

Automobile Dealer Training Association



Texas Dealer License Start Up Guide

texasdealers.com



DELUS JOHNSON

*Your Dealer Course
Instructor*

OUR GOALS

*Our goal is to prepare you to
apply for your Texas Dealers
License correctly and run your
new business following all
State and Federal laws.*

DEALER PRE-LICENSE COURSE UNITS

*Apply for License
Dealer Ethics & License Suspensions
Secretary of State Registrations/EIN
Titling Vehicles as a Dealer
Use of Dealer Plates & Temp Tags
How to Charge Documentary Fees, Exports
Federal Laws
Financing
Dealer Resources*

CONTACT DETAILS:

*Automobile Dealer Training Association
3232 McKinney Avenue
Suite 500
Dallas, Texas 75204
info@texasdealers.com
texasdealers.com*

How to Obtain a Texas Dealers License

I hope you find this
Dealer Startup Manual
very helpful. I will be
giving your dealer
training course and will
do everything I can to
help you get started in
this incredible business.

Thank you very much,

Delus Johnson

Important Contact Information for Texas Dealers

TxDMV Approved Dealer Pre-License Training
Automobile Dealer Training Association
3232 McKinney
Dallas, Texas 75204
<https://texasdealers.com>

Dealer Licensing Information
888-368-4689
AskDmv@TxDMV.gov

Texas Dealers Section
www.TxDmv.gov/dealers

Regional Service Centers
<https://www.TxDmv.gov/regional-service-centers>

Texas Automobile Dealer Forms
<https://texasdealers.com/texas-dealer-forms.html>

Texas Secretary of State
512-463-5555
corpinfo@sos.texas.gov

Texas Comptroller Offices
<https://comptroller.texas.gov/about/contact/locations.php>

Texas Office of Consumer Credit
512-936-7600
www.occc.texas.gov

Texas Dealer License Startup Guide

Steps to Obtain a Texas Dealer License & Types of Texas Dealer Licenses

Steps to Obtain a Texas Dealer License

1. Take 6-Hour Online Dealer Pre-License Course

Many persons applying for a Texas dealers license for the first time are required to take a 6-hour web-based dealer educational course. The training is required if you will be selling used cars, trucks, motor homes, neighborhood electric vehicles, recreational off-highway vehicles (ROV), all-terrain vehicles (ATVs), and utility vehicles (UTVs).

The dealer pre-license training course must be taken online. Texas law does not allow the course to be given in person or in a classroom, it must be taken online. The course is very easy to take. If you have ever watched a video online then you are prepared to take the dealer training course. You will just create a user name and password, then watch all 6 hours video training content. You can watch all 6 hours today or if you want to watch an hour today, 2 hours tomorrow, and the rest next week, you can do that as well. When you have watched all 6 hours of video training your Official Certificate of Completion will automatically pop up on your screen for your records. Your Certificate of Completion never expires, so if you want to apply for your dealer license today, you can. Or if you keep a copy of your Certificate of Completion, you can apply for your dealer license next month, next year, 5 years from now, or more. Your Certificate of Completion NEVER expires. The Dealer Pre-License Course is only \$149.00. When you are ready to start your new business just visit texasdealers.com.

2. Business Building, Display Area, and Business Sign

Business Building

You must have a place of business to be used for the purpose of selling motor vehicles. The building must meet all local zoning requirements. You must have an office in the building for the operation of your dealership. If the

office is located at a private residence, it must be completely separate from the actual residence and must meet the zoning requirements from that city or county. Your office must include, at minimum, a desk, two chairs, internet access, and a working telephone listed in your dealership name.

Before you rent or purchase a building to operate your dealership you must contact your local planning and zoning office at your city hall or county courthouse to ensure you may operate a dealership at that location. You will learn more about how to satisfy the building requirements in your Automobile Dealer Training Association Dealer Pre-License Course at texasdealers.com.

Display Area

You must have a display area has sufficient space to display 5 of the vehicle types you are selling. For example, if you only selling motorcycles, you would need enough space to display at least 5 motorcycles. If you are selling cars, you would need enough space to display at least 5 cars. If you are selling semi-trucks, you would need enough space to display at least 5 semi-trucks. Those spaces must be reserved exclusively for the retail dealer's inventory and may not be shared or intermingled with another business or a public parking area, a driveway to the office, or another dealer's display area. The display area may be located outside of the building or inside the building. If you are going to operate at night the display area must be illuminated. Wholesale vehicle dealers are exempt from the display area requirement but must still meet all business building requirements as retail dealers.

Business Sign

You will need a permanent business sign which is visible from the public roadway. The dealership name on the sign must be at least 6 inches or larger.

Wholesale dealers must follow all retail dealer license requirements (permanently mounted outside sign with 6-inch letters) but may mount a sign on the office door with 2-inch letters if the landlord does not allow outside signage.

3. Employer Identification Number (EIN)

Before submitting your dealer application, most persons must obtain an Employer Identification Number which is also known as an EIN. This number is used to identify the new business you are starting and will be needed for tax purposes.

Obtaining this number is a very quick and easy step which will only take a few minutes. If a Sole Proprietor has employees, then an Employer Identification Number is needed and may be used. Social Security Numbers may be used if the Sole Proprietor is the only employee of the business. We show you how to apply for your Employer Identification Number in your Automobile Dealer Training Association Dealer Pre-License Course at texasdealers.com.

4. Register with Texas Secretary of State or County

Many dealers must register their business name with the Texas Secretary of State and include copies of each registration with your dealer application. The Texas Secretary of State wants to have a record of every business which is operating in the state of Texas. Sole Proprietors & General Partnerships are excluded however, Sole Proprietors and General Partnerships must file a DBA/Assumed Name Certificate in any county they operate if they are using a name other than their proper name.

Registering your business with the Secretary of State and County filing is covered extensively in your dealer training course. For additional information on registering your business you may contact the Texas Secretary of State Business & Commercial Section via email at corpinfo@sos.texas.gov or call them at 512-463-5555.

5. Dealer Surety Bond

Most persons must obtain a \$50,000 dealer surety bond in order to obtain a Texas Used Motor Vehicle Dealer's License. Bond pricing is based on your credit score can be obtained from an insurance agent or bonding company. With good credit a \$50,000 dealer surety bond will cost about \$300 to \$400 per year. A couple of blemishes on your credit score can increase the price of your dealer surety bond. We cover dealer surety bonds in your Automobile Dealer Training Association Dealer Pre-License

Course at texasdealers.com.

6. Submit Dealer Application at eLICENSING

You must submit your dealer application through the TxDMV eLICENSING website. Your application must be submitted online. The TxDMV no longer accepts dealer license applications by mail.

The application process is quite extensive and must be completed correctly and in its entirety. Mistakes on your dealer application can cause significant delays in your licensing process. We show you how to submit a dealer license application correctly in your Automobile Dealer Training Association Dealer Pre-License Course at texasdealers.com.

7. Maintain Business Hours and Records

Once you receive your dealer license you must maintain hours and records. Retail dealer must be open at least 4 days a week for at least 4 consecutive hours per day. A wholesale dealer must be open at least 2 days per week for at least 2 consecutive hours per day.

You must maintain records on all vehicles purchased, leased, and sold for a minimum of 48 months. Records may be stored either via paper or electronically for a period of at least 4 years. Federal laws require some records be kept at least 5 years. We will review an entire section on exactly what records to keep in your Automobile Dealer Training Association Dealer Pre-License Course at texasdealers.com.

To begin your Texas Dealer Pre-License Course just visit texasdealers.com and click the blue ENROLL NOW button.

Types of Dealer Licenses

Retail General Distinguishing Number (Retail Dealer License)

Retail GDN licenses are the basic dealer licenses which allows a person to buy or sell used motor vehicles and are broken down into 5 categories. GDN licenses are issued for two-year terms. If you want to sell vehicles from multiple categories you will need to have a license for each category.

- **Motor Vehicle.** A motor vehicle GDN allows you to sell used cars, used trucks, used motor homes, used neighborhood electric vehicles, used ATV's, and used recreational off-road vehicles. The license allows you to sell vehicles retail to customers on the lot, or wholesale directly to other dealers or through dealer only auctions. Requires 6-hour training course before applying. All independent motor vehicle GDN license types (excludes wholesale, wholesale auction, and Independent Mobility Motor Vehicle Dealers (IMMV) may operate as a salvage dealer without a separate salvage license as long as you operate only at the same business location for which the GDN license is issued. A Sales & Use Tax Permit, Sales Tax ID number, and NMVTIS number is also required if operating as a Salvage dealer.
- **Motorcycle.** A motorcycle GDN allows you to sell used motorcycles, used mopeds, ATV's, ROV's UTV's, and used autocycles.
- **Travel Trailers.** A travel trailer GDN allows you to sell used travel trailers. A travel trailer is defined as a house trailer-type vehicle or a camper trailer that is a recreational vehicle or that is less than eight feet six inches in width or 45 feet in length, and is designed primarily for use as temporary living quarters in connection with recreational, camping, travel, or seasonal use it is not a permanent dwelling; and is not a utility trailer, enclosed trailer, or other trailer that does not have human habitation as its primary function.
- **Trailer/Semitrailer.** A trailer/semitrailer GDN allows you to sell new or used utility and semitrailers. This is the only GDN category which allows you to sell brand new vehicles without a franchised dealer license.

Independent Mobility Motor Vehicle Dealer

An independent mobility motor vehicle GDN allows you to new and used vehicles which have been converted into mobility vehicles as a

specific location. You must have an agreement with the licensed franchise dealer of the underlying chassis of the mobility vehicle. A mobility motor vehicle is designed to transport a person with a disability. This type of license also requires the applicant hold a converter license

Wholesale General Distinguishing Number (Wholesale Dealer License)

A Wholesale GDN allows you to purchase and sell vehicles to other wholesale dealers only or at dealer auctions. You may not sell a vehicle to a person without a dealer's license, such as a retail customer on a display area. You may never sell a vehicle to the general public with a wholesale GDN. If you hold a wholesale GDN and want to sell vehicles to the general public you will need to amend your license to a retail GDN. If other wholesale dealers are in the same building you will need to move to a new location if you are amending your wholesale GDN to a retail GDN.

Retail and wholesale dealers may not have offices in the same business structure (for example a shared roofline) regardless whether they have a different suite.

Wholesale Motor Vehicle Auction License General Distinguishing Number

A wholesale motor vehicle auction GDN allows the licensee to offer vehicles for sale at a dealer auction.

This license allows the license holder to hold the auctions, not just offer vehicles for sale at an auction.

Franchised Dealer License

A franchised dealer license is required to sell new motor vehicles. A franchised dealer may sell new and used vehicles. They are referred to as a franchisee. A franchise motor vehicle dealer may operate several dealerships in the same city with the same GDN. Each separate location, however, does require a separate franchise license. Franchisees will need to amend their license any time a new line make of motor vehicles is added to the location.

Franchisees are required to obtain a GDN license (even if only selling new vehicles) and Franchised dealers may buy or sell both new and used vehicles. A franchise license is required to sell all types of new motor vehicles including motorcycles, travel trailers, ATVs, and ROVs.

Converter License

A converter license is required if you assemble or install special equipment to a vehicle chassis before offering the vehicle for retail sale. An example of a converted vehicle would be a mobility vehicle designed for a person with a disability.

Salvage Dealer

Allows you to buy or sell 5 or more salvage or non-repairable vehicles a year. Also allows you to rebuild more than 5 salvage motor vehicles a year. Independent GDN's may now operate as a salvage dealer without separate salvage license as long as it is at the same business location for which the GDN license is issued. Rebuilt vehicles must pass inspection to be titled and sold as used motor vehicles using a GDN license.

Manufacturer License

A manufacturer license is required if you assemble or manufacture new vehicles for sale by franchised motor vehicle dealers. Manufacturers are prohibited from selling vehicles directly to the general public. They must sell the vehicles they manufacture to franchisees.

Distributor License

A distributor license is required for anyone which distributes, and or, sells vehicles to franchised motor vehicle dealers. They sometimes act as an intermediary between a vehicle manufacturer and a franchisee.

In-Transit License

Allows drive-a-way operator to transport and deliver a vehicle in Texas from

the manufacturer or another point of origin. Drive-a-way operators may apply for, receive, and attach metal in-transit license plates to the vehicles they transport.

Vehicle Lessor License

A vehicle lessor license is required for any person which offers vehicles for lease of more than 180 days. A dealer may not have the word lease or leasing in the dealership name unless the dealer has a vehicle lessor license. Retail and wholesale license holders and vehicle lessor license holders may not share an office.

Lease Facilitator License

A lease facilitator license acts as a leasing agent for a vehicle lessor licensee. This person acts as an intermediary between the vehicle lessor and a person leasing a vehicle.

Before you receive your dealer license from the TxDMV, the TxDMV must review your criminal history and the criminal history of all owners and managers listed on the license. The existence of a criminal history does not automatically disqualify a person from gaining a dealer's license. The TxDMV will review criminal history on a case-by-case basis.

Any dealer that offers assistance with any type of financing must be licensed with the Texas Office of Consumer Credit Commissioner. You can obtain the license at www.occ.texas.gov or you may call 512-936-7600 for further information. We will cover licensing with the Office of Consumer Credit Commissioner extensively in your Automobile Dealer Training Association Dealer Pre-License Course at texasdealers.com.

When you are ready to change your life, visit texasdealers.com and click on the blue ENROLL NOW button. Good Luck with Your New Business!!!