



# Plain Dealing

A policy and administrative bulletin for licensed dealers from the Dealer Section of the WisDOT Division of Motor Vehicles.

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**"Nothing astonishes men so much as common sense and plain dealing."**

R. W. Emerson

As we enter a new decade nothing is as certain as constant change. Our headline story concerns improvements made to the 1990 dealer license renewal process. We are striving for continuous improvement and invite your comments and suggestions for license renewal. We would also appreciate your opinions on personalized dealer plates and expanded use of dealer plates as we begin to consider changes in this area. Please share your thoughts with us by completing the enclosed postage paid survey card.

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***Coming Attractions:***

As we go to press, a controversy is brewing over off-premise sales rules and the Sunday Closing law. Our next issue will provide in-depth coverage.

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## License Renewal Update

Dealer license renewal packets for 1990 are out, and the new look is unmistakable. For the first time, information from our current computer files has been preprinted on the renewal form. Dealers just need to correct the items requiring changes and fill in the missing information, such as the number of vehicles sold during the previous year. Preprinted salesperson renewals were also included in the package. Updated financial statements or bonds, as well as any other updated attachments such as service agreements, still had to be filled out.

More than 90% of dealers do not change from year to year so this process is expected to save an enormous amount of data entry time during our peak renewal season. A new computer system and Local Area Network (LAN) will also enable us to generate license certificates by computer instead of hand-typing each one which will save many more work hours.

License renewals for 1990 include 4,335 Dealers, 777 manufacturers/distributors, 15,900 salespersons and 1,862 BID cards. With this volume of paperwork to process, it is easy to see what a big difference the new system will make in terms of time saved.

We are exploring the possibility of multiple-year licenses and staggered license expiration to more evenly distribute the workload and speed up the renewal process.

Licensees who transfer ownership of 10% or more of the equity of their business, add or delete partners, or change their business entity from sole proprietor, partnership or corporation must file a new application and will be treated as original applicants. This means that new manufacturer certifications, zoning, financial statements or bonds, service agreements, leases and salesperson applications must all be included. The facilities inspection/dealer training visit must also be done by one of our field investigators before a new license certificate can be issued.

Salesperson applications for 1990 must be made on the revised application form. The new form is a single 8 1/2" X 11 " sheet identified as form MV2184. Information required on the new form includes physical description, date of birth and driver's license number. All required information must be completed in order for us to process and issue the salesperson license. If you need a supply of salesperson application forms, please call the Business Licensing Unit at (608) 266-1425.

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## Policy Briefings

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### Salvage Disclosure

Customers are complaining that some dealers are not informing them of the \$40 inspection fee required to title and register a repaired salvage vehicle. If you are offering a repaired salvage vehicle for sale and have completed your own inspection under Trans 139.04(4) and (5) so that you may properly fill out the used vehicle disclosure label but have not had the official state inspection done, you must inform prospective buyers of this fact.

In the situation described above, customers must be notified in writing on the face of the purchase contract *"Warning - This vehicle is sold as a salvage vehicle and cannot legally be operated on Wisconsin highways until it passes an authorized inspection. There is a fee of \$40 for authorized inspections."*

In addition, you must write "rebuilt salvage" in the previous use area of the used vehicle disclosure label. The revised used vehicle disclosure labels due out this spring will contain a box to check for rebuilt salvage.

The new salvage law defines a "salvage vehicle" as a vehicle which is damaged by collision or other occurrence to the extent that the cost of repairing the vehicle for safe operation would exceed its fair market value.

To sell an uninspected salvage vehicle you must first have a salvage certificate of title in the dealership's name. At the time of sale, you will only be able to apply for a salvage certificate of title in your customer's name; no registration or transfer of plates is allowed until the vehicle passes an authorized inspection.

Some of you may find it helpful to avoid this situation by submitting repaired salvage vehicles to an authorized inspection before offering them for sale. A map showing locations of authorized inspection stations as well as their phone numbers is available at no charge; call (608) 266-1425 for a copy.

### Disclosing "Program Cars," Demos and Execs

We are still receiving complaints about dealers advertising manufacturer "program cars." Many of these cars are actually former rental vehicles which were repurchased by the manufacturer from a daily rental company under a special repurchase program. The vehicles are then sold to franchised dealers at closed auctions. General Motors, Ford and Chrysler Motors are all participating in these rental company repurchase programs.

As previously stated in our April 1988 dealer mailing, it is our position that advertising these vehicles as "program cars" is misleading, if in fact the vehicles were formerly rental vehicles. "Program car" implies to a prospective buyer that the vehicle was used by the manufacturer for a special purpose, such as an executive vehicle. If the vehicles were former daily rental vehicles, they must be disclosed as "rental vehicles." Demonstrators and executive-driven vehicles must be disclosed and sold as used, not new. Used vehicle disclosure labels must be completed and displayed on demonstrators and executive vehicles once they are removed from such service and displayed or offered for sale on the sales lot.

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## Dealer Alert

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**Salvage dealers** are not allowed to sell vehicles to retail customers. Type 4 salvage dealers (with no storage yard) are only allowed to buy vehicles and take them directly to a salvage yard or scrap metal recycler. The removal or sale of tires, batteries and gas tanks is permitted with a type 4 salvage license.

Attention **truck dealers!** Due to a recent Internal Revenue Service ruling, motor carriers only need to show proof of heavy vehicle use tax (HVUT) compliance for the current year rather than current and previous years. This could solve problems when buying used trucks with HVUT discrepancies from past years.

When a non-resident purchases a **mobile home, trailer or semi-trailer** from a licensed Wisconsin dealer and takes possession of it in Wisconsin, the sale is taxable. Dealers must collect sales tax on these items unless they are delivered out of state.

**Motorcycle and moped dealers:** remember to check the box on the back of the Application for Title/Registration (form MV-1) that certifies the motorcycle or moped is manufactured for highway use. Forgetting this step results in a delay of title and/or plates being issued to your customer.

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## News in Brief

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### Title Application Errors Up

Most of the time, dealer-submitted title applications have an error rate of only 5%, which is excellent. Lately, the error rate has taken a turn for the worse. In a recent survey of dealer-submitted applications, 25% would have required us to contact you for additional documentation in order to process the application.

Confusion about the forms changes and new forms required by the federal Truth in Mileage Act seems to be the cause of this dramatic increase in error rate. Most of the mistakes involve form MV- 1, Application for Title/Registration. This form was revised in May 1989, but older versions are still being sent in. The pre-May 1989 versions have an odometer mileage statement in Section D which should no longer be used. The odometer disclosure should be made on the title itself (Wisconsin titles issued after May 1989), a separate odometer statement form (such as form numbers 2 or 2a, available from the Wisconsin Automobile and Truck Dealers Association), or a secure MV2115 reassignment form. Please destroy all pre-May 1989 MV-1 forms.

Please be sure that you and your staff are using the correct forms and understand how to use them properly. We are in the process of preparing information that will help you understand the full implications of the Truth in Mileage Act, and will be happy to answer any questions you may have. Please call the Inquiry and Tracing Unit at (608) 266-1466 with any questions on completing title application forms.

### Biennial Registration

Starting this year, farm trucks, motorcycles and mopeds will be registered on a biennial basis. Fees have not been increased, but will be collected for two-year periods. Biennial registrations will expire in even-numbered years.

Farm truck plates expire the last day of February. Biennial fees for farm trucks registered at 12,000 pounds will be \$42. Personalized farm plates will cost \$62 for two years.

Motorcycle and moped plates expire April 30. Biennial fees for all mopeds and regular motorcycle plates will be \$14. Personalized motorcycle plates will cost \$34 for two years.

As you fill out MV-1 forms to title and register these three types of vehicles, please be sure to collect the correct fees for the two-year registration period. If you have questions about this information, please call the Inquiry and Tracing Unit at (608) 266-1466.

### Pilot VIN Inspection Program

The Kenosha Customer Service Center of the Department of Transportation's Field Services District 7 is offering a new service to area dealers. A district employee will be available 20 hours per week to perform on-site vehicle identification number (VIN) inspections for dealers. This six-month trial program is in response to a problem Kenosha area dealers have had getting out-of-state vehicles VIN inspected so they may be titled and registered in Wisconsin. Local law enforcement agencies on both the city and county level refuse to provide the VIN inspection service, creating a serious problem for dealers in this border city with its large volume of out-of-state vehicles. The department is considering legislation to authorize other individuals to perform the inspections, including dealers.

### Transporter Plates

A change in the statutory definition of a "transporter" means that more types of businesses will now be eligible for transporter plates. The definition of a "transporter" includes people who manufacture or install equipment on previously assembled chassis special bodies, or who modify or convert previously assembled complete motor vehicles, but do not own the vehicles. Transporter plates allow these businesses to operate vehicles under their own power or in tow between their place of business and manufacturers, dealers and distributors, or to deliver them to purchasers.

Like dealer plates, transporter plates cost \$75 for the first two and \$5 for each additional plate. If you have questions or wish to apply for transporter plates, please contact the Business Licensing Unit at (608) 266-1425.

### Michigan's New Salvage Law

After October 1, 1989, salvage dealers from other states are no longer able to transact business in Michigan without first becoming licensed by Michigan as a "foreign salvage dealer." Michigan law defines a foreign salvage dealer as a person who is a dealer in another state and is engaged in Michigan in the business of purchasing, selling or otherwise dealing on a wholesale basis in vehicles required to have a salvage certificate of title.

If you would like further information or wish to apply for a Michigan foreign salvage vehicle dealer license, contact: Foreign Salvage Dealer Coordinator, Bureau of Automotive Regulation, 208 North Capitol, Lansing, MI 48919 or telephone (517) 335-4807.

## Sheboygan Wheel Tax

The city of Sheboygan enacted a \$ 10 wheel tax for vehicles' operated on or after January 1, 1990. The fee is collected when registration is renewed or new registration is issued. The wheel tax applies to automobiles and most trucks registered at 8,000 pounds gross weight or less. The tax must be paid if the vehicle is "customarily kept" in the city of Sheboygan, including vehicles that were purchased elsewhere. Human service vehicles, farm vehicles and dual-purpose farm vehicles

are exempt from this tax. Other municipalities which have enacted a wheel tax are the city of Beloit (\$10 fee) and the city of Amery (\$5 fee).

## Late Renewals

If we haven't received your dealer license renewal application by February 15, 1990, your dealer license number will be considered "open" and will be assigned to other firms on a first-come, first-serve basis

## 1989 Licensing Actions

### Dealer Actions:

**Bob's Auto Sales, Appleton**-BID cards denied for former dealer and his wife because their dealer license was denied in 1987 and 1988.

**Bud's Scrap Metal & Auto Removal, Janesville**-Dealer license denied due to long history of acting as a motor vehicle dealer without a license, failing to transfer title and selling parts without a license.

**Champion Auto Sales, Green Bay**-Special Order was issued by the Office of the Commissioner of Transportation prohibiting improper disclosure of the previous use of vehicles offered for sale, inaccurate disclosure of the condition of vehicles offered for sale, and failure to submit application for title and registration to the Department of Transportation within seven business days following the sale or transfer of a vehicle. The order was based on the July 1989 sale of a leased vehicle disclosed as "privately driven."

**Cross Salvage, Whitefish Bay**-License suspended for six months for receiving stolen property, failing to maintain proper records, and failing to return certificates of title to the department.

**E. P. Auto Sales & Service, Inc., Kenosha**-License denied due to material misstatement on application, proof of unfitness and acting as a dealer without a license.

**Innerstate Auto, Caledonia**-License denied due to bad checks issued to another dealer and to the Department of Transportation.

**Kay M. Lale DBA Luxury Car, Delavan**-License denied due to involvement of Glenn Lale and failure to meet requirement of having one other licensed salesperson.

**John Lynch Chevrolet Pontiac Sales, Inc., Burlington**-Special Order was issued by the Office of the Commissioner of Transportation prohibiting improper disclosure of the previous

use of vehicles offered for sale. The order was based on the August 1989 sale of a rental vehicle that had been disclosed as "privately driven."

**Mike's Midwest Salvage, Sturtevant**-License denied to reorganization of dealer who participated in auto theft ring. Denial based on original owner still receiving money from business and stolen parts found after corporate change.

**Molinaro Auto Sales, Racine**-License suspended for twelve days for failing to honor a motor vehicle service warranty.

**Spickler Leisure World, Chippewa Falls**-License suspended for seven days for consumer law violations including keeping deposits in excess of allowed penalty amounts, failing to honor a consignment sale agreement and false or misleading advertising.

### Salesperson licenses denied:

**Glenn Gaulke, West Allis**-outstanding debts owed to the Department of Transportation.

**Michael Haag, Franklin**-selling encumbered property, failing to perfect liens, outstanding debts on these transactions.

**Lawrence Hooyman, Appleton**-passing bad checks, unpaid debts.

**Glenn Lale, Delavan**-odometer fraud and criminal background.

**Richard Parker, Greenfield**-falsified MV-1 application, issuing bad checks to other dealers.

**Scott Yadro, New Berlin**-unresolved misconduct stemming from 1988 dealer license denial, including failure to pay outstanding judgments, material misstatement on dealer license application, issued bad checks to other dealers, misuse of dealer plates, acting as a dealer without a license.

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