

Appendix B: Motor Vehicle/RV Dealer License Requirements



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
MOTOR VEHICLE COMMISSION
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Minimum Requirements for
Tennessee Motor Vehicle Dealer License

The following requirements must be met (or exceeded) to complete the application.

1. **Established Place of Business** – Applicants must have a permanent facility principally and primarily used for sales and servicing of motor vehicles. Temporary facilities are prohibited, and established facilities shall not include a private residence of any kind. Modular Units must be underpinned.
 - a. **Facility** – The building/office must total 288 square feet and provide functioning restroom accommodations.
 - b. **Display Lot** – The facility shall have immediate and contiguous access to and exclusive dedicated use of a motor vehicle display lot capable of accommodating fifteen (15) motor vehicles of the dealership's product line and three (3) for customer parking. The display lot cannot, in any part, be public lands, unimproved land or driveways, or be co-mingled with the inventory or parking of any other business. The lot shall consist of compacted gravel, chert, stone or similar materials, and shall not include grass.
 - c. **Exception** – The dealer principal (only) may operate one (1) additional business at the dealer's established place of business; provided, at least sixty-six percent (66%) of the dealer's established place of business is used for the sale, service or both, of motor vehicles and that the income derived from the additional business is less than thirty-three percent (33%) of the gross income of the dealership. All records and inventory must be maintained separate and apart from the motor vehicle sales operation. Both shall be clearly labeled as such and all business records must be maintained separately, including sales and use tax records for inspection purposes.
2. **Surety Bond** – Each applicant must submit a Corporate Surety Bond with a minimum amount of \$50,000.00. It must be issued for two consecutive years and begin in the month of expected license issuance, and expire on the last day of the same month, 2 years later. You must submit the **ORIGINAL** Surety with the application. The **ORIGINAL** Surety Bond must be signed by the principal owner, or in the case of a partnership, both partners' signature. The name reflected on the bond **MUST** be **EXACTLY** the same as the entity being licensed, and the address must be the physical address. The Power of Attorney letter **MUST** be attached.
3. **Zoning Compliance** – Written approval from the local zoning/land-use authority must be provided. In localities without zoning restrictions, a written statement to this effect must be obtained from the authorized county or municipal official. Typically, these statements are

prepared by the Office of the County Executive, or Office of the Municipality Mayor. The address must be reflected in the letter, and the letter must state that automobile sales are a permitted use.

4. **Business Tax** – A current business tax license issued by the County Clerk, and if applicable, a city county license must be obtained in the name of the licensee. The name must match exactly with the entity being licensed. If a d/b/a is being used, this must be reflected on the license. These licenses should be a “Class 2”.
5. **Financial Statement** – A **compiled financial statement** indicating a minimum net worth of \$10,000.00, accompanied by a compilation letter executed by a Certified Public Accountant (CPA) on the CPA’s letterhead along with the CPA’s license number, is required. The financial statement must be prepared in accordance with generally accepted accounting principles, and dated no earlier than twelve (12) months prior to the date of application. If the CPA is not licensed in the State of Tennessee, a copy of the CPA’s license must be furnished.
6. **Corporation/LLC/LLP/LP** – A copy of the charter or articles of organization of the entity as filed with the Tennessee Secretary of State’s office must be provided, or if an out-of-state corporation or LLC, provide a copy of the Certificate of Authority to do business in Tennessee. If it is your intention to sell on behalf of the dealership, even if you own 100% interest in the Corporation or are the only member of the LLC, you will be required to maintain a separate salesperson license. You must list any officer or member who owns more than 5% of the entity, and designate the percentage owned by each individual as well as identifying the managing partner and registered agent. If a corporation is publicly traded, it must identify itself as publicly traded in the appropriate box in the Motor Vehicle Dealer Application.
7. **Certificate of Liability Insurance** – A Certificate of Liability Insurance with a minimum of \$300,000.00 per occurrence, indicating Garage Liability, must be submitted with each application. The Certificate must indicate the complete name of the entity being licensed and must reflect the physical address of the entity. It must also include a policy number, policy period, and coverage must continue, in force, for the life of the license. The Tennessee Motor Vehicle Commission must be reflected as the certificate holder. Additional information regarding Worker’s Comp Insurance requirements can be found at <http://www.state.tn.us/labor-wfd/wcomp.shtml>
8. **Service Agreement** – If no mechanical repair facility is located on-site, a Service Agreement with an operation repair garage, within a reasonable distance from the licensee’s location, must be provided and maintained during the licensing period. Any change in the designated facility must be reported to the Commission within 30 days of the change.
9. **Sales Tax** – A copy of the current Sales & Use Tax Certificate, obtained from the Department of Revenue, with the identification number and exact name and physical address of the licensed entity must be provided. If a d/b/a or assumed name is being used, it must appear on the certificate.
10. **Financial Background Disclosure** – The principal owner, directors and all persons owning more than five percent (5%) of the outstanding shares or stock issued by a corporation, LLC, LLP, or LP must complete the financial background disclosure form.

11. Signage/Photos – Signs must contain letters a minimum of eight (8) inches in height and include the entire dealership name, including INC, LLC, LLP, or LP, if applicable. The sign must be permanently installed and clearly visible from the road. Banners are temporary in nature, and do not satisfy this requirement. If the dealer principal is engaged in an additional business along with the motor vehicle dealership, a separate sign can be posted advertising the second business. Photos being provided as part of the application should be in digital format and include the entire display lot, sign, hours and days of operation, phone number, office, and restroom facilities. You must also provide photos from a “street view” which show the building in its entirety, and all entrances and exits. If photos cannot be provided in digital format, all photos should be 8.5 X 11 or affixed to 8.5 X 11 paper, making sure the entire photo is firmly attached on all sides.

12. Franchised Vehicle Dealers – A letter of acknowledgment sent from the Manufacturer(s) or Distributor(s) of the product or line-make awarding the applicant a franchise agreement(s) must be provided. The agreement **MUST** identify the specific line-makes the applicant is licensed to sell and define the relevant market area. If the relevant market area is not confined to geographic boundaries, the agreement must state that fact. The dealership name must be the same as the entity/name to whom the franchise was granted. A sworn statement containing the labor rate to be charged retail customers and the labor rate to be charged to the manufacturer(s) for warranty repairs must be provided. Thereafter, any change in the labor rate must be reported in writing to the Commission within ten (10) days after the change.

13. Salesperson Applications – All salesperson applications, including the Eligibility Verification Form(s), should be submitted with the initial motor vehicle dealer application.

14. Conviction Record – If any owner, officer or director of a corporation has been convicted of a felony, the applicant must furnish a copy of the final judgment order/disposition signed by the court of issuance in the jurisdiction of the conviction. The final judgment order must detail how the felony was disposed, when disposition occurred, and contain the signature of the judge. Evidence of probation or parole release requirements from the place of incarceration must accompany the applicable order. In the event an expungement order has been granted, it may be required to be submitted if your documentation reflects the felony conviction has not yet been discharged. In the event the applicant has obtained a re-employability certificate, please attach it to the other documents related to the charge(s).

15. Floor Plan Form – Applicants are required to provide the Commission with, and keep current, the names of any inventory financiers, i.e. “floor planners” used by the dealership. Should floor planners be added or deleted after licensure, the dealer is responsible for advising the Commission of the change within 30 days, using the provided floor plan form.

16. Dealer Licensing Fees –

Franchise Vehicle Dealer License Fees.....	\$400 per line make
Used Vehicle Dealer License Fees.....	\$400
Franchise Motorcycle Dealer License Fees.....	\$400 per line make
Salesperson License Fees.....	\$35
Re-Inspection Fees.....	\$400
Re-Location Fees.....	\$400

Applicable Licensing fees are payable by cash, check, money order, or certified check. Checks are to be payable to the Tennessee Motor Vehicle Commission. Cash must be paid at the Cashier's Office of the Department of Commerce and Insurance, located at 500 James Robertson Parkway, 1st Floor, Davy Crockett Tower.

DO NOT MAIL CASH. Enforcement Agents will NOT accept any payments.

After all proper documentation of the above-requirements has been submitted, on-site inspection of the facility will be conducted. After inspection of the facility, a final review of the application, background, supporting documentation and facility findings is required. Please note that the Field Enforcement Agent is **ONLY** inspecting your physical location at this time, and does not have the authority to authorize the applicant to begin sales activity. Final eligibility determination requires satisfaction of **ALL** items identified above. Until all required documents have been submitted, the license application final eligibility cannot be determined.

Per Tennessee Comprehensive Rules and Regulations 0960-1-.14, Should the applicant fail to provide all required documents within 90 days from the application receipt date, the documents will be returned. If the applicant wishes to proceed, they must resubmit the fee and application in its entirety.

In the event the facility is deemed inadequate and fails to meet the minimum requirements, the application will be **DENIED**. A \$400 fee will be required upon any re-application and/or re-inspection.

Upon final review and approval, the license will be issued. Licenses should be received no later than fourteen (14) business days from the date of approval. Every effort is made to expedite the license issuance.

