

An illustration of a car sales interaction. A woman in a blue dress stands next to a blue car, gesturing towards it. Two other people, a man in a blue shirt and yellow pants, and a woman in a red top and blue skirt, are standing nearby, looking at the car. The background features a stylized map of Texas made of dots.

# Texas Pre-licensing Education Course

*for* **Independent Auto Dealers**

# REFERENCE MANUAL



*This manual is designed to be used in conjunction with the **Texas Dealer Pre-licensing Education Course** found on the [TexasDealerEducation.com](http://TexasDealerEducation.com) website. It is an easy-to-use manual that follows along with the slides in this course and provides a great reference tool after you have completed the course. This manual not only allows you to read along, refer back to slides, and take notes throughout the course, but it also includes an Annex at the back of each section that contains all the forms seen in the course.*

*The **Texas Independent Automobile Dealers Association (TIADA)** has prepared this guide to assist dealer applicants with meeting their pre-licensing requirements. This guide is offered solely for use with the Texas Dealer Education pre-licensing course, it is not intended as and does not contain legal advice.*

*Since 1944, the [Texas Independent Automobile Dealers Association](http://TexasIndependentAutomobileDealers.com) has been and continues to be the only statewide organization for independent automobile dealers. Whether you sell 10 or 10,000 cars a year, we are **your voice at the state Capitol in Austin**. We are a member-owned, member-governed association that consists of more than 1200 of the best used car dealers in Texas that believe in creating a better image for the industry while protecting our rights as business owners. We are led by a number of dedicated volunteers from across the state and a professional, experienced staff committed to offering **valuable programs and services** to the independent automobile dealer.*

*Upon completion of this course, you will automatically qualify for a special offer to join TIADA with significant savings. By joining under the **New Dealer Select Program\*** you are entitled to:*

- 50% off the regular membership cost for the first calendar year of membership
- One (1) dealer registration for a full conference pass to the [TIADA Conference & Expo](http://TIADAConference.com) for three (3) consecutive years (estimated value \$1,485)

*Contact TIADA office at 512.244.6060 for more information and to redeem this offer.*

*\*Dealer is solely responsible for annual membership; membership must remain current*



# **Section 1: Getting into Business**

**Revised April 2023**

# Texas Pre-licensing Education Course

for Independent  
Automobile Dealers



**This online course is required by law and is your next step toward getting your Texas independent automobile dealer's license (GDN).**

Slide 1.1 Introduction

=====

Congratulations, you are taking the next step to becoming a licensed independent automobile dealer in Texas. This course has been approved by the Texas Department of Motor Vehicles and is required by law to obtain your license.

Notes:

---

---

---

---

---

---

---

---

## 1.2 Introduction

Section 1 Resources

### What To Expect



At Least 6 Hours  
Total Time



Pause At Any Time  
and Resume Later



90 Days To  
Complete Course

Slide 1.2 What to Expect

=====

Now what can you expect?

This course takes at least 6 hours to complete. You DO have the ability to pause at any time and pick back up where we left off. And, you'll have 90 days to complete the course.

Notes:

---

---

---

---

---

---

---

---

## 1.3 Introduction

Section 1 Resources

### What To Expect

When you complete this course, you will have gained a thorough understanding of the rules and regulations required to be compliant from day one as an independent automobile dealer in Texas!



- Once you have completed the course, you will immediately have access to your certificate of completion.
- Make sure you save this certificate so you can electronically include it in your TxDMV online application packet.
- You will also be able to access the certificate anytime through your account under *My Certifications*.

**You need to complete this course in its entirety and complete the quizzes at the end of each section.**

### If you need help...



Call 512-244-6060

#### Slide 1.3 Certification

=====

When you complete this course, you will have gained a thorough understanding of the rules and regulations required to be compliant from day one as an independent automobile dealer in Texas.

Once you have completed the course, you will immediately have access to your certificate of completion. You will also be able to access the certificate through your account under My Certificates during the 90 days that your course is active. Make sure you save this certificate so you can electronically include it in your online application packet. TxDMV will ask for the certificate with every renewal of your license. If you have any trouble, you can contact 512.244.6060 for help.

To earn your certificate, you'll need to complete the course in its entirety. You'll go through each of the sections and follow the interaction instructions on each.

There will also be a quiz at the end of each of the sections, so four quizzes total. You do have to give the correct answers before you can move on.

#### Notes:

---

---

---





Slide 1.4 Texas Department of Motor Vehicles

=====

Before we get started, let's talk about the Texas Department of Motor Vehicles. We will refer to the agency as TxDMV throughout this course.

Notes:

---

---

---

---

---

---

---

---

## 1.5 Introduction

Section 1 Resources

**TxDMV is the licensing and regulatory agency for independent automobile dealers in Texas.**

- Oversees all the vehicle titling and registration
- Created by 81st Legislature in 2009
- Governed by a nine-member board appointed by the Governor



**For More Info...**



[Learn more](#) about the TxDMV Board by going to their website.

### Slide 1.5 TxDMV Background

=====

Among other things, TxDMV is the licensing and regulatory agency for independent automobile dealers in Texas. The agency also oversees all the vehicle titling and registration in the state.

TxDMV as we know it today was created by the 81<sup>st</sup> Legislature in 2009. The agency is governed by a nine-member board appointed by the Governor. The board consists of two public members; two franchise automobile dealers, who hold different types of licenses; one independent automobile dealer; a tax-assessor collector; one member of a municipal or county law enforcement entity; a manufacturer or distributor representative; and a motor carrier industry representative. You can learn more about the TxDMV Board by going to their [website](#).

### Notes:

---

---

---

---

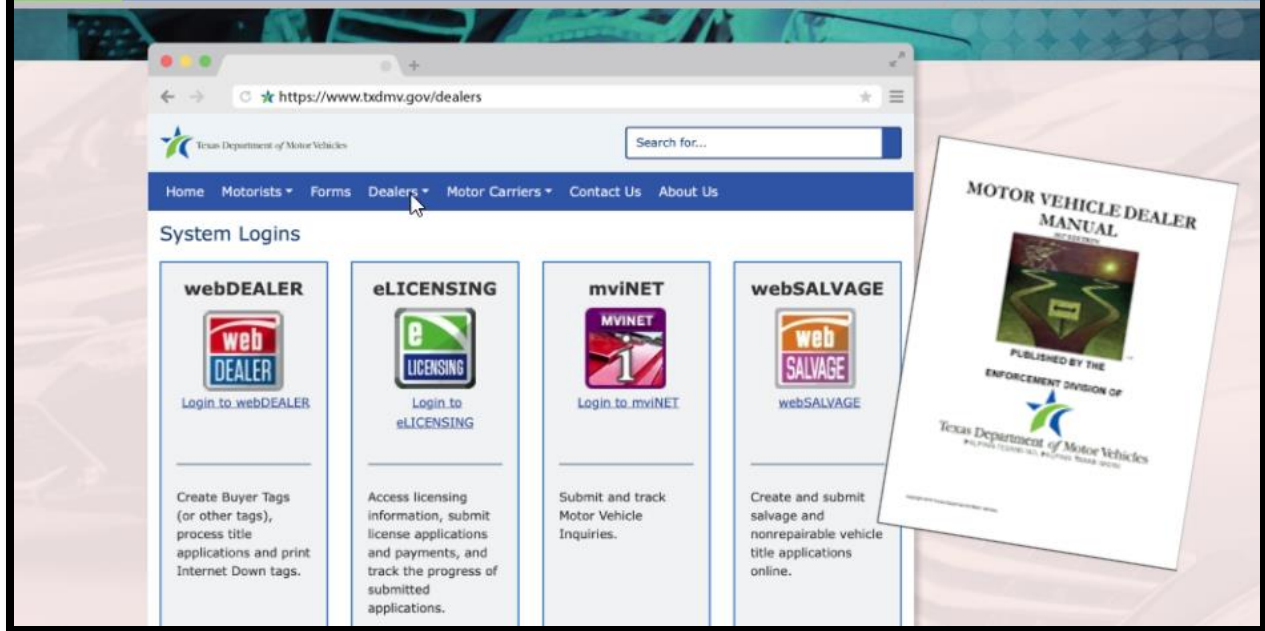
---

---



## 1.6 Introduction

### Section 1 Resources



### Slide 1.6 TxDMV Website

=====

Make sure you familiarize yourself with the [TxDMV website](https://www.txdmv.gov/dealers). They are an essential partner with all automobile dealers in the state. Here you will find eLICENSING, webDEALER and other important and necessary tools you will need to be a dealer in Texas, like the Motor Vehicle Dealer Manual that is published by TxDMV. This course will cover statutes, rules, and many forms you can find on the TxDMV website. There are more in-depth online training courses and user guides on this site.

### Notes:

---

---

---

---

---

---

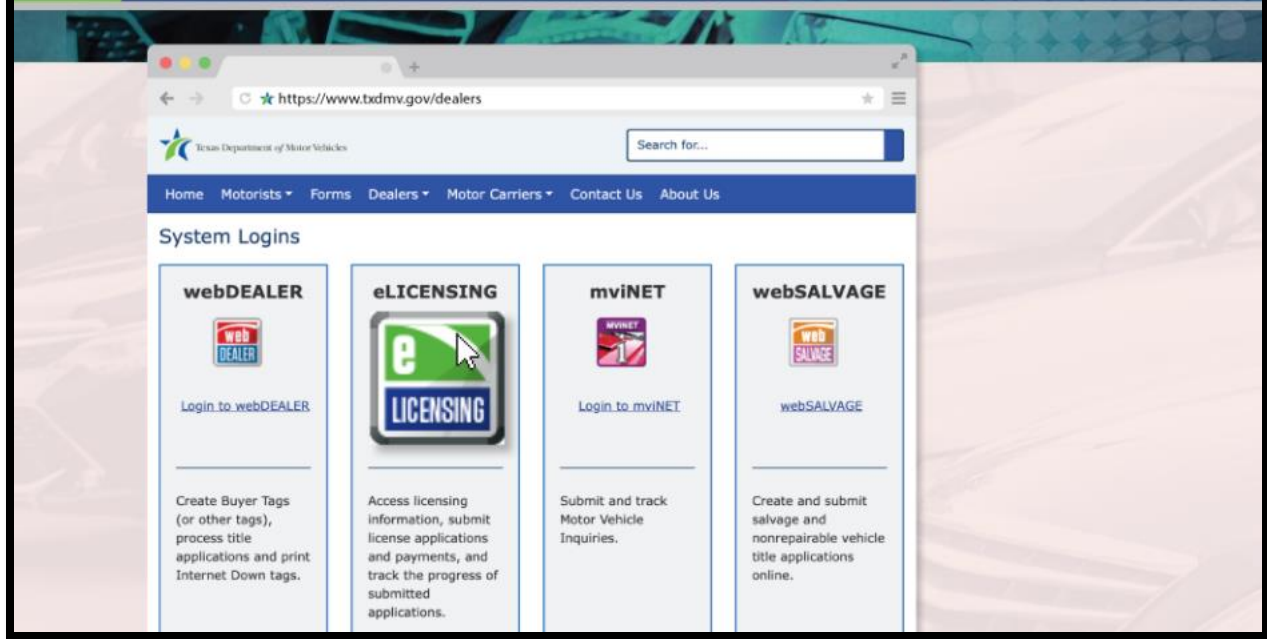
---

---

## 1.7

## Introduction

### Section 1 Resources



### Slide 1.7 eLICENSING Application Portal

=====

Let's stay on the TxDMV website for a minute. If you haven't already, to start your online application you will click this button. This is where you will submit all your required documents including your completion certificate from this course. We will cover all this in more depth later.

### Notes:

---

---

---

---

---

---

---

---

## 1.8 Introduction

Section 1 Resources

This course is broken down into four sections:



**Section 1:  
Getting Into  
Business**



**Section 2:  
Selling  
Vehicles**



**Section 3:  
Titles, Records  
and Special  
Inventory Tax**



**Section 4:  
Federal Regulations,  
OCCC, Advertising, &  
TxDMV Enforcement**

### Slide 1.8 Learning Path

=====

This course is broken down into four sections that you see here. Each of these sections is then further broken down into smaller parts that we call "chapters."

In section 1, we'll cover getting into business.

In section 2, we'll look at selling a vehicle and all the paperwork that's involved with it.

In section 3, we'll get into titles, records, and special inventory tax.

And in the final section we'll talk about some federal regulations, we will talk about the Office of the Consumer Credit Commissioner (OCCC), advertising rules, TxDMV enforcement and more.

### Notes:

---

---

---

---

---

---

---

---

## 1.9 Getting into Business

Section 1 Resources



License Types



Your Business Model



Dealer Application



Forming Your Business



Requirements for a  
Dealers License



What's On Your Wall

### Slide 1.9 Getting into Business

=====

The first section we'll tackle is getting into business. The chapters for getting into business include:

- License types
- Forming your business
- Your business model
- The requirements for a dealer's license; and that's a chapter that has some significant content to it
- Completing the dealer application
- And then, what's on your wall

Notes:

---

---

---

---

---

---

---

## 1.10 License Types

Section 1 Resources

### Who Needs A Dealer's License

A person is required to hold a license if they are regularly and actively engaged in the business of buying, selling, or exchanging vehicles directly or indirectly including by consignment. TxDMV issues and oversees different types of licenses.

#### GDN (General Distinguishing Number) classifications:



Click on each classification to learn more.

### Slide 1.10 License Types

=====

A person is required to hold a license if they are regularly and actively engaged in the business of buying, selling or exchanging vehicles directly or indirectly, including by consignment. TxDMV issues and oversees lots of different types of licenses.

But, within the independent license category of GDN, or General Distinguishing number, there are several different classifications. Namely: independent motor vehicle - which is the main license type that a used car dealer needs to obtain; independent motorcycle, travel trailer, utility trailer, wholesale and independent mobility.

As we discussed earlier, this course is going to focus on the independent motor vehicle dealer license. Click on each type of license to learn more about each.

**Independent Motor Vehicle** - May buy, sell, or exchange any type of used cars, trucks, motor homes, and neighborhood vehicles. May buy, sell, repair, or rebuild salvage motor vehicles and nonrepairable motor vehicles. May use dealer's temporary tags, buyer's temporary tags, and metal dealer license plates on motor vehicles only. Must provide a bond.

**Independent Motorcycle** - May buy, sell, or exchange any type of used motorcycles, motor scooters or ATVs. May buy, sell, repair, or rebuild salvage motor vehicles and nonrepairable motor vehicles. May use dealer's temporary tags, buyer's temporary tags, and metal dealer license plates on motorcycles, motor scooters or ATVs only. Must provide a bond.

(Slide 1.10 Continued)

=====

**Travel Trailer** - May buy, sell, or exchange used travel trailers. May buy, sell, repair, or rebuild salvage motor vehicles and nonrepairable motor vehicles. May use dealer's temporary tags, buyer's temporary tags, and metal dealer license plates on travel trailers only. Exempt from the security requirement.

**Utility Trailer/Semitrailer** - May buy, sell, or exchange new or used utility trailers and/or semitrailers. May buy, sell, repair, or rebuild salvage motor vehicles and nonrepairable motor vehicles. May use dealer's temporary tags, buyer's temporary tags, and metal dealer license plates on trailers/semitrailers only. Exempt from the security requirement.

**Wholesale Dealers** - May sell or exchange vehicles only with other licensed dealers. Are NOT required to have a five-vehicle display area. May NOT sell vehicles to retail purchasers. Wholesale vehicle dealers may buy, sell, or exchange used vehicles, including motor vehicles, motorcycles, and travel trailers. May buy, sell, or exchange new or used trailers and/or semitrailers. May use temporary tags and metal dealer license plates. Must provide a bond.

**Independent Mobility Motor Vehicle Dealer License** - Allows a dealer to offer to sell new mobility motor vehicles. A "mobility motor vehicle" is a motor vehicle designed and equipped to transport a person with a disability. May use dealer's temporary tags, buyer's temporary tags, and metal dealer license plates. An independent mobility dealer is also required to hold a Converter license. Must provide a bond.

Notes:

---

---

---

---

---



## 1.11 License Types

Section 1 Resources

### The Dealer's License

**AKA**

General Distinguishing  
Number (GDN)

**OR**

"P Number"  
(the GDN starts with the letter "P")

Expires In



License Fee



Dealer Plates



limit 2 to new  
licensees

Renewal Costs



**You may only sell types of vehicles for which you have licenses.**

Slide 1.11 The Dealer's License or GDN

=====

A dealer's license is technically referred to as a General Distinguishing Number, or GDN. It is also known as a "P number," because the GDN starts with the letter "P." Licenses are issued for two-year periods, and currently cost around \$700 plus dealer plates, which are currently \$90 each. A new licensee is typically limited to two dealer plates.

License renewals are also for two-year periods and are currently \$400 plus dealer plates. Keep in mind that you may only sell the types of vehicles for which you hold licenses.

Notes:

---

---

---

---

---

---

---

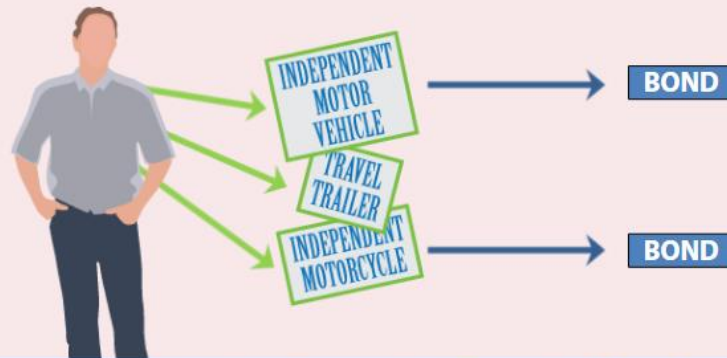
---

## 1.12 License Types

Section 1 Resources

### Who Needs A Dealer's License

A dealer is welcome to hold more than one type of license.



**A separate application has to be completed for each of those license types. If a bond is required for that license type, a separate bond is also required.**

Slide 1.12 Who Needs a Dealer's License

=====

A dealer is welcome to hold more than one type of license. However, a separate application has to be completed for each of those license types, and if a bond is required for that license type, a separate bond is also required.

Notes:

---

---

---

---

---

---

---

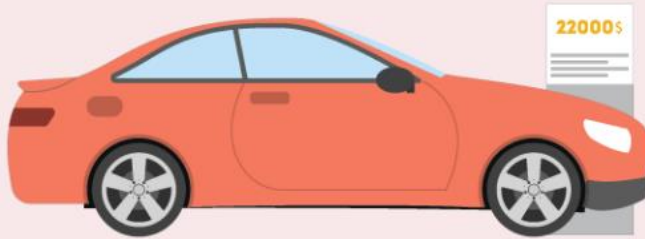
---

## 1.13 License Types

Section 1 Resources

### Franchise License

A franchise license is required to sell new vehicles.



NEW: [ noo, nyoo ] adjective:

A motor vehicle that has not been subject to a prior retail sale.

Slide 1.13 Franchise License

=====

An additional license is required to sell new vehicles, a franchise license. The Definition of a NEW motor vehicle is one that has not been subject to a prior retail sale.

Notes:

---

---

---

---

---

---

---

---

## 1.14 License Types

Section 1 Resources

### Salvage License

If you hold an independent dealer license you do NOT need a separate salvage dealer license to act as a salvage dealer, as long as this is done at the same physical location as your GDN.

If you have a salvage operation at a separate location, then you DO need a salvage license for that location.

There are additional rules and forms required to sell salvage and salvage rebuilt vehicles in Texas.



**Wholesale and Independent Mobility licensees may NOT act as a salvage dealer.**

More information can be found on the [TxDMV](#) and the [Texas Comptroller](#) web sites.

### Slide 1.14 Salvage License

=====

Now, if you hold an independent dealer license you do NOT need a separate salvage dealer license to act as a salvage dealer, as long as this is done at the same physical location as your GDN. If you have a salvage operation at a separate location, then you DO need a salvage license for that location. However, there are additional rules and forms required to sell salvage and salvage rebuilt vehicles in Texas. We will only briefly touch on these rules in this course. More information can be found on the [TxDMV](#) and the [Texas Comptroller](#) websites.

### Notes:

---

---

---

---

---

---

---

---

## 1.15 Forming Your Business

Section 1 Resources

### Type of Business

An important thing to consider when starting a dealership is the formation of your business and the type of business you want to organize.

Sole Proprietor

General Partnership

Corporation

Limited Liability Company (LLC)

Limited Partnership (LTD)

Limited Liability Partnership (LLP)

Each of the business types here have positives and negatives.

### For More Info...



More information regarding business formations can be found on the [Texas Secretary of State website](#).

### Slide 1.15 Forming Your Business

=====

An important thing to consider when starting a dealership is the formation of your business and the type of business you want to organize.

[You see here a list of various business types](#). You may want to consider looking at a business type that helps protect your personal assets even if it's a little more expensive to set up and maintain. Something along the lines of a limited liability company, or corporation.

Operating as a sole proprietor is less expensive to set up and maintain but has some drawbacks. The risk of losing personal assets in a lawsuit against the individual owner is much greater with this business type. Each of the business types here have positives and negatives to be considered.

### Notes:

---

---

---

---

---



## 1.16 Forming Your Business

Section 1 Resources

### Type of Business

Some things to consider when deciding on the business type:



**Tax Consequences**



**Personal Asset Protection**



**Size, Scope and Number of Employees**  
(both now and in the future)

Other factors include other business ownership interests and estate planning.

**Seek a CPA or attorney's assistance when forming your business.**

### Slide 1.16 Type of Business

=====

Some things to consider when deciding on the business type:

- Tax consequences
- Personal asset protection
- The size and scope of your operations - Not just initially, but where they will be down the road.
- Number of employees - Same thing initially, and down the road.
- And if you hold any other business ownership interests, that can be a factor as well
- Not to mention estate planning and much more

You might want to consider seeking a CPA or attorney's assistance when forming your business.

### Notes:

---

---

---

---

---



## 1.17 Your Business Model

Section 1 Resources

### The Business Model



Now that you've given some consideration to the type of business you're going to form, it's time to put some thought into your business model.

**The term 'business model' incorporates many different things such as how you intend to pay for your inventory, fund your operations, etc.**

Slide 1.17 Your Business Model

=====

Now that you've given some consideration to the type of business you're going to form, it's time to put some thought into your business model.

The term 'business model' incorporates many DIFFERENT things such as how you intend to pay for your inventory, fund your operations, etc.

Notes:

---

---

---

---

---

---

---

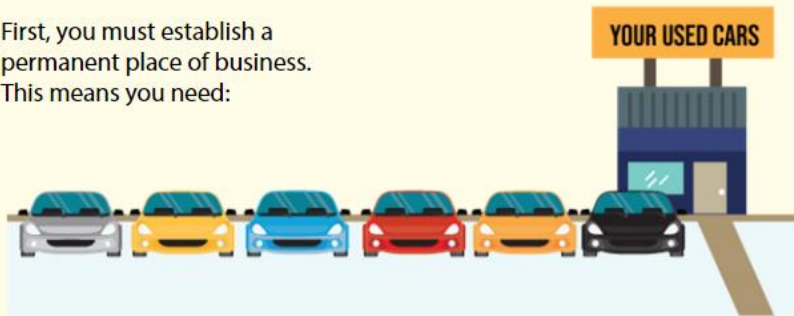
---

## 1.18 Your Business Model

Section 1 Resources

### Premises Requirements

First, you must establish a permanent place of business. This means you need:



Permanent Sign

Business Office

Plus several other requirements...

**Regardless of how you plan to acquire and/or sell your inventory, you MUST have a real physical dealership location.**

### Slide 1.18 Premises Requirements

=====

Regardless of your business model, you're going to be subject to the premises requirements of the state. Those include having an established and permanent place of business. That means a retail dealer will need a business office, a permanent sign, and to meet several other requirements that we'll get into in much more detail later on.

Regardless of how you plan to acquire and/or sell your inventory, you DO have to have a real physical dealership location.

### Notes:

---

---

---

---

---

---

---

---

## 1.19 Your Business Model

Section 1 Resources

### Types of Business Models

Here are several models that potential dealers consider. [Click on each one to learn more.](#)



Slide 1.19 Types of Business Models

=====

Let's look at several different business models that some potential dealers consider when looking to get into the business:

To broker a vehicle in Texas, you have to obtain your General Distinguishing Number. There is no brokering license. If you do intend to broker vehicle sales, you may do so, but you're still subject to the same premises requirements as a regular retail dealer.

Some dealers are interested in selling online only. There is nothing wrong with doing that, but you will still need to obtain the same license everybody else does. You still have to have a physical location, which is subject to all the same premise requirements, and all sales must occur at the licensed location.

There are dealers who wish to export only. No problem there, but again, you must get the GDN and you still have to maintain your premises requirements.

If you do have a retail dealers license, like the one we're talking about here, you are authorized under THAT license to sell vehicles wholesale. However, you may only sell vehicles of the type for which you hold a retail license. If you wish to simply wholesale vehicles - and not retail them to the public - you may do so by obtaining JUST a wholesale dealers license.

## 1.20 Your Business Model

Section 1 Resources

### Basic Considerations

No matter what business model you decide on, there are three basic considerations you want to think about before you get started:



#### Overhead and Operational Expenses

Rent/mortgage, taxes, employees, insurance, utilities, vehicle reconditioning, etc.



#### Inventory

The cars and trucks you're going to sell.



#### Customer Payments

How are your customers going to pay for the vehicles?

Let's take a closer look at each of these...

### Slide 1.20 Basic Considerations

=====

No matter what business model you decide on, there are three basic considerations you want to think about before you get started:

The first, is overhead and operational expenses; things like your rent or mortgage, how you're going to pay your employees, insurance, utilities, vehicle reconditioning, taxes, etc. All of your overhead operational expenses.

The next thing is – How are you going to pay for your inventory? in your case, the cars and trucks you're going to sell.

And then lastly as part of your business model, how are your customers going to pay for the vehicles that you sell them? Let's take a look at all these.

### Notes:

---

---

---

---

---

## 1.21 Your Business Model

Section 1 Resources

### Overhead & Operational Expenses

Most dealers start off with a combination of their own cash and a line of credit from a financial institution.

**Determining this factor is obviously a big part of your business plan.**



Slide 1.21 Overhead and Operational Expenses

=====

So, how to fund your operation? Most dealers start off with a combination of their own cash and a line of credit from a financial institution. Determining this factor is obviously a big part of your business plan.

Notes:

---

---

---

---

---

---

---

---

## 1.22 Your Business Model

Section 1 Resources

### Inventory

#### Self-Financing

Using your own cash to purchase vehicles.



#### Floorplanning (AKA "flooring")

This is the financing of inventory by a third party - floorplan companies, private investors, other dealers and sometimes banks and/or credit unions.



Slide 1.22 Inventory

=====

If you have the resources, you can of course use your own cash to buy your vehicles.

The financing of your inventory by a third party is known as floorplanning and is the most common source of funding. If you have the relationships, you may be able to leverage private investors. Some dealers are even floored by other dealers.

Though not common, certain banks and credit unions will also provide financing for your inventory.

Notes:

---

---

---

---

---

---

---



## 1.23 Your Business Model

Section 1 Resources

### Customer Payments

Let's look at how you're going to get paid when you sell a vehicle. [Click on each one to learn more.](#)



Cash Only Sales



Third Party Finance



Buy-Here Pay-Here



Hybrid

### Slide 1.23 Customer Payments

=====

Alright, we've looked at how you're going to pay other people. Now let's look at the all-important aspect of how you're going to get paid when you sell a vehicle!

You will have some sales that are what we call "cash-only sales." That's a situation where your customer **ALREADY HAS THEIR OWN FUNDING**. It may be cash, or maybe financing from another source such as a bank or credit union, but **YOU -the dealer-** were not involved in securing that financing.

Third-party finance is a situation **MOST** common at dealerships where you - the dealer - help to arrange the financing for the customer through some third-party such as a bank, credit union, finance company, etc.

A very specific business type known as "buy-here pay-here" is basically in-house financing provided by **YOU**, the dealer.

There are many dealers who utilize a combination of these business models in their dealerships. Keep in mind you may need additional licenses issued by other state agencies to operate some of these business models. We will discuss that more later in the course.

### Notes:

---

---

## 1.24 Requirements For A Dealer's License

Section 1 Resources

- 1** Physical location that meets the premises requirements.
- 2** Submit a completed application with all the attachments, which will include evidence of a \$50,000 surety bond.
- 3** Business Location: A valid two-year lease or proof of ownership
- 4** Background Check: All applicants will be reviewed for criminal history and previous disciplinary action.

### Slide 1.24 Requirements for A Dealer's License

=====

So, let's get to the heart of the matter, and talk about the requirements for your dealer's license.

You will need a physical location for the business that meets the premises requirements, which we will discuss in more detail momentarily.

Obviously, you'll have to submit a completed application with all the attachments, which will include evidence of a \$50,000 surety bond.

And a valid two-year lease or proof of ownership is required for your business location. If the property owner is not your landlord, you will also need to provide a signed and notarized statement from the property owner which includes the property owner's full name, email address, mailing address, and phone number, and a statement from the property owner confirming that you are authorized by the property owner to sublease the location and may operate a vehicle sales business from the business location.

Background Check. All applicants will be reviewed for criminal history and previous disciplinary action. We will discuss this in more detail at the end of this section. You will need to provide all outstanding or unpaid debts, judgments, or liens, unless the debt was discharged in a bankruptcy.

Notes:

---

---

---

## 1.25 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

You may not sell - or offer to sell - vehicles from anywhere other than your licensed location.

**Selling vehicles anywhere besides your licensed location is known as "curbstoning".**

**These requirements apply to independent motor vehicle, independent motorcycle, travel trailer and utility trailer dealers.**

**If you have a consignment location and you are going to retail vehicles to the public, you must have a GDN unless the consignment location is a wholesale motor vehicle auction.**



### For More Info...



Visit the [Texas Admin Code](#) for related rules regarding premises requirements.

### Slide 1.25 Premises Requirements

=====

As promised, let's get into the premises requirements for the state.

Keep in mind that you may not sell - or offer to sell - vehicles from anywhere other than your licensed location. That is known as "curbstoning" (selling vehicles with no license at all is also referred to as curbstoning, by the way).

The requirements we're about to go into will apply to independent motor vehicle, independent motorcycle, travel trailer and utility trailer dealers.

If you have a consignment location and you are going to retail vehicles to the public, you must have a GDN unless the consignment location is a wholesale motor vehicle auction.

Here's a [link](#) that will provide you ALL of the information found in the Admin rules regarding premises requirements.

Notes:

---

## 1.26 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

All the premises requirements must be met at the time the application is submitted.

Failure to have all requirements in place could result in denial of the application.

**No Curbstoning:**  
Civil penalty fees  
License revocation



### Slide 1.26 Failure to Meet Requirements

=====

Keep in mind, all the premises requirements we are about to review must be met at the time the application is submitted. At any point during the process TxDMV can request a site visit and failure to have all requirements in place could result in denial of the application.

One last note on curbstoning: You don't want to do it. If you do, you may have to pay civil penalty fees or, worse, you may have your license revoked.

### Notes:

---

---

---

---

---

## 1.27 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Hours of Operation

A retail dealer must be open at least 4 days per week and be open at least four consecutive hours on those days.

You may not be open solely by appointment.



The hours that you're open must be posted at the main entrance to your building, accessible to the public.



If you have a gate around the outside of your lot, then hours must be posted there.

**An owner or bona fide employee must be present during posted business hours to buy, sell, or exchange vehicles.**



If an owner or employee is not available during business hours, a "Be-Back" sign must be posted indicating the time and the date of the return.

### Slide 1.27 Hours of Operation

=====

A retail dealer must be open at least 4 days per week. And they must be open at least four consecutive hours on those days. You may not be open solely by appointment.

There are no further hours requirements other than the Blue Law, which we'll get into a little bit later.

So, if it's your business model to be open from 1 a.m. to 5 a.m. on Wednesday, Thursday, Friday and Saturday, the state does not object. The hours that you're open must be posted at the main entrance to your building, accessible to the public. If you have a gate around the outside of your lot, then be sure to post the hours there so people will know your hours when they are trying to access your building after hours.

Now, you must have either an owner, or a bona fide employee, present during those business hours to buy, sell, or exchange vehicles. But the question comes up, "if it's a one or two person show and no one is available because they have to go to the auction, or somewhere else, what do we do?"

If an owner or employee is not available during business hours, then a "Be-Back" sign must be posted indicating the time and date of the return.

Notes:



## 1.28 Requirements For A Dealer's License

Section 1 Resources

### Blue Law

That means you can be open on Saturday or Sunday, but **NOT** on both consecutively.

BUSINESS HOURS	
Mon. :	1:00 – 5:00
Tues. :	1:00 – 5:00
Wed. :	1:00 – 5:00
Thur. :	1:00 – 5:00
Fri. :	3:00 – 8:00
Sat. :	2:00 – 9:00
Sun. :	Closed

The Blue Law only applies to  
"self-propelled vehicles."  
Towable travel-trailers, utility  
and semi-trailer sales are excepted.

Slide 1.28 Blue Law

=====

The Texas Blue Law is in effect. That means you can be open on Saturday or Sunday, but NOT on both consecutively. The Blue Law only applies to "self-propelled vehicles." Towable travel-trailers, utility and semi-trailer sales are excepted.

Notes:

---

---

---

---

---

---

---

---



## 1.29 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

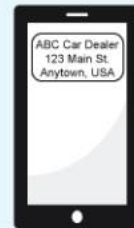
### Phone and Office Equipment



Your business phone must be answered by an employee, answering service, or voicemail from 8am to 5pm on weekdays ***regardless of your business hours.***



Your office is required to be equipped with a desk, two chairs, Internet access, and a phone.



The phone can be a landline or mobile but must be listed in the dealership's business name.

**If there is more than one dealer licensed at a location, then each dealer must meet the premise requirements.**

### Slide 1.29 Phone and Office Equipment

=====

Regardless of your business hours, your business phone must be answered by an employee, answering service, or voicemail from 8am to 5pm on weekdays. You can use a mobile phone, but the requirements are the same.

Your office is required to be equipped with a desk, two chairs, Internet access, and a phone.

The phone can be a landline or mobile and needs to be listed in the dealership's business name.

Important note: If there is more than one dealer licensed at a location, then each dealer must meet the premise requirements. In other words, two dealers cannot share the same desk, chairs or phone.

### Notes:

---

---

---

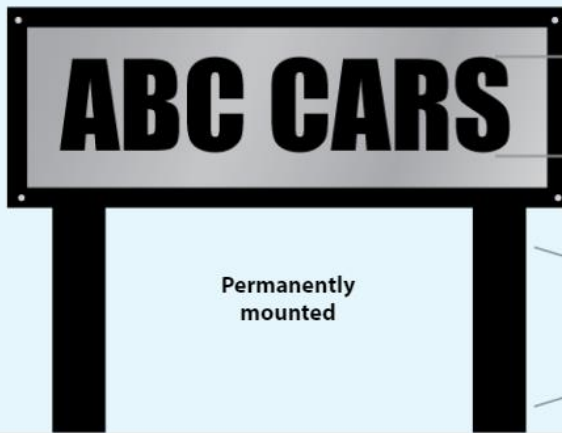
## 1.30 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Signage

Signs must be **permanent** and **conspicuous**.



At least 6" high  
with business name  
or assumed name

**A temporary sign is allowed  
in order to open your store  
if you're able to prove a  
permanent sign is on order.**

**A banner can function as a permanent sign if...**

- It is approved by the city,
- It is permanently mounted,
- It doesn't violate any local ordinances.

### Slide 1.30 Signage

=====

The state has some specific ideas when it comes to your business sign. You must display a conspicuous, permanent sign with at least 6-inch-high letters. It must be permanently mounted.

You may have a temporary sign - in order to open your store - if you're able to prove a permanent sign is on order and will be there shortly. A banner can function as a permanent sign if it is approved by the city, it's permanently mounted, and it doesn't violate any local ordinances of your area.

### Notes:

---

---

---

---

---

---

---

## 1.31 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Structure



Your office structure must be in a building with connecting exterior walls on all sides, and like any business, must comply with local zoning and deed restrictions.

The office may not be in any room or building that is not open to the public.

**It also may not be a portable type office UNLESS it meets these requirements and is NOT readily movable.**



### Slide 1.31 Structure

=====

Your office structure must be in a building with connecting exterior walls on all sides and, like any business, must comply with local zoning and deed restrictions. The office may not be in any room or building that is not open to the public.

It also may not be a portable type office UNLESS it meets the requirements above and is NOT readily movable.

### Notes:

---

---

---

---

---

---

---

---

## 1.32 Requirements For A Dealer's License

Section 1 Resources

### Business Address

The business address must be recognized by the U.S. Postal Service or capable of receiving U.S. mail.

- TxDMV will not mail metal dealer's plates to an out of state address.
- Your office must be located in Texas.
- All sales must be conducted from this licensed business location.



Slide 1.32 Business Address

=====

The business address must be recognized by the U.S. Postal Service or capable of receiving U.S. mail. Also, be aware that TxDMV will not mail metal dealer's plates to an out of state address. It should go without saying but your office must be located in Texas. Like we mentioned before, all sales must be conducted from this licensed business location.

Notes:

---

---

---

---

---

---

---

---

## 1.33 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Zoning

You must:

- Comply with local zoning, municipal codes, and deed restrictions.
- Have authority to open a dealership in the location you are looking to lease or buy.

#### Proposed location in an unincorporated area?

Contact the county to ask what occupancy or permit requirements are required for your proposed location.



Contact your city for a Certificate of Occupancy prior to getting your license.

### Slide 1.33 Local Zoning

=====

Like any business, you must comply with local zoning, municipal codes, and deed restrictions and have the authority to open a dealership in the location you are looking to lease or buy. Contact your city for a Certificate of Occupancy prior to getting your license.

If you are informed that your proposed business location is in an unincorporated area, then you will need to contact the county to ask what occupancy or permit requirements are required for your proposed location.

### Notes:

---

---

---

---

---

---

---



## 1.34 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Zoning



#### Very Important:

You're NOT allowed to locate your office structure within a residence, an apartment, hotel/motel, or rooming house.

"What if I have a separate entrance for my business or I reside on a separate floor?"

**Don't do it, that is still considered a residence.**

Slide 1.34 Premises Restrictions

=====

You're not allowed to locate your office structure within a residence, an apartment, hotel/motel or rooming house. "What if I have a separate entrance for my business or I reside on a separate floor?" Don't do it, that is still considered a residence.

Notes:

---

---

---

---

---

---

---

---



## 1.35 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

#### Sharing

##### Sharing with other dealers

- You may not have more than four (4) retail dealers located in the same business structure
- You may only have eight (8) wholesale dealers per structure
- Wholesale and retail dealers MAY NOT share an office – EVEN IF THERE ARE MULTIPLE SUITES!

##### Multiple business – One owner

- The same phone number may be used if they are operating under the same name
- Separate phone listings and separate signs are required if the business is operated under DIFFERENT names

**Each dealer is still required to meet all premise and office requirements**

### Slide 1.35 Sharing Space

=====

You may share a lot with other dealers, but you may not have more than four retail dealers located in the same business structure, and only eight wholesale dealers per structure. Wholesale and retail dealers MAY NOT share an office. If the building shares a roofline, it's considered a single structure. Now, if you own a dealership and another business and they are operating under the same name, for example Joe's Enterprises, then the same phone number may be used. But, if the business is operated under DIFFERENT names, for example Joe's Used Cars and Joe's Antiques, then separate phone listings and separate signs are required.

### Notes:

---

---

---

---

---

---

---

## 1.36

## Requirements For A Dealer's License

Section 1 Resources

## Premises Requirements

## Sharing

## Sharing with other non-dealers

- You own the property yourself or if you have a separate lease in the name of the dealer business signed by you and the property owner.
- Dealer has to have a separate business line, phone number, and office equipment.
- All other previous requirements for premises discussed apply to a shared office or structure.
- A retail dealer and lessor or lease facilitator may not operate out of the same business structure unless they share the same owner or legal entity.



**Your inventory must be separated and separate from any parking areas. A reasonable person should be able to clearly see what vehicles are for sale and by whom.**

## Slide 1.36 Sharing Space with Non-Dealers

=====

Regarding the sharing of space, you CAN share space with a non-dealer only if you own the property yourself or if you have a separate lease in the name of the dealer business signed by you and the owner. The dealer has to have a separate business line, phone number, and office equipment, as we discussed earlier. So, could you open the dealership out of your uncle's bait and tackle shop? In theory, yes you could, and many dealerships share space with other small businesses in Texas. However, you would still have to meet the requirements described earlier.

Keep in mind, a retail dealer and lessor or lease facilitator may not operate out of the same business structure unless they share the same owner.

If you do share space with another business, including another dealer, then your inventory must be separated, and must also be separate from any parking areas. Think of this as the reasonable person test. If a reasonable person approached your premises, would he be able to clearly see what vehicles are for sale, and by whom?

Notes:

---

---

---

## 1.37 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

### Display Areas

A retail dealer must have a display area designated for the dealer's inventory.

A non-contiguous storage lot is permissible, but only if there's **no public access and no sales activity** occurs at the storage lot.

Storage Lot for  
ABC Dealer  
123-456-7890



The display area must be located at the dealer's business address or contiguous (connected) with that address.

### Slide 1.37 Display Areas

=====

A retail dealer must have a display area designated for the dealer's inventory. The display area must be located AT the dealer's business address or contiguous with that address. Contiguous meaning connected with. Let's talk for just a second about a storage lot. A non-contiguous storage lot IS permissible, but only if there's no public access and no sales activity occurs at the storage lot. You are permitted to have a sign stating the dealership name, the phone number and the fact that it is a storage lot.

### Notes:

---

---

---

---

---

---

---

## 1.38 Requirements For A Dealer's License

Section 1 Resources

### Premises Requirements

### Display Areas



#### Your DESIGNATED display area:

- Must be large enough for you to fit *at least* 5 vehicles of the type you're licensed to sell.
- Has to be reserved **exclusively for your inventory**. If you share space with another business, public parking, driveway, or other dealers' display area, you must separate your inventory with a physical barrier that cannot be easily moved.
- Must be adequately illuminated if your lot is open after sundown.
- May not be on a public easement, a right-of-way, or a driveway unless the governing body with jurisdiction of that easement, right-of-way, or driveway expressly consents in writing to use it.
- If the easement, right-of-way or driveway is part of the state highway system, use as a display area may only be authorized by a lease agreement.
- Can be inside of a building.

### Slide 1.38 Display Areas (Cont.)

=====

Now, your display area has to be large enough for you to fit at least 5 vehicles of the type you're licensed to sell. These spaces have to be reserved just for your inventory. If you share space with another business, a public parking area, a driveway into the office, or another dealer's display area, you must separate your inventory with a physical barrier that cannot be easily moved, except for an area that allows easy entry and exit from the inventory. If someone from the state stops to visit, they will need to be able to easily identify all the vehicles you have for sale on your lot.

If your lot is open after sundown, then it must be adequately illuminated.

According to the Administrative Rules, a display area may not be on a public easement, right-of-way, or a driveway unless the governing body having any jurisdiction of that easement, right-of-way, or driveway expressly consents in writing to use it. Translation: don't park on the easement.

If the easement, right-of-way or driveway is part of the state highway system, use as a display area may only be authorized by a lease agreement. Translation: generally speaking, you can't park on the easement!

You may also have your display area inside of a building.

### Notes:

---

---



## 1.39 Requirements For A Dealer's License

Section 1 Resources

### Displaying Your License

Your Dealer's License must be displayed in an area where it's easily visible to the public.

**If you have additional locations in the same city, and all locations are listed on your license, you can make a copy of your license to display at those supplemental locations.**



Slide 1.39 Displaying your Dealer's License

=====

Your dealer's license must be displayed in an area where it's easily visible to the public. If you have additional locations in the same city and all locations are listed on your license, you can make a copy of your license to display at those supplemental locations.

Hey, you got your dealer's license: show it off!

Notes:

---

---

---

---

---

---

---

---

### Additional Locations

**If you are opening an additional location *inside the same city limits* as your original location:**

- Another license is NOT necessary.
- You must notify TxDMV within 10 days.
- You cannot sell cars at that location until that second location is approved by the agency.
- You must submit an amendment application through eLICENSING (\$25).
- Premises requirements for any additional locations are the same as the original.
- If your license type requires a bond, then a bond rider will also be required to update the business addresses listed on your bond.

**If you are opening an additional location *outside the city limits* of your original location:**

- You will need to obtain another GDN.
- This also applies to relocating your dealership outside of city limits.

#### Slide 1.40 Additional Locations

=====

If you are opening an additional location within the same city limits as your original location, then another license is NOT necessary. However, you must notify TxDMV within 10 days and you cannot sell cars at that location until that second location is approved by the agency. An amendment application must be submitted through your eLICENSING account for approval. The premises requirements for any additional locations are the same as the original. If your license type requires a bond, then a bond rider will also be required to update the business addresses listed on your bond.

Now, if you are going to open an additional location OUTSIDE of the city limits of your current lot, you will need to get another GDN. This also applies if you're going to RELOCATE your dealership outside the city limits.

#### Notes:

---

---

---

---

---



## 1.41 Requirements For A Dealer's License

Section 1 Resources

### Transferring Vehicles

**P-123456**



If you're transferring vehicles between two of your stores with different P numbers, you must assign title to the new location when the vehicle is moved to the other store.

**P-987654**



**Much more information on title assignments will be provided in another section.**

Slide 1.41 Transferring Vehicles

=====

If you're transferring vehicles between two of your stores and those two stores have different P numbers, keep in mind you must assign title to the new location when the vehicle is moved to the other store. Much more information on title assignments will be provided in another section.

Notes:

---

---

---

---

---

---

---

---

## 1.42 Requirements For A Dealer's License

Section 1 Resources

### Moving Locations and Information Changes

General information changes, such as mailing address, email address, or phone number, can be done any time through eLICENSING. You can also notify TxDMV you are closing your dealership directly through your account.

All other licensing changes require an amendment application and must be approved by the agency. These reasons may include changing your business address, ownership, and business name.

All licensing changes should be made via eLICENSING on the TxDMV website at the location you see below.

[eLICENSING on the TxDMV website.](#)



#### Slide 1.42 Moving Locations and Information Changes

=====

General information changes, such as mailing address, email address, or phone number, can be done any time through eLICENSING. You can also notify TxDMV you are closing your dealership directly through your account.

All other licensing changes require an amendment application and must be approved by the agency. These reasons may include changing your business address, ownership, and business name.

All licensing changes should be made via eLICENSING on the TxDMV website at the location you see [here](#).

#### Notes:

---

---

---

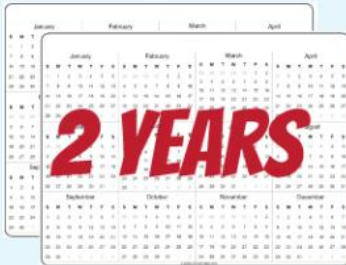
---

---

## 1.43 Requirements For A Dealer's License

Section 1 Resources

### License Expiration and Renewal



Submit your new bond and your renewal application at least 45 days before it expires. If a timely renewal application is submitted prior to the expiration date you may continue to operate while the renewal application is processed.



If you haven't submitted a renewal application within 90 days of expiration you have to start all over with a new dealer application.

**All renewal notices are sent through email.  
Make sure you have a valid email address on file  
and are checking it regularly!**



#### Slide 1.43 License Expiration and Renewal

=====

Licenses are good for 2 years and will renew on the anniversary of their original issuance. Keep in mind you are going to want to submit your new bond and your renewal application at least 45 days before it expires. If a timely renewal application is submitted prior to the expiration date you may continue to operate while the renewal application is processed. If you haven't submitted a renewal application within 90 days of expiration you have to start all over with a new dealer application.

All renewal notices are sent through email; so, make sure you have a valid email address on file and are checking it regularly!

#### Notes:

---

---

---

---

---

---

---

## 1.44 Requirements For A Dealer's License

Section 1 Resources

### Liability Insurance

Texas law requires that anyone who owns or assumes responsibility for a motor vehicle has to provide auto liability insurance. A dealer with the vehicles on the lot is assuming responsibility for those vehicles.

**Obtain garage liability insurance from an experienced agency that specializes in this particular type of insurance.**

**There are ALL KINDS of variables that can be considered when obtaining this insurance and a knowledgeable agent is your best source in this situation.**



**Don't cut corners! Car dealerships are magnets for lawsuits.  
Obtain an insurance policy from a reputable source!**

### Slide 1.44 Liability Insurance

=====

While proof of insurance is not technically required to obtain a license, you should obtain garage liability insurance. And that's because Texas law requires that anyone who owns - or assumes responsibility for - a motor vehicle has to provide auto liability insurance. A dealer with vehicles on the lot is presumably assuming responsibility for those vehicles.

So, where to get this insurance? Consider using an experienced agency that SPECIALIZES in this particular type of insurance. There are ALL KINDS of variables that can be considered when obtaining this insurance and a knowledgeable agent is your best source in this situation.

Keep in mind that car dealerships are magnets for lawsuits. So, getting a discount deal from your brother-in-law on insurance is maybe not the best corner to cut.

### Notes:

---

---

---

---



## 1.45 Requirements for a Dealer's License

Section 1 Resources

### Background Check

Do you have a criminal record, prior enforcement history or civil penalty, can you still get a license?

**The answer is maybe. You will be asked...**

- If you or anyone associated with your dealership has ever been convicted, received a deferred adjudication or been court martialled for a felony or misdemeanor offense.
- If you have ever signed an agreed order, had a previous license revoked or been assessed a civil penalty.
- About your financial history, including any outstanding or unpaid judgements and liens

**If the answer is yes**, explain the situation and upload any court documents related to each circumstance. TxDMV will review the facts and determine if you will be issued a license.

**BE HONEST**

**Make sure you do not have any outstanding legal issues in Texas or other states.**

#### For More Info...



Visit the Texas Admin Code for related rules regarding [Criminal Offense and Action on License](#).



See [Fitness admin rules](#) for details.

### Slide 1.45 Fitness and Felony

=====

So, what about a criminal record, prior enforcement history or civil penalty, can you still get a license? The answer is maybe.

During the application process you will be asked if you or anyone associated with your dealership has **ever** been convicted, received deferred adjudication, or been court martialled for a felony or misdemeanor offense. You will also be asked if you have ever signed an agreed order, had a previous license revoked or been assessed a civil penalty and you will be asked about your financial history, including any outstanding or unpaid judgments and liens.

If the answer is yes, you will need to explain the situation and upload any court documents related to each circumstance. You should disclose even a minor offense that occurred many years ago because failure to disclose an offense can cause your application to be rejected. TxDMV will review the facts and determine if you will be issued a license.

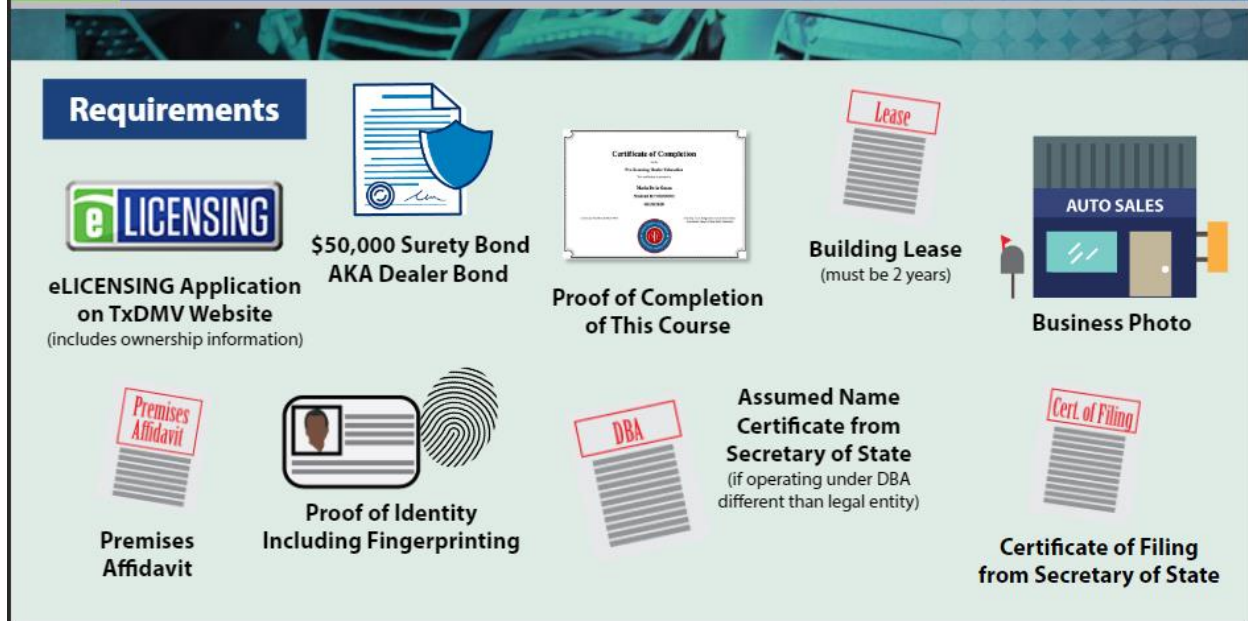
Short story here is, don't lie. Each application undergoes a complete and thorough review for criminal history, disciplinary actions taken on a license, civil penalties assessed and premise requirements. It's a lot harder to explain why you falsified a government document than providing the information requested.

The links here provide the administrative rules where you can find out EXACTLY what the requirements are with regard to [fitness](#) and [criminal offense](#).

Last, make sure you do not have any outstanding civil penalties or unresolved enforcement issues in Texas or other states.

## 1.46 Dealer Application

Section 1 Resources



### Slide 1.46 Dealer Application

=====

Alright, you're ready to apply for your dealer's license, so what do you need to provide exactly? Well, clearly, you'll have to complete the eLICENSING application on the TxDMV website in its entirety.

Let's take a look at what documents you'll need. Make sure that you have the following items saved electronically so that you can upload them to your application!

- As we discussed, you'll need to provide a \$50,000 Motor Vehicle Surety Bond, also called a dealer bond. Don't forget to sign your bond!
- And, of course, you'll need to provide proof that you completed this course.
- You will also need a copy of your lease or proof of property ownership.
- And you'll be asked to submit a business photo clearly showing the business structure and mounted business sign.
- TxDMV will provide you a premises affidavit. You will need to sign and notarize the premises affidavit found in your eLICENSING application. Be sure to answer each question clearly, even if you are going to reference attached documents. -Do not just write "see attached".
- You'll need to provide proof of identity including fingerprints for all owners and manager of your business.
- If you plan to use an Assumed Name, or "Doing Business As" (DBA) name, which is a name different than your legal entity, then you'll need to provide the Assumed Name Certificate.
  - Sole Proprietors and General partnerships can obtain the Assumed Name Certificate from the county clerk's office in the county where the business is located. All other entity types will need to obtain an Assumed Name Certificate from the Texas Secretary of State.




- You'll also need to provide your Certificate of Filing from the Texas Secretary of State, although this does NOT apply to those applying as Sole Proprietors or General Partnerships.

1.47
Dealer Application
Section 1 Resources

Dealer Bond

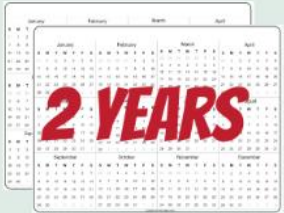
**\$50,000 Surety Bond**



**Required for these license types:**

- Independent motor vehicle
- Independent motorcycle
- Wholesale only
- Wholesale motor vehicle auction
- Independent mobility dealers

**Name(s) on the bond must match the exact name(s) of the applicant/business on the license.**



Must be valid for two years from the last day of the month in which you submit your application.

The bond must be signed by both the bond company representative and the owner or representative for the business.

Remember it's best to work with an insurance agent that's familiar with dealer bonds and has experience with what DMV requires.

#### Slide 1.47 Dealer Bond

=====

So, let's talk for a second about this dealer bond. This is an item that trips up many applicants. As you can see, it's required for the license types listed here. Importantly, it must be valid for two years from the last day of the month in which you submit your application. Another common error is that the names on the bond don't match the exact names of the applicant or business on the license. The bond must be signed by both the bond company representative and the owner or representative for the business. The key to not getting held up on your dealer bond is to work with an insurance agent that's familiar with dealer bonds and has experience with what DMV requires.

#### Notes:

---



---



---



---



---

## 1.48 Dealer Application

Section 1 Resources

### Requirements (Cont.)

You'll need to provide additional information such as:



Contact info for  
eTAG account



Contact info for  
business and  
license contact



Premise &  
background  
questions



Order your  
metal plates

Sign the  
application



Submit  
payment



### Slide 1.48 Additional Application Requirements

=====

You are not done just yet. You'll need to provide additional information such as:

- Contact information to create your eTAG account
- And contact information for the business and license contact
- You'll need to answer the premise and background history questions
- You can also order your metal dealer's plates
- You'll need to electronically or manually sign the application
- And, of course, you'll need to submit payment to complete the application

### Notes:

---

---

---

---

---

### Fingerprinting

**After you submit your application, TxDMV will email you to inform you who on your application needs to be fingerprinted.**

All individuals identified as requiring fingerprints must have their fingerprints live-scanned or submitted via mailed ink cards to the approved vendor, IdentoGO.

Do not go to the vendor to get fingerprints taken until after you receive confirmation from TxDMV.

The results of the fingerprinting will be sent directly to the TxDMV.



#### For More Info...



You can learn more about Fingerprinting Requirements in the [TxDMV Website](#).

#### Slide 1.49 Fingerprinting

=====

After you submit your application, TxDMV will email you to inform you who on your application needs to be fingerprinted. All individuals identified as requiring fingerprints must have their fingerprints live-scanned or submitted via mailed ink cards to the approved vendor, IdentoGO. Do not go to the vendor to get fingerprints taken until after you receive confirmation from TxDMV. The results of the fingerprinting will be sent directly to the TxDMV. You can learn more about Fingerprinting Requirements in the [TxDMV website](#).

#### Notes:

---

---

---

---

---

---

---

## 1.50 Dealer Application

### Section 1 Resources

#### For More Information

The agency has provided convenient and comprehensive user manuals and videos found here to walk you through the details of submitting an application.

We recommend that you watch the appropriate videos prior to starting your application. That's the fastest way to get your license and minimize errors.

Most applicants can expect to receive their license in less than three weeks.

**Incomplete applications, premises issues, or a criminal background are common issues that can slow down the application process.**



**Click the image to visit this site.**

#### Slide 1.50 TxDMV Comprehensive Resources

=====

The agency has provided convenient and comprehensive user manuals and videos found [here](#) to walk you through the details of submitting an application. We recommend that you watch the appropriate videos prior to starting your application. That's the fastest way to get your license and minimize errors. Most applicants can expect to receive their license in less than three weeks. Incomplete applications, premises issues, or a criminal background are common issues that can slow down the application process.

#### Notes:

---

---

---

---

---

---

---



Slide 1.51 What's on Your Wall

=====

Let's talk now about what should be on your wall! We'll break that down into three areas: first, your licenses and permits, then the required postings for the public and finally your required postings as an employer.

Notes:

---

---

---

---

---

---

---

---



### Licenses and Permits

Any license or permit you obtain is supposed to be posted in a place where it's visible to the general public.



#### Licenses and Notices

##### Dealer's License

##### Notice of Surety Bond

##### Motor Vehicle Sales Finance License (MVSF)

Obtained from the Office of Consumer Credit Commissioner.

#### Permits from Texas Comptroller

##### General Sales and Use Tax

If you sell anything OTHER than motor vehicles.

##### Seller Finance Sales Tax

If you are a buy-here pay-here dealer intending to utilize deferred sales tax.

##### Occupancy Permit

Dependent on your local municipality.

#### REMEMBER:

**You don't need a license or permit to collect and remit motor vehicle sales tax to the Texas Comptroller.**

### Slide 1.52 Licenses and Permits

=====

Generally speaking, any license or permit you obtain is supposed to be posted in a place where it's visible to the general public. This is certainly the case with your Dealer's License. Adjacent to, and in the same manner as the Dealer's License, you must post a notice of surety bond and the procedure by which a claimant can recover from the bond. A sample of this language is available under Resources.

You must also post your Motor Vehicle Sales Finance License (MVSF) which is obtained from the Office of Consumer Credit Commissioner. This is a required license if you plan to provide or arrange financing for your customers. We'll talk at great length about the OCCC Motor Vehicle Sales Finance License in Section 4.

If you sell anything OTHER than motor vehicles - fuzzy dice, driving gloves, etc - then you'll need a General Sales and Use Tax Permit, obtained from the Comptroller.

If you are a buy-here pay-here dealer, intending to utilize deferred sales tax, you need to acquire a Seller Finance Sales Tax Permit, also from the Comptroller.

Now your city or county may also require you to post an Occupancy Permit or something similar. This is dependent on your local municipality, so you'll want to check with your local resources on that.

Do keep in mind that you don't need a license or permit to collect and remit motor vehicle sales tax to the Texas Comptroller.



## 1.53

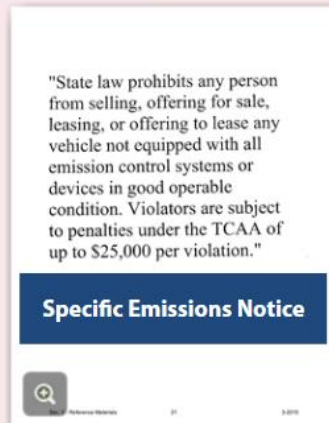
## What's On Your Wall

## Section 1 Resources

## Postings for the Public

10 inches  
x 8 inches

You must display  
in a public area.



Posted in any area of your office  
where sales are finalized.



A sample of these notices is  
provided under Resources.

## Slide 1.53 Posting for the Public

=====

Now turning to the required postings for the public. You must display a specific emissions notice in a public area with a minimum size of 8 inches by 10 inches. A sample of this notice is provided under Resources. If you charge a documentary fee to your customers, then the Documentary Fee Disclosure language must be posted in any area of your office where sales are finalized. A sample of this language is also available under Resources. We'll discuss the doc fee in much more detail in section 4.

Notes:

---

---

---

---

---

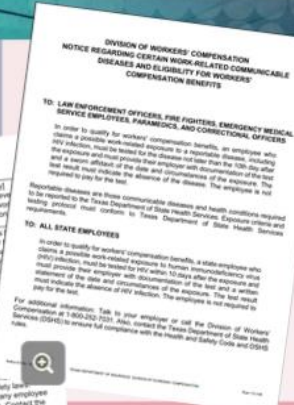
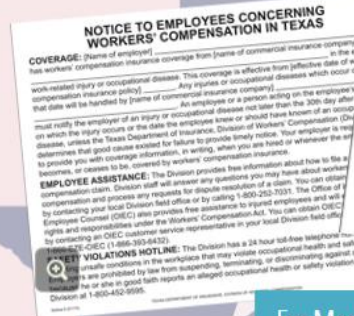
## 1.54 What's On Your Wall

### Section 1 Resources

### Postings As An Employer

The State of Texas has some requirements for postings for you as an employer. The Texas Workforce Commission provides many resources for small businesses including information on posters for the workplace.

If you need additional help, you may want to work with a third-party provider who can help you with the required postings.



### For More Info...



More information regarding small business posters for the workplace, visit <https://twc.texas.gov/>

### Slide 1.54 Posting as an Employer

=====

The state of Texas has some requirements for postings for you as an employer. The [Texas Workforce Commission](https://twc.texas.gov/) provides many resources for small businesses including information on posters for the workplace.

If you need additional help, you may want to work with a third-party provider who can help you with the required postings.

### Notes:

---

---

---

---

---

---

# **Annex Section 1**

## **NOTICE OF SURETY BOND**

**Consumers may file a claim against a dealer's surety bond by contacting the bond company directly.**

**This notice is required by law.**

**Bond Company \_\_\_\_\_**

**Bond Number \_\_\_\_\_**

**Bond Company Phone # \_\_\_\_\_**

**Consumers may also obtain a dealer's surety bond information by submitting a Public Information Act (PIA) request through the Texas Department of Motor Vehicles –**

**[www.txdmv.gov](http://www.txdmv.gov)**

## Slide 1.52 – Doc Fee Disclosure

A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS RELATING TO THE SALE. A DOCUMENTARY FEE MAY NOT EXCEED A REASONABLE AMOUNT AGREED TO BY THE PARTIES. THIS NOTICE IS REQUIRED BY LAW.

"State law prohibits any person from selling, offering for sale, leasing, or offering to lease any vehicle not equipped with all emission control systems or devices in good operable condition. Violators are subject to penalties under the TCAA of up to \$25,000 per violation."

This notice shall be no smaller than 8 inches by 10 inches (20.32 cm by 25.4 cm) and shall be clearly visible to all customers.



# **Section 2: Selling Vehicles**

**Revised April 2023**