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# *MOTOR VEHICLE SALESPERSON MANUAL – 2021*

Wisconsin DOT – Division of Motor Vehicles

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*Manual outlining Wisconsin laws & DOT policies for persons selling motor vehicles in Wisconsin.*

*Dealer and Agent Section*

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## Introduction

The Division of Motor Vehicles, Wisconsin Department of Transportation, is pleased to provide this manual for your information and reference.

This manual does not intend to explain all salesperson rules and regulations. It describes the rules and regulations which you must follow and presents situations and problems which salespeople encounter most often. You are expected to know the information in this manual as you perform your responsibilities as a licensed salesperson. The Division of Motor Vehicles is committed to providing the highest degree of public service. The licensing of motor vehicle salespeople enhances the public's confidence and image of the professional salesperson. Customers can be assured that Wisconsin salespeople have been trained in professional motor vehicle sales practices, state statutes and administrative rules.

If you have any questions or concerns not mentioned in this manual, contact your employer, legal counsel or the Dealer and Agent Section of the Division of Motor Vehicles for assistance.

We look forward to working with you and extend our best wishes for success in your new position.

Sincerely,

Michael Domke  
Chief, Dealer and Agent Section  
Division of Motor Vehicles

## Eligibility

### *Who needs a motor vehicle salesperson license?*

You must be licensed if you want to be involved in the business of selling\* or leasing new or used motor vehicles in Wisconsin. This includes sales managers, general managers, sales representatives, finance and insurance employees, and the owner if they are negotiating vehicle sales, leases, or approving any contracts. No one is permitted to sell or lease a vehicle for a dealer without a salesperson license. The Dealer and Agent Section of the Division of Motor Vehicles (DMV) is responsible for licensing salespeople in Wisconsin.

[Wisconsin Stat. §218.0114\(1\)](#)

\*The definition of selling is found in [Wis. Admin. Code Trans 138.02\(10\)](#)

### *Requirements for a salesperson license*

General requirements for getting a license include that you:

- Are 18 years old
- Agree to act in good faith as a salesperson
- Are familiar with motor vehicle sales, lease, and contract laws

[Wisconsin Stat. §218.0114\(23\)](#)

### *How to become licensed for the first time*

A written test is required for all first-time applicants. Your employer should have the license application ([MV2184](#)). If they do not, you can get this information by visiting our website at <https://wisconsin.gov/Pages/dmv/dlr-agents/busns-licnse/salespersonlicense.aspx>, or call (608)266-1425.

Have your employer sign your application. Bring the completed application to a DMV Customer Service Center to take the motor vehicle salesperson exam. No appointment is necessary, but plan to arrive at least an hour before the center closes (see hours and locations at <https://wisconsin.gov/Pages/online-srvcs/find-dmv/default.aspx>).

Once you pass your exam, you will submit your salesperson license application provided by your employer and the license fee. With the receipt you receive at the DMV, you may begin selling or leasing motor vehicles. Your employer will need a copy of the receipt for their files. Your license will be processed by the Dealer and Agent Section and mailed to your employer. Keep your license in your possession whenever you are selling or leasing vehicles.

Test results are good for six months. If you apply for your first license after six months, you will be required to take the salesperson exam again.

If you do not pass the test, you will be allowed to retake the test the following business day.

### *Dealership groups*

“Dealership group” means two or more licensed dealership locations that share the same majority ownership. The law does not allow you to hold a salesperson license for more than one dealership, the only exception being dealership groups. A salesperson who is licensed at a dealership within a “dealership group” may, at the discretion of the dealer, work at any other dealership in the group. We suggest applying for the license for the location where you will work most often.

## *Renewing your license*

All salesperson licenses expire when the employer's dealer license expires. A written test is not required for renewal. Your employer is responsible for renewing your license and will submit the necessary fee to the Dealer and Agent Section. The renewed license will be mailed to your employer.

## *Duplicate salesperson licenses*

If your salesperson license is lost or destroyed, your employer should complete a Salesperson Application ([MV2184](#)) for a duplicate license. Mail the application to the Dealer and Agent Section.

## *Changing employing dealerships*

During the licensing period, you may change employing dealerships. If you wish to transfer your license to a new employer, do the following:

- Give your current license to your former employer
- Complete an [MV2184](#) Salesperson Application at your new dealership

Your new employer will submit the license application to the Dealer and Agent Section. If your license had not expired before the transfer, your new license will expire when your new employer's dealer license expires.

[Wisconsin Stat. §218.0114\(18\)](#)

## *Terminating employment*

When you terminate employment as a salesperson, you must give your license to your employer before you leave.

[Wisconsin Stat. §218.0114\(18\)](#)

## *Lapsed licenses*

If your Wisconsin license expired more than five years ago, you will need to take the written test again. The application and fee are the same as for first time applicants.

## *Criminal convictions*

Under most circumstances you may be licensed even if you have been convicted of a crime. The Dealer and Agent Section will investigate convictions for any crime related to motor vehicles or fraud before either approving or denying a license.

[Wisconsin Stat. §218.0116\(1\)\(f\), \(gm\), \(am\)](#)

## *Denials and appeals*

If your application for a motor vehicle salesperson license is denied, you may appeal to the Division of Motor Vehicles. If your application is denied, you will receive a denial letter which contains the reason for the denial and instructions for appeal.

[Wisconsin Stat. §218.0116\(2\)](#)

## *Advertising*

Using false, deceptive, or misleading advertising or representations to induce the purchase of a motor vehicle is an unfair practice and is prohibited.

The advertising laws apply to all forms of advertising including, print (e.g. newspapers, trade magazines, etc.), broadcast (TV and radio), and internet (e.g. dealership website, social media, misc. buy, sell, and trade websites, etc.).

[Wis. Admin. Code Trans 139.03](#)



## *Vehicle prices*

The advertised price must include all charges the customer will pay, except sales tax, title, and registration fees. Post advertised prices on the vehicle. Don't use phrases such as "write your own deal" or "name your own price" because they mislead customers.

The advertised price does not need to include the amount of the service fee if the advertisement clearly and conspicuously discloses the advertised price does not include the optional service fee. The amount of the service fee must be disclosed on the vehicle. For used vehicles, the Wisconsin Buyers Guide has a space. For new vehicles, a separate supplemental label is sufficient.

[Wis. Admin. Code Trans 139.03\(3\)](#)

## *New vehicle discount*

Use of terms such as "invoice," "cost," or similar terms, when advertising the price of a motor vehicle, and accessories, is an unfair practice and prohibited unless the advertisement discloses the dealer's actual cost is less because there are, or may be, factory holdbacks, rebates, incentives, or other discounts to the dealer, if that is the case.

[Wis. Admin. Code Trans 139.03\(3\)\(b\)](#)

## *"Free" merchandise*

Don't use the word "free" in any advertising if the customer must purchase something to receive the "free" merchandise, equipment, accessories, or service. You may state that an item "is included with" the purchase.

[Wis. Admin. Code Trans 139.03\(7\)](#)

## *Trade-in allowance*

You are not allowed to use phrases such as, "we will pay up to," "appraise your own vehicle," or "as much as" when advertising an allowance for a trade-in.

[Wis. Admin. Code Trans 139.03\(4\)](#)

## *Used vehicle comparative savings*

The use of manufacturer suggested retail prices, wholesale, or retail dealer pricing guides (i.e. Kelly Blue Book or NADA), or similar price guides to advertise comparative savings for used vehicles other than demonstrators or executives is an unfair practice and prohibited.

The exception, a motor vehicle pricing guide may be used if you make the full objective documentation used to set the price available in writing to the customer. For example, you can't say "\$1,500 off Kelly Blue Book", but you can say "\$1,500 off Kelly Blue Book fair rating".

[Wis. Admin. Code Trans 139.03\(5\)](#)

## *Dealer name on advertising*

When advertising vehicles for sale, include the dealer's name in the ad. This includes all internet advertising on sites such as Craigslist, eBay, Facebook, Car Gurus, etc.

[Wis. Admin. Code Trans 139.03\(11\)](#)

## *Bird-dogging (referral selling)*

It is prohibited to offer customers any type of payment in exchange for referrals contingent upon a sale of a vehicle. Bird-dogging is an unfair trade practice and is prohibited.

[Wisconsin Stat. 218.0116\(1\)\(jm\)](#) & [Wis. Admin. Code Trans 139.035](#)

## *Availability of vehicles*

If you say a certain type of vehicle is available, be sure you have enough of them to meet anticipated demand. If they are not on hand, you must know that they will be delivered within a reasonable time.

[Wis. Admin Code Trans 139.03\(10\)](#)

## *Damaged vehicles*

If the same cause damages two or more vehicles, include the cause of the damage in all ads. For example, if a hailstorm or tornado damages two or more vehicles, you must disclose the damage for all vehicles that were damaged.

**Always tell the customer about a flood damaged vehicle, whatever the damage.**

[Wis. Admin Code Trans 139.03\(15\)](#)

## *Model year*

When advertising any motor vehicle, always state the model year. In addition, if the vehicle is of the current or previous model year, you must also designate it as “used” if that is the fact. Words like “demonstrator”, “executive”, and “low mileage” also designate a vehicle as used.

[Wis. Admin Code Trans 139.03\(13\)](#)

## *“Clearance” merchandise*

When advertising used vehicles, other than demonstrator or executive driven, do not use statements such as “last of the remaining,” “close out,” or “clearance” to advertise used vehicles unless the dealership is actually going out of business.

When advertising new, demonstrator, or executive vehicles, do not use statements such as “last of the remaining,” “close out,” or “clearance” unless you are not replacing the vehicles with similar vehicles of the same model year or you are actually going out of business.

[Wis. Admin Code Trans 139.03\(9\)](#)

## *Lease vehicles*

Clearly identify which vehicles are for sale and which are for lease when advertising both in the same ad. If the advertisement only contains lease vehicles, this must be disclosed.

[12 CFR Part 1013 \(Regulation M\)](#) and [Wis. Admin Code Trans 139.03\(1\)](#)

# **Disclosure of the condition of the motor vehicles**

## *Vehicle information required before sale*

Certain information and documents must be provided to customers when you are offering a vehicle for sale. State and federal laws require disclosures to protect consumers and allow an informed decision when buying a vehicle. The dealer is responsible for disclosing proper vehicle information. As the salesperson, you are responsible for giving that information to the customer. Concealing facts or failing to provide required information is illegal. All written or spoken information you give customers must be truthful.

[Wis. Admin. Code Trans 139.04](#)

## *Model year disclosure*

Represent the model year as the manufacturer's original designated model year. The only exception to this rule deals with vehicles manufactured by a second stage manufacturer. An example of this would be a motor home completed by a second stage manufacturer in 2018 on a 2017 incomplete vehicle chassis. In such a situation, advise the customer on the purchase contract that the vehicle chassis and the motor home have different model years.

[Wis. Admin. Code Trans 139.04\(1\)](#)

## *Disclosure of a new motor vehicle*

### MANUFACTURER'S SUGGESTED RETAIL PRICE (MSRP) LABEL (MONRONEY LABEL)

This federally required label must remain in the window of a new vehicle until the vehicle is delivered to its retail purchaser. This MSRP label contains information about standard equipment, options, base price, transportation charges, final assembly point and receiving dealer.

[Wis. Admin. Code Trans 139.04\(3\)\(a\)](#)

### DEALER SUPPLEMENTAL PRICE LABEL

This label lists:

- Optional equipment or accessories installed by the dealer
- The final dealer price
- Any price changes from the MSRP including dealer mark-up
- Optional dealer service fee

Items or services which have not been installed are optional. The label must remain in the window until the vehicle is delivered to the customer.

[Wis. Admin. Code Trans 139.04\(3\)\(b\)](#)

### PRE-DELIVERY INSPECTION SHEET

This form is a report on a new vehicle's pre-delivery tests and inspections required by the manufacturer. Give this form to the customer upon delivery of the vehicle.

[Wis. Admin. Code Trans 139.04\(2\)\(b\)](#)

### DAMAGE DISCLOSURE STATEMENT

When any new, demonstrator, or executive-driven vehicle has corrected damage of more than 6 percent of the MSRP, a written disclosure must be presented to the purchaser before delivery of the vehicle. Damage to a vehicle's glass, tires, or bumpers does not need to be counted in determining the 6 percent amount when the replacement parts are identical to the manufacturer's original equipment. Any uncorrected damage, regardless of the extent, must also be disclosed to the purchaser before delivery of the vehicle.

As mentioned before, all flood damage must be disclosed to the purchaser prior to delivery of the vehicle.

[Wisconsin Stat. §218.0122](#) & [Wis. Admin. Code Trans 139.05\(6\)](#)

## *Disclosure of used vehicles*

### WISCONSIN BUYERS GUIDE

Before a vehicle is offered for sale, it must be inspected for safety and mechanical defects. Standards for vehicle equipment are included in [Wisconsin Administrative Code Trans Chapter 305](#) and [Wisconsin State Statute Chapter 347](#). Show the results of the inspection on the Wisconsin Buyers Guide. The guide must be attached to the window and readable from outside the vehicle. The purchaser keeps the window copy.

Display a Wisconsin Buyers Guide on all used vehicles with the following exceptions:

- Trucks over 16,000 pounds (motor homes are not exempt)
- Demonstrator or executive-driven vehicles still in service
- Vehicles that are not offered for sale and are labeled “not inspected for sale”
- Vehicles operated from selling dealers to purchasing dealers with valid dealer plates
- An unrepaired salvage vehicle
- A vehicle sold to the lessee at the end of the lease

The Wisconsin Buyers Guide includes:

- the vehicle’s prior use
- title brands (see title and registration section for definitions)
- material history
- prior states / jurisdictions vehicle was titled
- any warranty offered or if the vehicle is offered “as-is”
- the odometer reading at the time the vehicle was inspected
- the price
- service fee (if your dealership charges one)

[Wis. Admin. Code Trans 139.04\(06\)](#)

### REASONABLE CARE STANDARD

Required disclosure of vehicle history, prior use and title brands is limited to that which the dealer could find using reasonable care.

Dealerships are required to test drive the vehicle and to inspect the interior and exterior of the vehicle including under the hood and under the vehicle. They are not required to take the vehicle apart (except brakes) or run tests unless necessary to diagnose apparent symptoms. Standards for vehicle equipment are included in [Wisconsin Administrative Code Trans Chapter 305](#) and [Wisconsin State Statute Chapter 347](#).

Dealerships are required to report information they get from manufacturer and auction notices, prior owner documents and disclosures, and their own vehicle inspection and repair records. Dealerships are not required to contact prior owners or get records of previous titles unless necessary to clear up inconsistent or questionable information that is apparent.

[Wis. Admin. Codes Trans 139.02\(15\)](#) & [139.04\(4\)](#)

### MATERIAL VEHICLE HISTORY

Dealerships are required to disclose any “material history” about a vehicle. Vehicle history is “material” if any of the following are true:

- The buyer asks about it
- The dealership knows or has reason to know the information would be important to the buyer
- The information would be important to any reasonable person

Material history should be disclosed on the Wisconsin Buyers Guide on the lines where you disclose the condition issues and “not legal” items. If history information becomes material after the guide has been completed, for example, if the shopper asks if a vehicle has been in an accident, the information should be recorded on the Motor Vehicle Purchase Contract under “Other conditions of sale.” If the dealership is unsure whether history information would be material to a buyer, it is best to disclose it and avoid problems later.

[Wis. Admin. Code Trans 139.02\(10\)](#) & [139.04\(6\)\(a\)1.](#)

#### NOT INSPECTED FOR SALE STATEMENT

Display a “not inspected for sale” statement on any used vehicle that has not been inspected for safety or mechanical defects. Do not offer an uninspected vehicle for sale.

A statement is as simple as a piece of paper with “Not Inspected for Sale” displayed on the dashboard.

[Wis. Admin. Code Trans 139.04\(6\)\(c\)1.](#)

#### PREVIOUS OWNER

You must provide the name and address of the vehicle’s previous owner to any prospective customer upon request.

[Wisconsin Stat. §218.0146\(2\)](#) & [Wis. Admin. Code Trans 139.04\(7\)\(b\) – see note](#)

#### ODOMETER DISCLOSURE

Show the prior owner’s odometer statement, usually on the title, to all prospective customers before sale.

[Wisconsin Stat. §342.155](#) & [Wis. Admin. Code Trans 139.04\(7\)\(b\)](#)

#### PENDING RECALLS

When selling a used vehicle make for which your dealer is franchised, you must disclose any unperformed manufacturer recalls in writing.

[Wis. Admin. Code Trans 139.04\(9\)](#)

#### ODOMETER REPAIR

Odometers may be repaired or replaced if they become defective or malfunction. If a vehicle is driven between the time the odometer malfunctions and the time the odometer is repaired or replaced, the seller may disclose that the odometer reading reflects the “actual” mileage only when all three of the following guidelines can be met:

- Repair or replacement is made within 30 days of the date the malfunction occurred
- A reasonably accurate determination can be made of the miles traveled since the malfunction occurred
- The repaired or replaced odometer is calibrated to show the mileage reading which was on the odometer at the time it malfunctioned plus the number of miles the vehicle was driven between the time of the odometer’s malfunction and the time of the repair or replacement

When it is impossible to reset the reading on the repaired or replacement odometer:

- Set the mileage reading to “zero”
- Place a sticker on the left door frame of the vehicle specifying the mileage reading before the repairs and the date on which the odometer was repaired or replaced
- The odometer statement must say “not actual” mileage

[Wisconsin Stat. §347.415\(5\)](#) & [Wis. Admin. Code Trans 154.09](#)

## Test drives

Before any vehicle test drive, ask to see the customer's driver license. The customer is responsible for providing proof of a valid operator license.

## Purchase contract

### *When a contract is required*

When closing a sale, you will give the customer a written document called the "Motor Vehicle Purchase Contract." The contract will show that the customer is offering to purchase a vehicle and that, once the dealer accepts the offer, it will become legally binding to both parties.

Complete a contract whenever you accept a down payment, deposit, or title for a trade-in vehicle. If the dealer does not accept the customer's offer to purchase within 2 hours, the offer is automatically voided. Voiding of the purchase contract requires that you immediately return any down payment, deposit, or title for a trade-in vehicle to the customer. Any vehicle that has a pending offer to purchase may not be sold to another customer. You cannot write a purchase contract for a used vehicle unless the vehicle has been inspected and the Wisconsin Buyers Guide has been displayed.

[Wis. Admin. Codes Trans 139.05\(1\)](#), [139.05\(3\)](#), & [139.05\(11\)](#)

### *Contract requirements*

The following items must appear on a completed purchase contract:

- Names and addresses of the dealer and purchaser
- The salesperson's full name and first 8 digits of salesperson license number
- The year, make, model, and vehicle identification number (VIN) of all vehicles involved in the transaction
- The chassis year and finished vehicle model year, if they are not identical
- Any warranties, warranty disclaimers, service agreements, or insurance plans that are part of the offer
- The price due upon delivery and all components of that price
- A listing of any parts or accessories removed or installed by the dealer
- Specific reference to any penalty the consumer will pay for not accepting the vehicle (The penalty may not exceed 5 percent of the vehicle cash price)
- The anticipated delivery date
- Method of payment whether cash, finance transaction through the dealer, or finance transaction using a creditor of purchaser's choice.
- Warning statement when any safety equipment fails to pass inspection
- Any other specific negotiated items included in the offer
- The date and time of each signature
- A dealer may assess a purchaser or lessee an optional service fee for completing any sales-related, or lease-related vehicle inspection, or forms which are required by law or rule if the dealer has made full disclosure of the service fee to the prospective retail customer.
- Dealers who are providing electronic title and registration service through a vendor, such as CVR or DealerTrack, may also charge an additional processing fee.

[Wis. Admin Codes Trans 139.05\(2\)](#), [Trans139.04\(2\)\(a\)](#), & [Trans 139.05\(8\)](#)

## *Price protection*

Under certain conditions the law allows the dealer to adjust the contracted purchase price of an order-out new vehicle due to changes in the manufacturer's price. Manufacturers do not have consistent practices on price protection. It is important that you are aware of each manufacturer's pricing policies. The price protection section on the purchase contract must be completed to adjust the price.

[Wis. Admin. Code Trans 139.05\(5\)\(c\)1.](#)

## *Contract price increases*

Also, dealer may legally increase the purchase price of an order-out vehicle for the following reasons:

- Any additional equipment required by state or federal law
- For foreign vehicles, a revaluation of the U.S. dollar by the U.S. government
- Increase of state or federal taxes on vehicles

Raising the price of a vehicle after a purchase contract has been signed by a customer and accepted by a dealer, for reasons other than those allowed, is illegal and known as "bushing".

[Wisconsin Stat. §218.0116\(1\)\(im\)](#) & [Wis. Admin Code Trans 139.05\(5\)\(b\)](#)

## *Trade-in reappraisal*

The value of a trade-in may be reappraised only if the trade-in vehicle has been damaged, if parts have been removed, or if the mileage exceeds the limits specified on the purchase contract.

[Wis. Admin. Code Trans 139.05\(5\)\(c\)2.](#)

## *Service Fees*

You may assess an additional service fee for completing any sales-related or lease-related vehicle inspection or forms which are required by law or rule if you made full disclosure of the service fee to your prospective customer.

The service fee may not be increased after this disclosure, but it may be reduced.

If you choose to charge a service fee you must include the following disclosure on the purchase or lease contract: *"A service fee is not required by law, but may be charged to motor vehicle purchasers or lessees for services related to compliance with state and federal laws, verifications and public safety, and must be reasonable."*

A customer can request you provide a written disclosure of the services included in this service fee. The Department reserves the right to audit fees to determine whether they are reasonable.

[Wis. Admin. Code Trans 139.05\(8\)\(a\)](#)

## *Off-premise sales*

A dealer may have up to six sales away from their licensed location per year, known as an "off-premise sale". Each off-premise sale can last no more than 10 days. You must submit notification to the Department at least 10 days prior to your intended off-premise sale start date.

When a vehicle purchase contract is offered and accepted away from the dealer's licensed place of business, the customer is entitled to three days to rethink and rescind the purchase.

You must provide the customer with two copies of the "Customer's Right to Cancel" when the purchase contract is signed. The customer may cancel the agreement by mailing a written notice to the dealer before midnight of the third business day after you signed this agreement.

[Wisconsin Stat. §423.203](#) & [Wis. Admin. Code Trans 138.08\(4\)](#)

## *Sales to minors*

Contracts signed by persons under 18 years of age are not binding and may be canceled by the minor without a penalty. Before you negotiate a contract with a minor, you must have the minor's parent or guardian provide a notarized signature in the "Consent to Purchase" section of the Application for Title and Registration.

[Wisconsin Stat. §218.0147](#)

## *Canceling a contract*

When delivery of the vehicle cannot be made within 15 days after the anticipated delivery date stated on the contract, the customer can cancel without penalty, and does not have to accept delivery of the vehicle.

[Wis. Admin. Code Trans 139.05\(2\)\(e\)](#)

## *Non-acceptance penalty*

No motor vehicle purchase contract or prelease agreement may subject a customer to a penalty of more than 5 percent of the capitalized cost of the vehicle if the customer fails to take delivery of the vehicle.

[Wisconsin Stat. §218.0141](#) & [Wis. Admin. Code Trans 139.05\(2\)\(i\)](#)

## *Warranty*

### WARRANTY DISCLOSURE

You must clearly identify any warranty or service contract included with the vehicle on the purchase contract. Any warranty or service contract must be available for inspection by a customer. You must give a warranty document specifying parts and systems covered to the customer at the time of delivery. Terms such as "power train" and "drive train" are prohibited when describing the parts or systems covered by any warranty.

[Wis. Admin. Code Trans 139.06](#)

### WARRANTY TRANSFER

When you tell a customer that a vehicle has a remaining manufacturer's warranty, and the manufacturer fails to accept responsibility for the warranty, your dealership will be required to honor the warranty.

When a vehicle has mechanical problems during the warranty period, and the customer files a claim prior to the warranty expiration, the warranty continues until the vehicle is fixed at the warrantor's expense.

[Wis. Admin. Codes Trans 139.06\(10\)\(b\)](#) & [139.06\(9\)](#)

### "AS-IS" VEHICLES

"As-is" sales are legal in Wisconsin. Any "as-is" sale must be clearly identified on the purchase contract. "As-is" means your dealership is not providing any warranty protection for the customer even if the vehicle comes with a manufacturer warranty.

"As-is" does not cover undisclosed defective parts that could have been found during a reasonable care inspection.

[Wis. Admin. Codes Trans 139.06\(3\)](#) & [139.04\(6\)\(a\)4.](#) – see PDF for table



## *Prelease agreements*

A prelease agreement is an agreement to enter into a consumer lease of a motor vehicle that will be available and ready to be delivered to a customer at a later time.

To make a prelease agreement binding, you must:

- Provide the customer with the lease term disclosures required by law
- Complete the prelease agreement including signatures of both the dealer and the customer
- Provide the customer with an exact copy of the prelease agreement
- There can be no blank lines in the signed prelease agreement except for the identification number if the vehicle is not available at the time of signing

The dealer may cancel the prelease agreement if the customer's credit is not approved by the sales finance company that is loaning the money for the lease. The reason for denial must be based on the lease terms disclosed in the agreement. The dealer can cancel the agreement only when it contains a provision requiring the dealer to give the customer written notice of the cancellation within 10 business days of signing and the notice is given to the customer.

[Wisconsin Stat. §218.0144](#)

## *Consignment sales*

Licensed dealers may sell a vehicle for a private party on consignment. Although the dealer does not own the vehicle, the dealer is authorized to sell it for the titled owner. Only licensed dealers may offer vehicles for sale on consignment. (Consignment sales are prohibited between dealers, and between dealers and wholesalers.)

The laws regulating consignment sales are the same as those for dealer-owned vehicle sales including inspection and display of the Wisconsin Buyers Guide. The only difference is that a consignment sale agreement must be completed and signed by both the dealer and seller before offering the vehicle for sale. The agreement must contain the name of the vehicle's owner, a description of the vehicle, the terms of the agreement, and the lien status of the vehicle. When showing a consignment vehicle, you are required to have an original odometer statement from the seller available for the customer's inspection. While you are not required to make the original title available to the customer, you are required to have a photocopy of the title available for the customer's inspection. You will have to have the original title to process the customer's new title and registration after the sale.

[Wis. Admin. Codes Trans 139.08 & 138.04\(1\)\(b\)](#)

## **Title and Registration**

DMV issues a Certificate of Title to show ownership and record a financial interest in a motor vehicle. Your dealership must have proof of ownership at the dealership to offer the vehicle for sale.

Vehicles must be registered to operate legally on Wisconsin highways. DMV issues license plates as evidence that an owner has paid the appropriate registration fee. Fees vary with the type and intended use of the vehicle.

Wisconsin laws require motor vehicle dealers to prepare and submit customer applications for title and registration to DMV. Your dealership must furnish customers with temporary or permanent registration plates before they can operate the vehicle legally. Motorcycles are exempt from this requirement. Effective July 1, 2007 Wisconsin motor vehicle dealers are required to process their title applications electronically for Wisconsin customers.

[Wisconsin Stat. §342.16](#)

## *Transfer of ownership*

Manufacturers transfer ownership of new vehicles to dealers by assigning the Manufacturer Statement of Origin (MSO). The MSO is the “birth certificate” of the vehicle. It lists the manufacturer, vehicle make, the vehicle identification number (VIN), the place of assembly, and vehicle delivery point.

When using a vehicle for trade-in allowance, individuals transfer vehicle ownership to the dealer by completing the reassignment and odometer statement on the vehicle’s title. Failure to obtain this signature and odometer statement (if applicable) is considered “title jumping” and is illegal in Wisconsin. Trade-in vehicles must be titled in the name of the purchaser.

To transfer ownership to a retail customer, the dealer must process the Wisconsin title and plate application using an authorized electronic processing system, such as CVR, DealerTrack, or eMV-PARTNER, within seven (7) business days of delivering the vehicle to the purchaser. The dealer must retain a copy of the signed “Wisconsin Title and License Plate Application” (MV11) and photocopy of the front and back of the ownership documents.

There may be situations that require manual processing, when that occurs you must mail the application packet along with the MV2132 – Request for Manual Processing.

A manual application for title and registration will include:

- Completed and signed MV11 including odometer statement
- Title, Manufacturer Statement of Origin (MSO), or Power of Attorney (POA) and inquiry print (only if the Wisconsin title held by the lienholder)
- Appropriate fees

Dealers must electronically process, deliver or mail completed applications for title and registration to DMV within seven (7) business days after delivery of the vehicle for Wisconsin residents and vehicles kept in Wisconsin. Customers are not allowed to take these materials to a DMV Customer Service Center.

An electronic application for title and registration will include:

- Signed copy of MV11
- Title, MSO, or POA and inquiry print (only if Wisconsin title held by the lienholder)

*Note: When processing electronically, the required documents must be mailed the following business day.*

Dealers who sell a vehicle to a nonresident are required to secure / perfect any lien. To do this you have two choices:

- Process a Wisconsin title-only transaction to secure the lien.
- Work with your customer’s home state and financing company to get it titled and registered in that home state.

You are responsible for any damage incurred by the Department or lender if you fail to add a lien.

[Wisconsin Stat. §342.16\(1\)\(a\)](#)

## *And/or*

When more than one person owns a vehicle, the owners’ names on the title may be joined by the conjunction “and” or “or.” When “and” is used, all titled owners must sign the title to transfer ownership. When “or” is used, only one signature is required.

## Replacement Titles

Ownership cannot be transferred without a title. When a customer sells or trades a vehicle and does not have a valid title, the customer must get a replacement title from DMV.

[Wisconsin Stat. 342.13](#) & [Wis. Admin. Code Trans. 138.04\(1\)\(a\)](#)

## Title Brands

Dealers must disclose any title brands that appear on the vehicle title or that will appear on the next title to a prospective purchaser. Brands become a permanent part of the title. The following brands may appear on a Wisconsin title:

- **VEHICLE IS A SALVAGE VEHICLE:** vehicle less than 7 years old which is damaged by collision or other occurrence to the extent that the estimated or actual cost, whichever is greater, of repairing the vehicle exceeds 70% of its fair market value. You can figure which vehicles are exempt from the salvage brand by using the following formula:

Current calendar year - 6 (years) = this model year or older (no salvage title)

For example: 2020 – 6 = 2014

In the above example, any vehicle that is a 2014 or older model are exempt from the salvage brand.

- **PREVIOUS TAXICAB OR PUBLIC TRANSPORT:** vehicle used or registered as a taxicab or for public transportation
- **VEHICLE WAS PREVIOUSLY USED AS A POLICE VEHICLE:** vehicle used or registered as a police vehicle by a law enforcement agency
- **VEHICLE IS “NON-USA STANDARD”:** vehicle that was not manufactured with all federal emission and safety standards applicable at the time of manufacture. This applies to vehicles even if they were subsequently modified to meet such standards (gray market vehicle).
- **VEHICLE HAS BEEN FLOOD DAMAGED:** vehicle was damaged by flood to the extent that the estimated or actual cost of repairs exceed 70% of its fair market value.
- **VEHICLE IS A MANUFACTURER BUYBACK:** vehicle was repurchased by the manufacturer under Wisconsin’s or another state’s Lemon Law
- **REBUILT SALVAGE:** vehicle that was declared salvage and has now been rebuilt and has passed a Wisconsin salvage inspection
- **VEHICLE TRANSFERRED TO INSURER UPON PAYMENT OF CLAIM:** vehicle is less than seven model years old, damaged more than 30% but not more than 70% of its fair market value, and, after payment of claim, transferred to the insurance company. This does not apply to salvage vehicles.
- **VEHICLE HAS BEEN HAIL DAMAGED:** vehicle less than seven years old damaged solely by hail to the extent that the estimated or actual cost, whichever is greater, to repair the vehicle exceeds 70% of its fair market value, and repaired without replacing any exterior parts

[Wisconsin Stat. §342.10\(3\)](#)

## *Odometer Disclosures*

Odometer disclosures signed by the seller must accompany all motor vehicle ownership transfers. You must:

- Have the seller complete the odometer disclosure statement on the title or MCO
- Show the prior owner's odometer disclosure statement on the title to any prospective customer
- Give the retail purchaser a new odometer statement on the MV11 if using secured paper or on the original title.

Mopeds, vehicles ten years old and older, and vehicles with a gross weight rating of more than 16,000 pounds are exempt from the odometer disclosure requirements. You can figure which vehicles are exempt from odometer disclosure by using the following formula:

Current calendar year - 10 (years) = This model year or older

For example: 2020 – 10 = 2010

In the above example, any vehicle that is a 2010 or older model are exempt from the odometer disclosures.

[Wisconsin Stat. §342.155](#) & [Wis. Admin. Codes Trans 154.04](#) & [154.05](#)

## *Liens*

When a vehicle is used as collateral to obtain a loan, the DMV records a lien on the vehicle's title. A recorded lien notifies all interested parties that the vehicle is encumbered to another party. DMV assesses a processing fee to record a lien, but not to remove a lien. Dealers list lien holders on the MV11 form and electronic application.

Per Wisconsin Department of Transportation policy, a dealer does need to wait for the actual lien release and may sell the vehicle to Wisconsin resident if:

- The title inquiry from your electronic processor reflects the following:
  - Last issued title was in Wisconsin, and
  - The lienholder holds title, and
- There is proof the funds mailed or electronically transferred by the dealer to the lienholder, and
- You complete the certification on the MV11 or electronic application that the lien on the title has been paid, and
- You have a MV2690 – Power of Attorney – Vehicle Odometer Statement, completed and signed by the previous owner, and
- You process the title and plate application as required in [Wisconsin Stat. §342.16](#)

[Wisconsin Stat. §342.19](#)

## *Customer with plates to transfer*

Under Wisconsin law, whether the vehicle is owned or leased a customer retains the license plates for any of the following vehicles:

- automobile
- light truck
- motorcycle
- dual purpose motor home (Gross weight < 8,000 lbs.)
- dual purpose farm truck (gross weight < 8,000 lbs.)
- farm truck (gross weight < 12,000 lbs.)

Therefore, your customer may have license plates to transfer to the vehicle purchased. Show the plate to transfer on the MV11.

[Wisconsin Stat. §342.15\(4\)\(a\)](#)

### *Customer without plates to transfer*

When your customer purchases a vehicle, and does not have license plates to transfer, you must submit a completed MV11 with proper registration fees to DMV. Your dealership must furnish customers with temporary or permanent registration to legally operate the vehicle.

[Wisconsin Stat. §342.09\(1\)\(a\) & \(2m\)](#)

### *Dealer license plates*

DMV issues dealer license plates to motor vehicle dealers. The plates identify each dealer by its dealer number. Dealers may use these plates for business or private purposes. They may use them only on vehicles the dealer owns and offers for sale or service loaner vehicles. Lending or displaying dealer plates on rental vehicles or vehicles not for sale (not displaying a buyer's guide or Moroney label) is prohibited.

[Wisconsin Stat. §341.47\(1\)](#)

## **Records**

The following records must be kept at the dealership for five years and are open for inspection by the Department.

### *Original Documents:*

- A logbook (record of vehicles bought and sold—may be computerized)
- Wisconsin Buyers Guide

### *Copies:*

- Purchase contracts
- MV11 Application for Title/Registration
- Odometer statements
- Consignment agreements
- Dealer reassignment forms for non-conforming titles
- Factory invoices
- Power of attorney forms
- Titles (front and back)
- Wisconsin Wholesale Buyers Guide or auction block ticket

The records must be available for inspection by a representative of the department during normal business hours.

[Wisconsin Stat. §342.16\(2\), §218.0116\(1\)\(nm\) & Wis. Admin. Code Trans 138.04](#)

## **Disciplinary action and illegal activities**

The Department of Transportation is responsible for the enforcement of motor vehicle and salesperson laws and regulations. If you violate the law, you or the dealership may have your license suspended, revoked, or denied.

Civil and criminal sanctions can result from illegal activities. For example, a purchaser may sue a dealer or salesperson for damages, including attorney fees, when department rules are violated. Civil proceedings may also result in special orders being imposed upon the dealer and/or salesperson. Criminal proceedings may result in fines, orders of restitution, or imprisonment.

## *Illegal activities*

Activities that may result in disciplinary action are outlined in state statutes and the administrative code. The following list provides examples of some prohibited activities:

- Theft or fraud against either the dealership or customer ([Wis. Stat. §218.0116\(1\)\(c\)](#))
- Failure to perform any written agreement with any retail buyer, lessee, or proposed lessee ([Wis. Stat. §218.0116\(1\)\(cm\)](#))
- Allowing privately owned vehicles (not on consignment) to be offered for sale on the dealership property ([Wis. Stat. §342.16\(1\)\(a\)](#) & [Wis. Admin Code ch. Trans 138.04\(1\)\(a\)](#))
- Selling new vehicles for which your dealer is not franchised ([Wis. Stat. §218.0116\(1\)\(n\)](#))
- Submitting title/registration applications later than the maximum seven business days ([Wis. Stat. §342.16\(1\)\(a\)](#))
- Not providing required information to prospective customers ([Wis. Stat. §218.0116\(1\)\(e\)](#))
- Providing inaccurate Wisconsin Buyer's Guide information ([Wis. Stat. §218.0116\(1\)\(e\)](#) & [Wis. Admin Code ch. Trans139.04\(6\)](#))
- Not providing odometer statements ([Wis. Stat. §342.155](#))
- Raising the price of a vehicle after a purchase contract has been signed and accepted by the dealer (“bushing”) ([Wis. Stat. §218.0116\(1\)\(im\)](#))
- Illegal advertising practices ([Wis. Stat. §218.0116\(1\)\(j\)](#))
- Verbal misrepresentations such as telling customers that a purchase contract can be canceled without a penalty when the contract clearly shows the opposite ([Wis. Stat. §218.0116\(1\)\(e\)](#) or [§218.0116\(1\)\(c\)](#))
- Promoting chain and referral sales by unlicensed salespeople (also known as “bird-dogging”) ([Wis. Stat. §218.0116\(1\)\(jm\)](#) & [Wis. Admin Code ch. Trans 139.035](#))
- Making a false statement on your salesperson license application ([Wis. Stat. § 218.0116\(1\)\(am\)](#))
- Failing to pay taxes ([Wis. Stat. §218.0116\(1g\)\(b\)](#))
- Failing to pay court ordered child support ([Wis. Stat. §218.0116\(1g\)\(a\)](#))

## *Laws related to vehicle sales*

For more information on specific requirements regarding motor vehicle sales, please refer to the statutes and administrative rules summarized below. Copies of the Wisconsin Statutes and Administrative Code may be viewed at the Web site of the Wisconsin Legislature at <https://docs.legis.wisconsin.gov/> or you may request copies from WisDOT Dealer and Agent Section at (608)266-1425 or by e-mail at [dealerlicensingunit@dot.state.wi.us](mailto:dealerlicensingunit@dot.state.wi.us).

### **WISCONSIN ADMINISTRATIVE CODE**

- [Chapter Trans 132](#): details the requirements for selling and issuing temporary license plates
- [Chapter Trans 136](#): relates to motor vehicle salvage
- [Chapter Trans 137](#): refers to motor vehicle manufacturer licenses and the procedures for “converters” to obtain licenses and issue manufacturer statements of origin (MSO)
- [Chapter Trans 138](#): lists the requirements for dealer facilities and records, including consignment sales
- [Chapter Trans 139](#): relates to trade practice requirements for motor vehicle dealers and salespersons, including advertising, vehicle disclosure, warranties and the motor vehicle purchase contract
- [Chapter Trans 140](#): relates to bond requirements for salespeople and dealers, and motor vehicle financial eligibility requirements

- [Chapter Trans 141:](#) relates to electronic processing of motor vehicle titles and registrations by motor vehicle dealers
- [Chapter Trans 142:](#) relates to sales of recreational vehicles
- [Chapter Trans 154:](#) relates to odometer replacement and disclosure requirements
- [Chapter Trans 156:](#) relates to automated processing and partnership systems for electronic processing
- [Chapter Trans 305:](#) details the standards for motor vehicle equipment

#### WISCONSIN STATUTES

- [Chapter 218:](#) provides definitions of motor vehicle dealers and salespeople, and describes the licensing system, fees and penalties
- [Chapter 340:](#) defines most motor vehicle and highway terms
- [Chapter 341:](#) details vehicle registration law including types of vehicle registration, fees and eligibility
- [Chapter 342:](#) relates to vehicle title and transfers
- [Chapter 343:](#) details laws about driver licenses and responsibilities
- [Chapter 347:](#) refers to vehicle equipment requirements and odometer tampering