toilet with exterior evacuation; (iv) a gas or electric refrigerator; (v) a heating or air conditioning system with an onboard power or fuel source separate from the vehicle engine; or (vi) a 110-125 volt electric power supply.

"Travel trailer" means a vehicle designed to provide temporary living quarters for recreational, camping, or travel use of such size or weight so as not to require a special highway movement permit when towed by a consumer-owned tow vehicle. All of the above vehicles use either a Franchised Motorhome (FM) tag or an Independent Motorhome (IM) tag. None of these is considered a trailer for dealership purposes.

"Trailer" means every vehicle without motive power designed for carrying property or passengers wholly on its own structure and for being drawn by another motor vehicle, including semi-trailers but ***not*** manufactured homes, watercraft trailers, camping trailers, or travel trailers.

This type of trailer requires a Franchised Trailer (FT) or Independent Trailer (IT) tag. This type of trailer is most often either a flat, open trailer or an enclosed box trailer of the type used to haul equipment or material.



IMPORTANT NOTICE TO PROSPECTIVE DEALERS

The path to a Dealer-Operator license begins with a required two-day course of study each month at various community colleges in Virginia with the curriculum and instruction provided by VIADA. The course takes the attendee from establishing the dealership under local zoning and Dealer Board requirements, through the sales process with its multitude of forms, laws and regulations, into a sampling of opening and operating expenses, and ending with a discussion on ethics. The course is also open to all existing dealers and their employees.

THE FOLLOWING COURSES ARE REGISTERED THROUGH VIADA,

CALL 1-800-394-1960 to register or visit viada.org

2021

April 6-7
Double Tree by Hilton (990 Hilton Heights Road, Charlottesville, VA 22901)

April 20-21
Spring Hill Suites (1997 Power Plant Pkwy, Hampton, VA 23666)

May 11-12
Holiday Inn (20 Sanford Dr., Fredericksburg, VA 22406)

May 25-26
Richmond Downtown Hilton (501 E Broad St, Richmond, VA 23219)

June 8-9
Hyatt Place (5040 Valley View Blvd NW, Roanoke, VA 24012)

June 22-23
Home2 Suites by Hilton (43340 Defender Dr, Chantilly, VA 20152)

July 13-14
Hilton Garden Inn (1999 Power Plant Pkwy, Hampton, VA 23666)

July 27-28
Holiday Inn Conference Center (20 Sanford Dr., Fredericksburg, VA 22406)

August 10-11
Courtyard Marriott (2136 Riverside Dr, Danville, VA 24540)

August 17-18
Richmond Downtown Hilton (501 E Broad St, Richmond, VA 23219)



Please click [HERE](#) or on the graphic on the left to view our Dealership Education videos!

More videos will be uploaded on an ongoing basis, so stay informed and receive notifications when new videos are released. The MVDB Education video library will eventually cover a wide range of topics that Dealerships can use to remain compliant with Virginia Code.

You may also access these videos from a link on our website Home page.

BE SURE TO SUBSCRIBE TO OUR [MVDB CHANNEL](#)!

MOTOR VEHICLE DEALER BOARD

MVDB

2201 W. Broad Street Suite 104

Richmond, VA 23220

Phone: 804-367-1100

Fax: 804-367-1053

E-mail: dboard@mvdb.virginia.gov

Editor: Ann Majors

Visit us on the Web!

www.mvdb.virginia.gov

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



MVDB Mission Statement

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

What's Wrong With This Picture?



Purple Decals on Dealer Plates

The MVDB issues dealer plates (D-tags) on behalf of DMV. To distinguish valid, registered dealer plates, the MVDB issues purple year decals for use on D-tags. If a dealer loses a plate or decal, please request a replacement through the MVDB.

The decals pictured on the left are decals from a personal vehicle, and was issued by DMV, not the MVDB.