*10/2003*

# READ THIS FIRST!

## *ORIGINAL VEHICLE DEALER LICENSE APPLICATION*

## INSTRUCTION BOOKLET

**Michigan Department of State**
**Business Licensing Division**
**Licensing Section**
**Lansing, MI 48918-1210**

**Telephone: (517) 636-6400**
**Fax: (517) 335-2810**

# INSTRUCTION BOOKLET

## ORIGINAL VEHICLE DEALER LICENSE APPLICATION

*This dealer application packet contains: the dealer license application, a surety bond form, a zoning approval form, a repair facility registration application, and a repair facility agreement form. For additional copies, contact the Customer Support Section at 517/636-6400.*

## FINGERPRINT CARDS

Each individual listed in Item 9 on the application must be fingerprinted on a Michigan State Police fingerprint card at a Michigan State Police post or at any local law enforcement agency. Fingerprint cards from the Federal Bureau of Investigation are no longer required, as the Michigan State Police now forward fingerprints electronically to the FBI. Please note that any erasures, alterations, or white-outs will cause the card to be rejected and will require you to be printed again. **Make sure both sides of the card are completed where required.**

The cost for processing fingerprint cards is $54.00 ($30.00 for the Michigan State Police and $24.00 for the Federal Bureau of Investigation) **for each applicant**. Please add this amount to your license and/or plate fees and submit the fingerprint card(s) with your application.

An individual who already has a fingerprint card on file with this department need not be fingerprinted again if the dealer license number under which the fingerprint card was originally filed is provided. Otherwise, a new fingerprint card is required.

## SALES TAX NUMBER

Michigan businesses are required to have a sales tax number. To obtain a sales tax number, contact any Michigan Department of Treasury Office or write: Michigan Department of Treasury, Registration Division, Lansing, MI 48922. Note: The Michigan Department of Treasury often uses the federal identification number as the sales tax number, but it must be filed with their office.

For more information, contact the Michigan Department of Treasury, Sales, Use and Withholding Taxes Division, at (517) 636-4660.

# SURETY BOND (Classes A, B, and D only)

**NOTICE: The surety bond must be correctly completed or a dealer license cannot be issued. Please carefully follow the instructions on the back of the Uniform Vehicle Dealer Surety Bond form.**

The **exact** business name and address of the dealership must appear on the face of the bond as it appears on the dealer license application form.

Individual owners and partners **must** be listed in addition to the business name and address.

Corporate officers, etc., do not need to be listed for a corporation, and members do not need to be listed for a limited liability company. **Only** the corporate name or the name of the limited liability company (including d/b/a or assumed name, if any) and the business address need to appear on the bond.

The **bond number** must appear on the face of the bond.

The **surety's name** must be listed on the face of the bond.

**Signatures are required for:**

a. Attorney-in-Fact for the Surety;
b. Witness to the Attorney-in-Fact for the Surety;
c. Principal (dealer license applicant); and
d. Witness to Principal.

A **power of attorney** for the Attorney-in-Fact must accompany the bond OR must be on file with the Michigan Department of State, Licensing Section, Lansing, MI 48918-1210.

# ZONING (Classes E, F, and G only)

Zoning approval must be obtained for the location of Class E (Distressed Vehicle Transporter), Class F (Vehicle Scrap Metal Processor), and Class G (Vehicle Salvage Pool), even if Class E, F, or G is not the primary dealer classification.

The enclosed zoning approval form must be completed by the local zoning authority and returned with the application materials.

**The item numbers below match the item numbers on the application.**

## 1. BUSINESS NAME

Enter the exact name of the business. The name must match the business name on all documents presented with the application, including the surety bond, the insurance certificate, the assumed name filing, the articles of incorporation, etc.

## 2. BUSINESS LOCATION

Enter the **complete** business address. A Rural Route or Post Office Box alone will not be accepted. The physical location must be identified. The address must match the address on all documents presented with the application (see document list in Item 1 above).

## 3. BUSINESS TELEPHONE

List the area code and telephone number of your business, and your fax number, if you have one. Also include your e-mail address, if available.

## 4. BUSINESS TYPE

Check the appropriate box, and follow the instructions below:

**Individual Owner or Partnership**: Enclose a copy of the Assumed Name Filing from the County Clerk for the county in which the business is located.

**Corporation or Limited Liability Company**: Enclose a copy of the articles of incorporation, articles of organization, or certificate of good standing from the Michigan Department of Consumer and Industry Services. Businesses formed in other states must obtain a certificate of authority from the Michigan Department of Consumer and Industry Services before applying for a Michigan dealer license. Telephone (900) 555-0031 for further information.

Note: Unincorporated trusts cannot be licensed as a dealer in Michigan. Only the business types listed may be issued a dealer license.

## 5. LICENSE CLASSIFICATIONS

Indicate the license classification(s) for which you are applying.

A dealer license may be issued in one or more classifications (classes), depending on the business activity performed.

The law requires different things from different classes of dealers. Sometimes the requirements will not allow one type of dealer to do something another type of dealer would be permitted to do. Because of this, not all license classes are "compatible" with each other. The following descriptions tell you in general what activities each class allows and which classes are compatible.

**Class A (New Vehicle Dealer)**

This dealer buys and sells new vehicles under a franchise agreement or a contract with a new vehicle manufacturer.

Class A is compatible with B, C or R, and E classes.

**Class B (Used Vehicle Dealer)**

This dealer buys and sells used vehicles.

Class B is compatible with A, C or R, and E.

**Class C (Used Vehicle Parts Dealer)** and **Class R (Automotive Recycler)**

These dealers buy or otherwise acquire late model major component parts for resale, either at wholesale or at retail, and/or acquire vehicles to dismantle for the resale of their parts, selling the remains as scrap. These are the only classes which can legally buy late model distressed vehicles (salvage or scrap vehicles) or late model major component parts from insurance companies, or through auctions, brokers, or salvage pools in Michigan.

Note: A Class C or Class R dealer may only be represented at an auction, broker, or salvage pool by its own **Licensed Salvage Vehicle Agent**. Contact the Licensing Section to obtain a Salvage Vehicle Agent application.

Class C and Class R are compatible with A, B, and E; or E and F. Class C and Class R are NOT COMPATIBLE with each other or with Class D or Class G.

## Class D (Broker)

This dealer "brokers" the sale of vehicles or late model major component (salvageable) parts by arranging (or offering to arrange) for the sale of the vehicles or parts between two parties. A broker **may not** take ownership of the vehicles or major component parts. Examples of brokers are new car brokers, vehicle sales listing agencies, consignment lots, flea markets, auctions, and salvage pools.

Brokers cannot buy vehicles at auctions.

Class D is compatible only with Class G.

## Class E (Distressed Vehicle Transporter)

This dealer may: 1) buy or acquire ownership of, 2) transport, and 3) sell scrapped or junked vehicles only. Vehicles may be sold at wholesale only to:

1. Used Vehicle Parts Dealers (Class C); or

2. Scrap Metal Processors (Class F); or

3. Automotive Recyclers (Class R).

This dealer may NOT dismantle vehicles or sell parts.

Note: A vehicle "crusher" is one type of distressed vehicle transporter.

Class E is compatible with A, B, and/or C; or C and/or F; or A, B, and/or R; or R and/or F.

**Class E applicants <u>must</u> obtain zoning approval using the enclosed form. The form must be signed by the local zoning authority. In Detroit, contact the Department of Buildings and Safety Engineering, Zoning Division, 4th floor, City-County Building.**

## Class F (Vehicle Scrap Metal Processor)

This dealer processes vehicles into scrap metal by shearing, fragmenting, baling, shredding, etc. (Crushing vehicles is not considered a scrap metal process since it is not the final step before remelting.)

A scrap metal processor who acquires vehicles only from licensed dealers is not required to be licensed but must keep certain records and make them available for inspection.

Class F is compatible with C and/or E; or E and/or R.

**Class F applicants <u>must</u> obtain zoning approval using the enclosed form. The form must be signed by the local zoning authority. In Detroit, contact the Department of Buildings and Safety Engineering, Zoning Division, 4th floor, City-County Building.**

**<u>Class G (Vehicle Salvage Pool)</u>**

This dealer engages in the business of storing and displaying damaged or distressed vehicles for insurance companies.

Class G is compatible only with Class D.

**Class G applicants <u>must</u> obtain zoning approval using the enclosed form. The form must be signed by the local zoning authority. In Detroit, contact the Department of Buildings and Safety Engineering, Zoning Division, 4th floor, City-County Building.**

## 6. CONTRACT OR FRANCHISE AGREEMENT (Class A only)

List the makes of new vehicles for which you have franchises or agreements to sell.

Enclose a copy of franchise agreement, letter of intent, or a certification that you hold a contract to act as a factory representative, factory distributor, or distributor representative to sell at retail the make(s) of vehicle(s) you listed. Make sure these documents include the name and address of the manufacturer and the dealer.

NOTE: Conversion companies are not the same as manufacturers. If you have questions about the agreement you have, contact the Licensing Section at (517) 373-9460.

## 7. BRANCH DESIGNATION (All classes except Class F)

You may list up to three (3) Secretary of State branch offices where you wish to conduct business. A list of the offices in your area may be found in the telephone directory under Michigan, State of; Secretary of State; Driver License and Plate Offices.

## 8. BUSINESS DAYS AND HOURS

List the specific days and hours the business will be open. Established business hours must be at least four continuous hours per day during normal business hours, one day a week (Monday through Friday).

If you change your business hours, you must notify the Licensing Section, in writing or by fax at (517) 335-2810.

## 9. OWNERS, PARTNERS, CORPORATE OFFICERS, DIRECTORS

List the full name, home address, home telephone and birthdate for all owners, partners, corporate officers, members and directors.

For corporations, “owners” also includes any stockholder holding 25% or more of the stock issued.

Limited Liability Companies must include information for all managers.

If the owner, partner or manager listed on the application form is itself a corporation, partnership or limited liability company, the individuals who are the owners, partners, corporate officers, directors, managers, or stockholders or members holding 25% or more of the stock issued for the company listed in Item 9 must be disclosed. Use a separate sheet to provide the full name, home address, home telephone and birthdate for each individual.

Each individual listed in Item 9 must have fingerprints on file with this department. Individuals disclosed under a corporation, partnership or limited liability company listed as a licensee who will have direct impact on the operation of the business must also have fingerprints on file. Please refer to the instructions for completing fingerprint cards for more details.

## 10. SERVICING FACILITY REQUIREMENT (Classes A and B only)

New and used vehicle dealers are required to provide proper servicing facilities. **This requirement applies even if vehicles are sold ”AS IS” or wholesale.**

This requirement may be met in one of two ways:

1. Register as a motor vehicle repair facility.

   A Motor Vehicle Repair Facility Registration Application is enclosed. It is not necessary to register again if the business is currently registered and the ownership has not changed.

2. Enter into an agreement with a currently registered motor vehicle repair facility.

   An agreement form is enclosed. Make sure the agreement shows the repair facility registration number and the repair facility **owner’s** signature.

## 11. LOT DESCRIPTION

Check the appropriate boxes.

Enclose a detailed sketch which accurately shows the business location, lot, office, and the nearest cross streets.

Estimate the greatest number of vehicles you will have in inventory at one time.

If the location is currently occupied by another licensed dealer, provide the dealer number and the name of the business.

With Department of State approval, two dealers may share a single location. The owners of both dealerships must sign a statement agreeing to keep all offices, books, records, and inventory separate and distinct. Contact the Customer Support Section at (517) 636-6400 for additional requirements or if you have questions.

## 12. DEALER PLATES AND FLEET INSURANCE (Classes A and B only)

You must have 20/40/10 fleet-type Michigan no-fault insurance indicating coverage for "**ANY VEHICLE**" or "**ALL OWNED VEHICLES**."

Enclose a copy of your fleet insurance certificate. Your insurance certificate must have the exact business name as listed in Item 1. **If the insurance certificate does not indicate ANY VEHICLE or ALL OWNED VEHICLES, the application cannot be processed.**

You are required by law to purchase a minimum of two dealer plates. You may apply for additional plates according to the following formula:

> ONE plate for each five vehicles carried in highest inventory, up to and including 400 vehicles. ONE plate for each seven vehicles in excess of 400, up to a maximum of 100 plates.

## 13. FEES

Calculate the fees based on the information provided on the application form. Make check or money order payable to **State of Michigan.**

## 14. WORKERS' COMPENSATION INSURANCE (Classes C and R only)

Other dealers may also need Workers' Compensation Insurance; however, the Michigan Vehicle Code requires used or secondhand vehicle parts dealers and automotive recyclers to provide evidence of workers' compensation insurance for employees classified as automobile dismantlers.

To determine your eligibility for a Notice of Exclusion, contact the Michigan Department of Consumer and Industry Services at (517) 322-1195.

## 15. APPLICANT HISTORY

Complete for each applicant listed in Item 9 following the instructions provided on the application form. Use separate sheets as necessary.

A. Check the appropriate box. List the name of any applicant who has had a vehicle dealer license refused or revoked. Provide a detailed explanation.

B. Check the appropriate box. List the name of any applicant who is related by birth or marriage to any dealer. List the name of any applicant who is or was employed by, or is or was an agent for, any dealer within the past five (5) years. List the name of the dealer and, if known, the dealer license number.

C. Check the appropriate box. If the answer is YES, include a detailed explanation, including the alleged offense, the police department, the court of jurisdiction and, if known, the case number. Do not include traffic offenses.

D. Each applicant must complete a work history for the past five (5) years.

## 16. SIGNATURES AND CERTIFICATIONS

Each applicant listed in Item 9 must sign the certifications.

This application is a legal document. **Please read each certification before signing.** Providing false information is a felony.

# ORIGINAL VEHICLE DEALER APPLICATION REQUIREMENTS CHART

**ALL CLASSES NEED THE FOLLOWING:**

Original Application
Assumed Name and/or Corporate Filing
Fingerprint Cards
Sketch of Business Location

| Class Code | Copy of Franchise or Affidavit | Repair Facility Registration or Service Agreement | Zoning Approval | Secretary of State Branch Designation | Fleet Insurance Certificate | Dealer Plates | License Fee | Workers Compensation Insurance | $10,000 Vehicle Dealer Surety Bond |
|---|---|---|---|---|---|---|---|---|---|
| CLASS A | Required | Required | Not Applicable | Required | Required | Minimum of 2 Required | $75 | Not Applicable | Required |
| CLASS B | Not Applicable | Required | Not Applicable | Required | Required | Minimum of 2 required | $75 | Not Applicable | Required |
| CLASS C | Not Applicable | Required only if parts installed | Not Applicable | Required | Not Applicable | Not Applicable | $160 | Required | Not Applicable |
| CLASS D | Not Applicable | Not Applicable | Not Applicable | Required | Not Applicable | Not Applicable | $75 | Not Applicable | Required |
| CLASS E | Not Applicable | Not Applicable | Required | Required | Not Applicable | Not Applicable | $75 | Not Applicable | Not Applicable |
| CLASS F | Not Applicable | Not Applicable | Required | Not Applicable | Not Applicable | Not Applicable | $75 | Not Applicable | Not Applicable |
| CLASS G | Not Applicable | Not Applicable | Required | Required | Not Applicable | Not Applicable | $75 | Not Applicable | Not Applicable |
| CLASS R | Not Applicable | Required only if parts installed | Not Applicable | Required | Not Applicable | Not Applicable | $160 | Required | Not Applicable |

Class "H" Foreign Salvage Vehicle Dealers and Salvage Vehicle Agents have separate application packets.

**ALL DEALER LICENSES EXPIRE DECEMBER 31.**

AR-0032 (10/2003) By Authority of PA 300 of 1949, as amended
Michigan Department of State (517/636-6400)

# ORIGINAL VEHICLE DEALER LICENSE APPLICATION

**Information for completing pdf forms on-line**

You may enter information on screen and print.

**DEPARTMENT USE ONLY**

| License Number | |
|---|---|
| Approved by | Date |
| Regular Plates | THRU |
| Cycle Plates | THRU |

## READ THE INSTRUCTION BOOKLET BEFORE COMPLETING THIS FORM

1. **BUSINESS NAME** (Include any assumed names or corporation names)

2. **BUSINESS LOCATION** - NOTE: RR or PO Box numbers alone will not be accepted. The actual location must be identified.
(Street) (City) (County) (Zip)

3. **BUSINESS TELEPHONE**

Telephone ( ) Fax ( ) E-Mail Address:

4. **BUSINESS TYPE** (Check only one)

❒ Individual Owner (one person or husband and wife) ❒ Partnership (two or more persons or husband and wife) ❒ Corporation ❒ Limited Liability Company

5. **LICENSE CLASSIFICATIONS** (Check appropriate box or boxes)

❒ CLASS A - New Vehicle Dealer
❒ CLASS B - Used Vehicle Dealer
❒ CLASS C - Used Vehicle Parts Dealer
❒ CLASS D - Broker (Not compatible with Classes A or B)
❒ CLASS E - Distressed Vehicle Transporter
❒ CLASS F - Vehicle Scrap Metal Processor
Type of scrap processing to be used:_____
❒ CLASS G - Vehicle Salvage Pool
❒ CLASS R - Automotive Recycler

Class E, F, and G applicants must include zoning approval. See "Zoning" and Item 5 in the Instruction Booklet.

6. **CONTRACT OR FRANCHISE AGREEMENT** (Class A only)

7. **SECRETARY OF STATE BRANCH OFFICE DESIGNATION** (All classifications except Class F)

| BRANCH NAME | STREET ADDRESS | CITY |
|---|---|---|
| BRANCH NAME | STREET ADDRESS | CITY |
| BRANCH NAME | STREET ADDRESS | CITY |

8. **BUSINESS DAYS AND HOURS**

9. **OWNERS, PARTNERS, CORPORATE OFFICERS, AND DIRECTORS**

| FULL NAME | HOME ADDRESS (Street) | (City/State/Zip) | HOME TELEPHONE | BIRTHDATE |
|---|---|---|---|---|
| FULL NAME | HOME ADDRESS (Street) | (City/State/Zip) | HOME TELEPHONE | BIRTHDATE |
| FULL NAME | HOME ADDRESS (Street) | (City/State/Zip) | HOME TELEPHONE | BIRTHDATE |
| FULL NAME | HOME ADDRESS (Street) | (City/State/Zip) | HOME TELEPHONE | BIRTHDATE |

**DEPARTMENT USE ONLY**

## 10. SERVICING FACILITY REQUIREMENT (Classes A and B only)

❒ A completed Motor Vehicle Repair Facility Registration Application is enclosed.

❒ This business is currently a registered repair facility. REGISTRATION NUMBER: _____.

❒ This business has an agreement with a registered repair facility, a copy of which is enclosed.

## 11. LOT DESCRIPTION (Include a sketch)

Greatest number of vehicles you expect to have on hand at one time:

Is this business location presently occupied by another licensed vehicle dealer?

❒ NO ❒ YES If YES, give dealer number and name:

## 12. DEALER PLATES AND FLEET INSURANCE (Classes A and B only)

Number of REGULAR DEALER PLATES requested _____

Number of MOTORCYCLE DEALER PLATES requested _____

Total number of all DEALER PLATES requested _____

Attach a copy of your fleet insurance certificate. See Instruction Booklet, Item 12.

## 13. FEES

| | | |
|---|---|---|
| A. License fee - All classes except C and R | $75.00 ($37.50 from July 1 to December 31) | $ _____ |
| | | OR |
| B. License fee - Class C and Class R | $160.00 ($80.00 from July 1 to December 31) | $ _____ |
| C. Dealer plate fees (Class A and Class B only) | $20.00 for the required 2 plates | $ _____ |
| | $10.00 for each additional plate | $ _____ |
| D. Fingerprint processing fees | $54.00 for each applicant listed in Item 9 | $ _____ |
| E. TOTAL FEES (A or B plus C and D above) | | $ _____ |

## 14. WORKERS' COMPENSATION INSURANCE (Classes C and R only)

Check the appropriate box:

**INDIVIDUAL OWNERSHIP:**

❒ I/we are not required to have workers' compensation insurance

**PARTNERSHIP, CORPORATION OR LLC:**

❒ Attached is form MDL337, Notice of Exclusion. (To determine your eligibility for a form MDL337, contact the Michigan Department of Consumer and Industry Services at 517/322-1195.)

❒ Attached is a copy of a workers' compensation insurance certificate.

## 15. APPLICANT HISTORY

A. Have any of the applicants listed in Item 9 been refused the issuance of a vehicle dealer, salvage dealer, salvage vehicle agent, or broker license or had a vehicle dealer, salvage dealer, salvage vehicle agent, or broker license revoked or suspended in Michigan or any other state?

❒ NO ❒ YES If YES, give the name(s) of the applicant(s) involved and complete details on a separate sheet.

B. Is any applicant listed in Item 9 related by birth or marriage to any currently or previously licensed Michigan vehicle dealer, broker, or salvage vehicle agent or was any applicant listed in Item 9 employed by or an agent for any dealer in Michigan or any other state within the past 5 years?

❒ NO ❒ YES If YES, give the name(s) of the applicant(s) and complete details on a separate sheet. Include dealer license number(s), if known.

C. Have any of the applicants listed in Item 9 been arrested or convicted of a crime other than traffic violations within the past ten years?

❒ NO ❒ YES If YES, give the name(s) of the applicant(s) and complete details on a separate sheet. Include the arresting police agency, court of jurisdiction, and case number, if known.

D. For each applicant listed in Item 9, list names, addresses, and telephone numbers of employers **for the past 5 years** other than the dealers listed above. Also, include the job title and dates of employment for each applicant. If an applicant was self-employed, list names and addresses of businesses and type of business. If unemployed, list name, "UNEMPLOYED", and dates of unemployment. Use a separate sheet, if necessary.

| | |
|---|---|
| APPLICANT #1: | EMPLOYER NAME |
| EMPLOYER ADDRESS | EMPLOYER TELEPHONE |
| JOB TITLE | DATES EMPLOYED<br>FROM TO |
| APPLICANT #2: | EMPLOYER NAME |
| EMPLOYER ADDRESS | EMPLOYER TELEPHONE |
| JOB TITLE | DATES EMPLOYED<br>FROM TO |
| APPLICANT #3: | EMPLOYER NAME |
| EMPLOYER ADDRESS | EMPLOYER TELEPHONE |
| JOB TITLE | DATES EMPLOYED<br>FROM TO |
| APPLICANT #4: | EMPLOYER NAME |
| EMPLOYER ADDRESS | EMPLOYER TELEPHONE |
| JOB TITLE | DATES EMPLOYED<br>FROM TO |

16. **SIGNATURES AND CERTIFICATIONS** (Each applicant listed in Item 9 must sign)

**CAUTION: ANY MISLEADING, INCOMPLETE, OR FALSE STATEMENT MAY BE GROUNDS FOR DENIAL OF THIS APPLICATION OR SUSPENSION OR REVOCATION OF THE LICENSE ISSUED.**

I/we hereby grant the licensing authority in any state or jurisdiction listed in this application authority to release information concerning any previous license applications, licensing history, and disciplinary actions or sanctions to the Secretary of State or his/her deputies.

I/we hereby grant any employers named in this application authority to release information concerning my/our employment history to the Secretary of State or his/her deputies.

I/we hereby certify that the business named in this application maintains, and will maintain once a license is issued, an established place of business. An established place of business means the place actually occupied either continuously or at regular periods where books and records are kept and a large share of business is transacted.

I/we hereby certify that the business named in this application maintains, and will maintain once a license is issued, records as required by law, which may include a police book and vehicle parts purchase and sales records.

I/we stipulate and agree that any legal process affecting this business served on the Secretary of State or his/her deputies shall have the same effect as if personally served on me/us. I/we agree that this appointment shall remain in force as long as any liability of this business remains outstanding within the State of Michigan.

I/we hereby certify that this business is in compliance with all local ordinances, including zoning.

I/we hereby certify that the persons named in this application are not acting as the alter ego, in the place of, or on behalf of, any other person or persons in seeking this license.

If granted a Class A or Class B vehicle dealer license, I/we certify that I/we have and will maintain security for payment of benefits under personal protection insurance, property protection insurance, and residual liability insurance as required by Public Act 294 of 1972 (no-fault insurance) for as long as this license is in effect.

If granted a Class A, Class B, or Class D vehicle dealer license, I/we certify that I/we have and shall maintain a surety bond in the amount of $10,000 (ten thousand dollars) for as long as this license is in effect.

I/we, the applicants named herein, hereby certify that the statements contained in this application are true to the best of my/our knowledge and belief.

| Printed Name | Signature | Title | Date |
|---|---|---|---|
| Printed Name | Signature | Title | Date |
| Printed Name | Signature | Title | Date |
| Printed Name | Signature | Title | Date |

# CHECKLIST

Be sure to include the following items, if applicable:

1. Copy of the business creation document or assumed name filing as specified in Item 4 of the instruction booklet.
2. Fingerprint cards prepared by an official police agency and completed as specified in the instruction booklet.
3. Franchise agreement(s).
4. Detailed sketch of business location including major cross streets, building, office, and inventory storage space.
5. Certificate of insurance for workers' compensation insurance or a notice of exclusion form.
6. Repair facility registration application or an agreement with a registered repair facility.
7. Certificate of insurance for fleet-type Michigan no-fault insurance.
8. Check or money order payable to STATE OF MICHIGAN for the license fee, plate fees, and fingerprint processing fees.
9. A completed vehicle dealer surety bond, if appropriate. Instructions for completing the bond are on the back of the bond form.
10. A completed zoning approval form for Class E, Class F, and Class G applicants.

# ALLOW AT LEAST 30 DAYS FOR PROCESSING

You may enter information on screen and print.

Information for completing pdf forms on-line

# SERVICING FACILITY AGREEMENT
## (Class A and B Dealers Only)

All A and B dealer license applicants must already have a currently registered repair facility, or must submit either a repair facility registration application or a servicing facility agreement with the dealer license application. Another form may be used if it contains all of the information below.

---

I, _____, of _____,
(owner/partner/officer) (repair facility name)

located at _____,
(business address)

repair facility registration number _____, agree to perform vehicle repairs
(registration number)

for _____. My repair facility is
(dealership name)

currently registered with the Michigan Department of State and will remain registered as

long as this agreement remains in effect.

***We will inform the Michigan Department of State if this agreement is canceled.***

_____
(Signature of repair facility owner/partner/officer) (Date)

_____
(Signature of dealership owner/partner/officer) (Date)

You may enter information on screen and print.

Information for completing pdf forms on-line

# IMPORTANT INFORMATION
# KEEP FOR FUTURE REFERENCE

Dear Applicant:

Before performing motor vehicle repairs for compensation, a repair facility must register with the Michigan Department of State. Business cannot be conducted until a registration number is issued. Failure to comply with this requirement is grounds for denial of the application. Listed below is a summary of other requirements which will apply after the registration number is issued. A Repair Facility Manual will be sent to you once the application has been processed. Please refer to this manual for a detailed explanation of these requirements.

**CONSUMER INFORMATION SIGN** - A repair facility must display a sign in the cashier's area, and in each location where customer service orders are written, informing customers of their basic rights under the law.

**WRITTEN ESTIMATE** - A repair facility must give a written estimate to the customer prior to repair work costing $20 or more. Any additional repairs which exceed the estimated price by more than $10 or 10% (whichever is less) must be approved by the customer before the additional work is done. This approval may be oral.

If the customer does not want a written estimate, the facility may have the customer sign a waiver giving up the right to receive the written estimate prior to repairs. One copy of the signed waiver must be given to the customer.

**PARTS RETURN** - Before beginning work on a customer's vehicle, a facility must inform the customer of the right to return of replaced parts. This can be done by means of a sign or by having proper wording on the face of the work order.

**INVOICE** - Upon completion of repairs, a repair facility must give the customer an invoice itemizing all parts and labor involved in the repair of the customer's vehicle. The invoice must disclose whether parts installed were new, used, rebuilt, or reconditioned. The name and Michigan certification number of the mechanic who performed the repairs must appear on the invoice. The invoice must contain a certification stating that the repairs were completed properly and must be signed by the owner or a person designated by the owner to represent the facility.

**MECHANIC CERTIFICATION** - If a repair facility performs major repairs, it must employ State of Michigan certified mechanics for the categories of major repair performed by the facility.

**RECORDS MAINTENANCE** - A facility must keep for a period of 5 years copies of all documents used by the facility in connection with repairs to customer vehicles. Body shops must keep parts sales records and/or a police book to record major component parts which are bought, sold, or used by the facility.

**REGISTRATION NUMBER** - The registration number assigned by the Department of State must appear on all written estimates, waiver of estimates, final invoices, or any other documents given to the customer. A repair facility may not do business until a registration number is issued.

If you would like a response to any questions you may have prior to receiving the manual, please contact the Repair Program Section at (517) 241-4134 or (517) 373-9063. You may also be able to find the information on our website, www.Michigan.gov/sos.

Sincerely,

Michigan Department of State

ALLOW AT LEAST
30 DAYS
FOR PROCESSING

# REPAIR FACILITY REGISTRATION APPLICATION WORKSHEET

Item 13 "Fee Schedule" requires you to anticipate what your gross annual revenue will be for the first twelve months of business. This must be done to determine the appropriate registration fee to submit with your application.

This worksheet should provide you with a reasonably accurate picture of what your gross annual revenue will need to be to cover anticipated expenses and provide a profit.

Following are a number of questions which should help you to estimate your gross annual revenue.

In the blank spaces provided on lines 1 through 12, enter the amount of expense you anticipate. On line 13, enter the amount of profit you expect to earn. Total lines 1 through 13 and enter this amount on line 14. Multiply the amount shown on line 14 by 12 and enter on line 15.

1. Estimated payroll including owner-manager's salary per month. $ _____
2. Estimated business location mortgage/rent payment per month. $ _____
3. Estimated utility and telephone costs per month. $ _____
4. Estimated equipment and tool purchase or rental per month. $ _____
5. Estimated property, income, social security, and sales tax per month. $ _____
6. Estimated insurance payment per month. $ _____
7. Estimated interest payments on loans per month. $ _____
8. Estimated franchise fee payment per month. $ _____
9. Estimated cost of parts and supplies per month (refer to repair facility application Item 13 explanation). $ _____
10. Estimated professional service cost per month (i.e., accountant, attorney, bookkeeper, etc.). $ _____
11. Estimated cost of maintenance on equipment, tools, and building per month. $ _____
12. Estimated miscellaneous expenses per month. $ _____
13. Estimated profit anticipated per month. $ _____
14. Total lines 1 through 13. $ _____
15. Multiply the amount shown on line 14 by 12. This is your anticipated gross annual revenue. $ _____

**THIS WORKSHEET IS FOR YOUR USE—DETACH BEFORE MAILING APPLICATION**

AR-0012 (6/2003) By Authority of Public Act 300 of 1974

Michigan Department of State

ALLOW AT LEAST 30 DAYS FOR PROCESSING

**FOR DEPARTMENT USE ONLY**

REPAIR FACILITY NUMBER

APPROVED BY

DATE

# MOTOR VEHICLE REPAIR FACILITY REGISTRATION APPLICATION

## PLEASE TYPE OR PRINT

1. NAME - Enter the name of the corporation or other legal entity, if it is different than facility name.

2. FACILITY NAME - Enter the exact name used by the business at the location being registered.

3. NAME OF INDIVIDUAL IN CHARGE OF THIS LOCATION.

4. FACILITY ADDRESS - Where business will be conducted. Submit a separate application for each location.
(street) (city) (county) (state) (zip)

5. BUSINESS DAYS AND HOURS - Enter the days and hours the business will be open.

6. FACILITY TELEPHONE NUMBER
( )

7. CATEGORY - Mark the one most appropriate description of your facility.

A. ☐ New Car Dealer
B. ☐ Used Car Dealer
C. ☐ Junk Dealer
D. ☐ Truck Dealer
E. ☐ Motor Home Dealer
F. ☐ Motorcycle Dealer
G. ☐ Mobile Home Dealer
H. ☐ Auto Parts Shop
I. ☐ Specialty Shop
J. ☐ Part of a Multi-Facility Chain
K. ☐ Independent Garage
L. ☐ Gasoline Service Station
M. ☐ Diagnostic Clinic
N. ☐ Body or Collision Shop
Z. ☐ Mobile Repair Facility or Other (specify) _____

8. OWNERSHIP TYPE ☐ Trust ☐ Limited Liability Company ☐ Individual Owner ☐ Partnership ☐ Corporation ☐ Other

9. ORIGINATION DATE

10. STATE OF ORIGINATION

11. ANTICIPATED DATE BUSINESS WILL OPEN. (Business cannot open until a registration number is issued. Allow at least 30 days for processing.)

12. NUMBER OF MECHANICS - Enter the number of persons who diagnose, repair, or maintain motor vehicles. This includes even persons who do lubrication work, tire installation, and body and collision repairs.

13. FEE SCHEDULE - Gross annual revenue is the total amount of money you expect to receive in payment for services or repairs provided before expenses of any kind are subtracted. Use the attached worksheet to estimate your gross annual revenue.

INCLUDE:

- all parts, labor, and materials you expect to use in performing repairs.
- item such as tires, oil, oil filters, windshield wiper blades, body sheet metal components, batteries, belts, etc.
- labor, even if parts are not used.
- repairs covered by a warranty which reimburses you for parts used and/or labor.

DO NOT INCLUDE:

- parts sold but not installed.
- fuel and lubricants sold over the counter.
- revenue obtained from vehicles not required to be registered and titled such as farm tractors, off road construction equipment, snowmobiles, etc.

When you have found the revenue category which most accurately reflects your anticipated gross annual revenue, place a check in the box next to the fee to be paid. Please be aware that any misleading, incomplete, or false information provided may be grounds for denial of this application.

| GROSS ANNUAL REVENUE | FEE | GROSS ANNUAL REVENUE | FEE | GROSS ANNUAL REVENUE | FEE |
|---|---|---|---|---|---|
| A. ☐ Under $5,000 | $25.00 | H. ☐ $100,001 to $120,000 | $200.00 | O. ☐ $240,001 to $260,000 | $375.00 |
| B. ☐ $5,001 to $15,000 | $50.00 | I. ☐ $120,001 to $140,000 | $225.00 | P. ☐ $260,001 to $280,000 | $400.00 |
| C. ☐ $15,001 to $25,000 | $75.00 | J. ☐ $140,001 to $160,000 | $250.00 | Q. ☐ $280,001 to $300,000 | $425.00 |
| D. ☐ $25,001 to $40,000 | $100.00 | K. ☐ $160,001 to $180,000 | $275.00 | R. ☐ $300,001 to $320,000 | $450.00 |
| E. ☐ $40,001 to $60,000 | $125.00 | L. ☐ $180,001 to $200,000 | $300.00 | S. ☐ $320,001 to $340,000 | $475.00 |
| F. ☐ $60,001 to $80,000 | $150.00 | M. ☐ $200,001 to $220,000 | $325.00 | T. ☐ Over $340,000 | $500.00 |
| G. ☐ $80,001 to $100,000 | $175.00 | N. ☐ $220,001 to $240,000 | $350.00 | | |

ENTER FEE TO BE PAID: _____

MAKE CHECKS PAYABLE TO **STATE OF MICHIGAN**

**DEPARTMENT USE ONLY**

14. Is the business franchised?

☐ NO ☐ YES (If you checked YES, complete Item 15.)

15. Company and person selling franchise.

Company Person

16. Has any owner, officer, partner, member, trustee or other person listed on this application owned or participated in any other repair facility?

☐ NO ☐ YES (If you checked YES, complete Item 17.)

17. List all current or former repair facility registration numbers.

18. REPAIRS OFFERED - Check every category of motor vehicle repair you will offer.

Automobiles and Light Trucks (under 10,000 #GVW)

A. ☐ All Repairs B through I
B. ☐ Engine Repair
C. ☐ Automatic Transmission
D. ☐ Manual Transmission
E. ☐ Front End, Suspension and Steering Systems
F. ☐ Brakes and Braking Systems
G. ☐ Electrical Systems
H. ☐ Heating and Air Conditioning
I. ☐ Engine Tune-Up/Performance
J. ☐ Pre-1973 Vehicles

Motorcycle

M. ☐ Motorcycle Repair

Recreational Trailers

N. ☐ Recreational Trailer Repair

Heavy-Duty Trucks (over 10,000 #GVW)

P. ☐ All Truck Repairs Q through V
Q. ☐ Engine Repair - Gasoline
R. ☐ Engine Repair - Diesel
S. ☐ Drive Train
T. ☐ Brakes and Braking Systems
U. ☐ Suspension and Steering Systems
V. ☐ Electrical Systems

Other Repairs

Z. ☐ Body and Collision Repairs
☐ Other (specify) _____

19. CERTIFICATION OF MECHANICS - If your facility will be doing major repairs (A-V in Item 18 above), replacing collision-damaged mechanical components, or repairing structurally damaged unitized body vehicles, you must employ certified mechanics. Mechanics must be certified in the categories of repair offered.

MECHANIC'S NAME MICHIGAN CERTIFICATION NUMBER

_____

_____

_____

_____

You may attach additional pages, if necessary.

NOTE - You may have mechanics in your facility who need state testing and certification. For information about where and when testing is available, contact the Secretary of State office in your area, or call the Michigan Department of State, Licensing Section, in Lansing at (517) 373-9460. Information regarding mechanic trainee permits can also be obtained by calling the Licensing Section.

20. ARRESTS OR CONVICTIONS - Has any person listed in Item 21 been arrested or convicted of a crime, other than a traffic violation, in Michigan or any other state in the past 10 years? ☐ NO ☐ YES

If your answer is YES, give the name(s) of the person(s) involved and complete details of all arrests or convictions which took place. Attach an additional sheet, if necessary.

Name(s) of person(s) arrested or convicted: _____

_____

Details: _____

_____

_____

_____

Date of Arrest(s) or Conviction(s): _____

Court of Record: _____

City and State: _____

21. CERTIFICATION AND AUTHORIZED SIGNATURES

(If individual ownership, owner must sign. If partnership, all partners must sign. If limited liability company, all members must sign. If trust, the trustee must sign. If corporation, a corporate officer must sign, and all corporate officers, directors, resident agents in Michigan, and owners of 10% or more of the corporation must be listed.)

On this _____ day of _____ , _____ , I (we) certify to the truth and accuracy of all statements and representations made in this application, including all statements attached hereto. Further, I (we) stipulate and agree that any legal process affecting this business served on the Secretary of State or his/her deputies shall have the same effect as if personally served on me (us) and all other owners of this business, if any. I (We) further agree that this appointment shall remain in force as long as any liability of the business shall remain outstanding within the State of Michigan. I (We) understand that if I (we) do major repairs, I (we) shall employ mechanics certified with the State of Michigan in the categories of repair I (we) offer.

Any misleading, incomplete, or false statement may be grounds for denial of this application or suspension or revocation of the registration. Failure to notify the Michigan Department of State of material changes may be grounds for suspension or revocation of the registration.

**PLEASE PRINT EXCEPT FOR SIGNATURE. ALL CORPORATE OFFICERS AND OWNERS OF 10% OR MORE OF THE BUSINESS INTEREST MUST BE LISTED BELOW. SEE FIRST PARAGRAPH ABOVE.**

| | | |
|---|---|---|
| Owner, Partner, Officer, Trustee, Director, Resident Agent or Member Name | Signature | Title |
| Michigan Driver's License Number or Michigan Identification Number | Social Security Number | |
| Corporation Identification Number (State) | or (Federal) | |
| Home Address (Street) | (City/State) (Zip Code) | Home Telephone Number |
| Principal Occupation for Past Five (5) Years | | Birth Date |
| Owner, Partner, Officer, Trustee, Director, Resident Agent or Member Name | Signature | Title |
| Michigan Driver's License Number or Michigan Identification Number | Social Security Number | |
| Corporation Identification Number (State) | or (Federal) | |
| Home Address (Street) | (City/State) (Zip Code) | Home Telephone Number |
| Principal Occupation for Past Five (5) Years | | Birth Date |
| Owner, Partner, Officer, Trustee, Director, Resident Agent or Member Name | Signature | Title |
| Michigan Driver's License Number or Michigan Identification Number | Social Security Number | |
| Corporation Identification Number (State) | or (Federal) | |
| Home Address (Street) | (City/State) (Zip Code) | Home Telephone Number |
| Principal Occupation for Past Five (5) Years | | Birth Date |
| Owner, Partner, Officer, Trustee, Director, Resident Agent or Member Name | Signature | Title |
| Michigan Driver's License Number or Michigan Identification Number | Social Security Number | |
| Corporation Identification Number (State) | or (Federal) | |
| Home Address (Street) | (City/State) (Zip Code) | Home Telephone Number |
| Principal Occupation for Past Five (5) Years | | Birth Date |

Mail completed application and fee to:

Michigan Department of State
Business Licensing Division
Licensing Section
Lansing, Michigan 48918-1210

You may attach additional pages, if necessary.

You may enter information on screen and print.

Information for completing pdf forms on-line

# ZONING APPROVAL
## (Class E, F, and G Dealers Only)

Name of Dealership: _____

Dealership Address: _____

❒ Class E - Distressed Vehicle Transporter

❒ Class F - Vehicle Scrap Metal Processor

❒ Class G - Vehicle Salvage Pool

---

Zoning Authority:

The license being applied for (checked above) would permit, but not require, all business activities described on the reverse. Violations of local zoning ordinances which are not also violations of the Michigan Vehicle Code will not result in suspension or revocation of the license. Please check the appropriate category below, complete the signature portion of this form, and return this completed form to the applicant.

If you have any questions or concerns, contact the Michigan Department of State, Bureau of Regulatory Services, Customer Service Section, at (517) 636-6400.

Thank you.

---

❒ Location is **APPROVED** for dealer classifications checked above.

❒ Location is **DISAPPROVED** because it is not properly zoned.

❒ Location is **APPROVED** because there is NO zoning ordinance in effect.

_____ ( ) _____

Signature of Zoning Authority  Date  Telephone Number

_____

Printed Name of Zoning Authority  Jurisdiction (City, Township, etc.)

Print Form  Clear Form

## Class E (Distressed Vehicle Transporter)

This dealer may: 1) buy or acquire ownership of, 2) transport, and 3) sell scrapped or junked vehicles only. Vehicles may be sold at wholesale only to:

1. Used Vehicle Parts Dealers (Class C); or

2. Scrap Metal Processors (Class F); or

3. Automotive Recyclers (Class R).

This dealer may NOT dismantle vehicles or sell parts.

Note: A vehicle "crusher" is one type of distressed vehicle transporter.

## Class F (Vehicle Scrap Metal Processor)

This dealer processes vehicles into scrap metal by shearing, fragmenting, baling, shredding, etc. (Crushing vehicles is not considered a scrap metal process since it is not the final step before remelting.)

A scrap metal processor who acquires vehicles only from licensed dealers is not required to be licensed but must keep certain records and make them available for inspection.

## Class G (Vehicle Salvage Pool)

This dealer engages in the business of storing and displaying damaged or distressed vehicles for insurance companies.

Class G is compatible only with Class D.

Information for completing pdf forms on-line

You may enter information on screen and print.

AR-0026 (7/02)

MICHIGAN DEPARTMENT OF STATE

# UNIFORM VEHICLE DEALER SURETY BOND

**PLEASE READ INSTRUCTIONS ON REVERSE SIDE OF THIS SHEET BEFORE EXECUTING BOND**

**KNOW ALL MEN BY THESE PRESENTS, that**

Enter Business Name & Address (See Item 4, Page 2)

**BOND NUMBER**

Enter Bond Number Below

as principal, whose place(s) of business is/are located at the address(es) set forth above, and

_____ as surety

are held and firmly bound unto any purchaser, seller, financing agency, or governmental agency for any monetary loss cause through fraud, cheating or misrepresentation in the conduct of the vehicle business by the named principal in the total penal sum of Ten Thousand and NO/100 Dollars ($10,000), lawful money of the United States of America, for which sum well and truly to be paid, said principal and surety bind themselves, their heirs, executors, administrators, and assigns, jointly and severally and each of them.

**WHEREAS,** the above named principal is applying to the Secretary of State of Michigan to be licensed as a dealer in vehicles under Section 248 of Act 300, P.A. of 1949, as amended.

**AND WHEREAS,** the above named principal is required by Section 248 of Act 300, P.A. of 1949, as amended, to submit properly executed surety bond, conditioned as set forth below, with said application for vehicle dealer license.

**NOW THEREFORE,** the condition of this obligation is such that the principal and surety shall indemnify or reimburse any purchaser, seller, financing agency or governmental agency for any monetary loss only after judgment based on fraud, cheating or misrepresentation has been entered in a court record against the licensee.

The obligation under this surety bond shall be further conditioned to indemnify or reimburse the State of Michigan for any sales tax deficiency as provided in Act 167 of the Public Acts of 1933, as amended, being Sections 205.51 to 205.78 of the complied laws of 1948, or use tax deficiency as provided in Act 94 of the Public Acts of 1937, as amended, being Sections 205.91 to 205.111 of the compiled laws of 1948, for the year in which the bond was in force. The surety shall be required to make such indemnification or reimbursement only after final judgment has been entered in a court of record against the licensee.

It is further understood and agreed that coverage is provided and extended without notification to the surety for any change of officers, if the principal is a corporation; for any additional locations or changes of address within the county for which the license is issued; or for any substitution of business name wherein ownership is not changed.

Provided further, that the aggregate liability of the surety for all such judgments shall, in no event, exceed the sum of the bond.

Coverage hereunder shall be effective as of 12:01 a.m. on _____ and shall remain in effect continuously, provided, however, that the said surety may cancel the bond upon giving thirty days notice in writing to the Secretary of State and thereafter shall be relieved of liability for any breach of condition occurring after the effective date of the cancellation.

Signed, sealed and dated this _____ day of _____, 20 _____

(Important **ALL** Signatures Are Required)

| | |
|---|---|
| (Signature of Witness to Principal) | (Signature of Dealer Principal or Authorized Agent of Principal) |
| (Print or Type name of Witness to Principal) | (Print or Type Name and Title of Person Signing for Principal) |
| (Signature of Witness to Attorney-in-Fact) | (Name of Surety Company) |
| (Print or Type name of Witness to Attorney-in-Fact) | (Signature of Attorney-in-Fact) |
| (Signature of Licensed Resident Insurance Agent) | (Print or Type name of Attorney-in-Fact) |
| (Print or Type Name of Resident Insurance Agent) | |

Print Form | Clear Form

**NOTICE:** Vehicle Dealer License Applicant, Surety Bonding Companies and Agents.

**THIS BOND MUST BE CORRECTLY COMPLETED OR A DEALER LICENSE CANNOT BE ISSUED.**

**DEALER:** DOUBLE CHECK these points!

Follow the instructions and avoid unnecessary delay and expense.

- The **EXACT** business name and address of the dealership must appear on the face of the bond as it appears on the dealer license application.
- Individual owners and partners **MUST** be listed in addition to the business name and address.

  Corporate officers, etc. do not need to be listed for a corporation, **ONLY** the corporate name (d/b/a assumed name, any) and the address need to appear.
- **BOND NUMBER** must be on the face of the bond.
- Name of Surety must be listed.
- **SIGNATURES ARE REQUIRED** for:
  a. Attorney-in-Fact for the Surety
  b. Witness to the Attorney-in-Fact for the Surety
  c. Licensed Resident Insurance Agent (Agent who sold the bond) IMPORTANT!!!
  d. Principal (dealer license applicant)
  e. Witness to Principal
- A power of attorney for the Attorney-in-Fact MUST accompany the bond OR must BE ON FILE with the Michigan Department of State, Dealer Division, Lansing, MI 48918.

Remember, if the bond is not correctly completed, a dealer license cannot be issued.

## UNIFORM VEHICLE DEALER SURETY BOND INSTRUCTIONS

1. Every applicant for a vehicle dealer license, must file with such application an executed surety bond in the amount of Ten Thousand and NO/100 Dollars ($10,000.00). (Class "C", "E", "F", & "G" Dealers exempt.)
2. The Department of State has prescribed a standard form of bond for vehicle dealers which is set forth on the reverse side hereof. This bond must be executed by the principal and surety and filed with the Department of State at the time of filing application for vehicle dealer license.
3. This bond must be executed by the principal (dealer) and surety company and filed with the Department of State at the time of filing application for vehicle dealer license. Application for dealer license will not be acted upon until the application, bond and all other required documents are filed, and the appropriate fees paid to the Department of State in Lansing.
4. Each licensee, whether an individual, corporation, or partnership, must be named in the bond as principal. In the case of an individual proprietorship, the individual's name, as well as the name under which business is being conducted, must be listed. In case of partnerships, each individual partner, as well as the name of the partnership itself, must be listed. In the case of corporations, the corporation itself must be shown on the bond but, the officers whose names appear on the application for license, need not be listed on the bond. The location of the business must also be listed. If a licensee is doing business at more than one location within a county, all such locations must be listed.
5. This is a continuous surety bond, the effective date of which may be the date of execution or a later date; however, the bond must be effective at the date of filing of application for a vehicle dealer license even though the license may not be issued until a subsequent date.
6. The bond must be executed by a surety company authorized to do business in Michigan. Every bond must be executed by a resident agent of the company licensed to do business in Michigan. If the agent is a licensed non-resident agent, the bond must also be countersigned by a licensed resident agent.
7. The attorney-in-fact who signs for the surety company must be authorized by the company. A certified copy of the appointment as attorney-in-fact must be attached to the surety bond, or a continuing copy of the appointment as attorney-in-fact must be on file with the Department.
8. The affidavit of the power of attorney must be executed on the same date as the bond, or subsequent to the date of the bond, but not before.
9. A dealer is only authorized to conduct business if a $10,000 bond is in effect. Therefore, if the surety company pays any claim under this bond, it will have the effect of reducing the bond coverage afforded to the dealer by the amount of the claim that is paid. If this occurs, the dealer will no longer be covered by the full, required amount of $10,000. Surety companies are requested to notify the Department of State of the payment of any claims under this bond.