



**SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES  
PROCEDURE DE-004 – LICENSING OF RETAIL AND WHOLESALE  
DEALERS AND WHOLESALE MOTOR VEHICLE AUCTIONS**

**TITLE:** Licensing of Retail and Wholesale Dealers and Wholesale Motor Vehicle Auctions

**SECTION OF LAW:** §56-15-10 through §56-15-600; §37-2-308; §56-3-210(c); §56-16-140(A); **§56-14-30**

**LEGAL AUTHORITY:** §56-1-5, [16 CFR Part 455](#)

**PROCESS REFERENCE:** [DE1-1.1](#), [DE1-1.5](#)

**EFFECTIVE DATE:** **08/13/2018**

**REPLACES PROCEDURE DATED:** **01/08/2018**

**RELATED PROCEDURES:** N/A

**PROCEDURE ESTABLISHMENT DATE:** 11/08/2010

**CONTACT/TELEPHONE:**

Dealer Licensing and Audit Unit (803) 896-2611

**PROCEDURE SUMMARY**

**DESCRIPTION:** To establish guidelines for evaluating applications for retail, wholesale and wholesale motor vehicle auction licenses.

**APPLIES TO:** First time applications for wholesale and retail dealer licenses and wholesale motor vehicle auction licenses.

**EXCEPTIONS:** N/A

**AFFECTED PARTIES:** Applicants for retail dealer, wholesaler or wholesale motor vehicle auction licensing.

**PROCESSING OFFICES:** Dealer Licensing and Audit Unit

**REQUIRED ACTION:**

- Managers are required to have employees read this procedure and complete the electronic Policy/Procedure Acknowledgement on the Intranet if it applies to the employee's job duties. Supervisors/managers must maintain Policy/Procedure Acknowledgement reports for their areas.
- Employees are responsible for reading, electronically acknowledging and following this procedure if it applies to your job duties.

**ATTACHMENTS:**

- [Form DLA-1](#) Application for a Dealer or Wholesaler License
- [Form DLA-1B](#) Motor Vehicle Dealer and Wholesaler Surety Bond
- [Form DLA-1C](#) Certification of Vehicles Sold by Dealer
- [Form DE-004A](#) Wholesale Dealer Agreement
- [Form AD-808A](#) Affidavit of Eligibility

**APPLICABLE FEES:** \$50.00 for license fee; \$20.00 for motor home temporary permit; \$20.00 per dealer plate

**APPROVED BY:**

**SCDMV Inspector General**

**Date Signed:** **July 30, 2018**



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**CHANGE HISTORY**

Date	Version	Page Number	Description
07/30/2018	DE-004.11	1; 5-11;13; and 15	Additions: New section of law on page 1. New definition on page 5. Updated table on page 6. Removed references to travel trailers and the SLED CATCH Report throughout. Slight changes on pages 7-11, 13, and 15.
01/08/2018	DE-004.10	5	Added travel trailer definition from the Dealer Manual
10/24/2017	DE-004.9	5	Added Manufacturer definition (that was approved by E. Sims Floyd, Exec. VP of SC Automobile Dealers Assn.) and revised Motor Home definition to match SC Code of Law §56-14-10
		11	Corrected and added manufacturer content and table to section G-#2 (The amended Bill S488 allows the issuance of dealer plates after the initial 15 sales (during the preceding 12 months) instead of 20.)
		12	Added dealer qualifications and prohibitions to G-#3 - 5
		12	Corrected content of plate allowances to Dealer Table
		12-13	Added Dealer Plate Restrictions to Section G-#8
09/09/2016	DE-004.8	11	Corrected items #4 and #5 in section J. <ul style="list-style-type: none"> <li>Valid commercial (garage) liability insurance is only required if applying for demonstration plates.</li> <li>If the bonding information has changed when renewing a dealer license, forward the original bond and power of attorney to the Dealer Licensing unit.</li> </ul>
06/21/2016	DE-004.7	5 & 11	The Affidavit of Eligibility form number changed from AD-020A to AD-808A.
05/23/2016	DE-004.6	5	Corrected matrix - wholesale auto auction is required to provide diagram of their location. Added requirement to matrix for all dealers and wholesalers to provide a city or county business license or letter. This is also a requirement for all name or address changes.
		6	Removed the following rule: <i>All businesses operating from the fixed location must primarily be engaged in the selling, leasing, rental or service of motor vehicles.</i>
01/11/2016	DE-004.5	12	Added Section J Dealer License Renewal Standard
01/07/2015	DE-004.4	ALL	Changed references to “temporary dealer’s license” to “temporary dealer’s permit”.
		1	Added §56-16-140(A) to Section of Law.
		6	Section III. A. 1. Changed wording for Diagram in table to “Diagram of structure and office area to include address of where records are stored”
		9	Added Section III. C. 17. Regarding exhibitions for motorcycle licensed retail dealer with a temporary dealer’s permit.
		13	Added Section I. Dealership Overflow or Extension Lot
03/31/2014	DE-004.3	5	Added matrix of required documents for each type of license
03/25/2013	DE-004.2	6	Replaced III. B. 3. A. 4 with new information Information added at the beginning of III. B. 3. A. 7
07/24/2012	DE-004.1	6	Added III A. #6: Use form 452 to replace plates.
		7	Added III C. under #16 a): The fee for a temporary license plate is \$20.00.
		8	Converted from policy to procedure with changes from Newsbreak dated November 22, 2004.



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		9	Added D. #11: The Customer Service Representative (CSR) will retrieve the list of vehicles sold the previous 12 months from the system to issue the appropriate number of dealer demonstration plates. EVR participants may use the CVR Sales Volume Certification Letter in lieu of form DLA-1C. If there are additional sales (e.g., out-of-state) outside this report, form DLA-1C or other documentation may be used to document vehicle sales.
		10	Added Section G: Requirements to obtain dealer plates.
11/08/2010	NEW	ALL	Policy establishes guidelines for reviewing proposed facilities for applicants for retail and wholesale dealer licenses and wholesale motor vehicle auction licenses.



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## SECTION I: DEFINITIONS

**Consignment Sale:** A trading arrangement in which a seller sends a motor vehicle or authorizes the sending of a motor vehicle to a buyer or reseller who pays the seller only when the motor vehicle is sold. The seller remains the owner of the motor vehicle until it is paid in full and takes back the motor vehicle after a certain period should the motor vehicle remain unsold.

**Established Place of Business:** The official business location of the applicant or licensed entity that has a unique physical address recognized by the United States Postal Service (USPS) as the business address for the licensed entity.

**Fixed Location:** A physical permanent structure (building) which may contain one or more established places of business.

**Lawful Ownership Documents:** A Manufacturer's Statement of Origin, title to the vehicle, or secured bill of sale clearly showing the name and address of the person owning the vehicle as well as vehicle identifying information prescribed by law properly assigned to the buyer. The Department of Motor Vehicles (DMV) may request additional documentation showing *bona fide* proof of ownership.

**Manufacturer Program:** A program where franchise dealerships, licensed in South Carolina, provide consumers whose vehicle is being serviced or repaired by the dealership a loaner vehicle with a dealer demonstration plate. The vehicle displaying the license plate must meet two conditions: 1) the dealer is part of a manufacturer program and 2) the loaner vehicle along with the plate is given to the consumer, by the dealer, at no charge for no more than thirty days.

**Motor Home:** A self-propelled vehicle designed to provide temporary living quarters for recreational, camping, or travel use that complies with all applicable federal vehicle regulations and fitting requirements detailed in SC Code of Law §56-14-10.

**Off-Premise:** A site other than the approved licensed business location.

**Principal Business:** The main commerce conducted by each established place of business at the fixed location for which the business is licensed.

**Recreational Vehicle:** A motor home, travel trailer, fifth-wheel trailer, or folding camping trailer designed to provide temporary living quarters for recreational camping or travel use.

**Retail Buyer:** Any person or entity other than a retail dealer or wholesaler. Retail buyers include commercial entities that purchase multiple vehicles for use of the commercial entity.

**Retail Dealer:** Any person or entity selling or attempting to affect the sale of any motor vehicle to commercial or individual customers other than other dealers or wholesalers. Specific exemptions to the definition of "dealer" are listed in SC Code of Laws §56-15-10(h).

**Travel Trailer:** A vehicle (except motor homes) mounted on wheels designed without motor power towed by a motor vehicle and not measuring more than 8ft. wide or 35ft. long in travel mode, designed to provide temporary living quarters for recreational, camping, and travel use and designed not to require permanent on-site utilities.

**Wholesaler:** Any person or entity selling or attempting to affect the sale of any used motor vehicle exclusively to motor vehicle dealers or to other wholesalers.

**Wholesale Motor Vehicle Auction:** An entity in the business of providing auction services in wholesale transactions at its licensed established place of business, and which does not buy, sell, or own the motor vehicles it auctions in the ordinary course of its business.

## SECTION II: PURPOSE/BACKGROUND

This procedure establishes guidelines the DMV will follow in evaluating the physical location of retail and wholesale dealerships and wholesale motor vehicle auctions applying for a license under SC Code of Laws. The procedure further details the distinctions among retail and wholesale dealerships and wholesale motor vehicle auctions and the requirements for obtaining a license for each of these entities.



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The procedure is intended to establish uniform standards for the licensing of dealers, wholesalers and wholesale motor vehicle auctions based on existing statute.

**SECTION III: GUIDELINES**

**A. GENERAL PROVISIONS**

1. Before engaging in business as a retail dealer, wholesaler, or wholesale motor vehicle auction in this State, a person must first complete and take their application to the DMV (for a license) on the prescribed forms and must meet the requirements prescribed by the DMV in this procedure and in other DMV documents before a license will be issued.

Required documents for the type of license being requested	Motorcycle Dealer	Retail Dealer	Recreational Vehicle Dealer	Wholesale		
				Auto Auction	Dealer	Motor cycle
<a href="#">Form DLA-1 Application for a Dealer or Wholesaler License</a>	X	X	X	X	X	X
<a href="#">Form AD-808A: Affidavit of Eligibility</a> for each owner owning 10% or more of the business	X	X	X	X	X	X
<b>S2Verify National Criminal Search Report</b> for each owner owning 10% or more of the business. Report cannot be more than 90 days old.	X	X	X	X	X	X
Current proof of garage liability insurance if applying for dealer demonstration plates	X	X	X	X	X	X
<a href="#">Form DLA-1B: Motor Vehicle Dealer and Wholesaler Surety Bond</a> with Power of Attorney in the amount of:	<b>\$15,000</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$15,000</b>	<b>\$30,000</b>	<b>\$15,000</b>
Diagram of your location to include building and display area	X	X	X	X		
Copy of SC Department of Revenue Retail License	X	X	X			
City or county business license or letter from the city or county stating a license is not required for the trade name dba and location of dealership. Also required for all name or address changes.	X	X	X	X	X	X
Original Pre-Licensing Course Certificate		X				
Diagram of structure and office area to include address of where records are stored					X	X
<a href="#">Form DE-004A: Wholesale Dealer Agreement</a>					X	X

2. Each license issued expires 12 months from the month of issue and must be displayed prominently at the established place of business. The license applies to only one place of business of the applicant and is not transferable to another person or place of business.
3. During a license year, if there is a change in the information that a licensee gave the DMV to obtain or retain a license the licensee shall, within 30 days of the change, report the change to the DMV on a form it requires.
4. The fee for the license is \$50.00 dollars.



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5. The DMV reserves the right to suspend, revoke, cancel or decline renewal on any licensee that fails to meet these requirements at time of application or to maintain these requirements throughout the life of the license.
6. Request for replacement plates must be completed by dealers using DMV [Form 452: Application to Replace License Plate or Expiration Year Decal](#). Upon completion, the form should be sent to the Dealer Licensing and Audit Unit.

### B. LOCATION GUIDELINES

1. Any entity applying for a retail, wholesale or wholesale motor vehicle auction license must follow these guidelines:
  - a) The applicant must maintain an established place of business with a separate business address for which the license will be issued (if approved).
  - b) The applicant must apply for a separate license for each established place of business. If approved, the license will be issued for and must be displayed at that established place of business only.
  - c) The application for any license must include a diagram on regular letter size paper (8 ½" x 11") that indicates the office area and the vehicle display area and/or lot with dimensions detailing the office space and surface area of the display area.
2. All motor vehicles can only be offered for sale at the licensed location of the retail dealer, wholesaler, or wholesale motor vehicle auction. Exceptions for the sale of recreational vehicle dealers are listed below in Section III C.16.
3. Licensees sharing the same fixed location (physical structure). Multiple licensees subject to licensing (retail dealer, wholesaler, and wholesale motor vehicle auction) can have an established place of business located in the same fixed location (physical structure) provided that the following conditions are met and remain in effect throughout the life of the license:
  - a) Multiple licensees – Different Businesses
    - 1) The principal business of the entity requesting the license is the selling or exchanging of motor vehicles.
    - 2) All established places of business located within the same fixed location (building) must be physically separated from each other by interior walls.
    - 3) For any fixed location housing multiple licensees, each licensee must at minimum maintain an entrance which either opens to common or public areas within the building or opens to a discrete separate entrance to the outside of the building. Nevertheless, any retail dealer licensee housed in a fixed location with other licensees must maintain a separate entrance from the outside for customer access.
    - 4) Each business must maintain a separate business address assigned by USPS. Address must be the same address appearing on the license application, surety bond, and Department of Revenue Retail License or Exemption Certificate.
    - 5) Multiple retail and/or wholesale dealerships and/or wholesale motor vehicle auctions sharing separate established places of business at the same fixed location must also clearly physically separate and clearly mark each licensee's inventory display area so that buyers know which inventory is being offered by which licensee.
    - 6) For any fixed location housing multiple licensees of which one or more are retail dealer licensees, the physical display area for each entity sharing a fixed location must be clearly identifiable by the DMV and the public (as the display area for the licensee) and must be physically separated from other entities' or licensees' display or parking areas. Physical separation of the premises does not need to be expensive and permanent as a brick wall or fence. It must be more than a moveable barricade, painted pavement, or curb marking.
    - 7) A separate business entity operating as a wholesaler or wholesale motor vehicle auction, sharing a fixed location with a different retail dealer's business operation - according to the above requirements - must physically separate the wholesale vehicle display area from the retail display





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area and must restrict access to the wholesale vehicle display area to retail dealers or wholesalers only.

- 8) The DMV reserves the right to deny any physical barrier used to identify the display area in a shared fixed location if, in its opinion, any of the above requirements are not met.
- b) Multiple licensees—Same business holding both retail and wholesale auto auction license at same fixed location (same business address)
  - 1) A wholesale motor vehicle auction and a retail motor vehicle dealer operating from the same building and owned by the same entity must be licensed and bonded separately.
  - 2) While the same business entity operating under both a retail and wholesale motor vehicle auction license are not required to maintain separate business addresses or separate entrances for their retail and wholesale vehicle operations, signage within the dealership should clearly direct retail buyers to the appropriate processing area.
  - 3) A retail dealership also operating a wholesale motor vehicle auction in the same fixed location must clearly mark the inventory offered for sale by the retail dealership licensee. This is because only retail dealers can sell to the retail public and because they can only sell or offer for sale vehicles that are owned by the retail dealership as described below. This designation can take the form of signage affixed to the vehicle that designates the vehicle as owned by the retail dealership. This signage must be placed on the vehicle before it is offered for sale to a retail buyer.
  - 4) Motor vehicles being offered for sale to the public by a retail motor vehicle dealer must display a Buyer's Guide according to federal regulations. It is the dealer's responsibility to ensure that the dealership follows the guidelines in "A Dealer's Guide to the Used Car Rule," issued by the Federal Trade Commission, pursuant to the Used Motor Car Rule, 16 C.F.R. 455.

### C. ADDITIONAL REQUIREMENTS FOR RETAIL DEALER LICENSES

1. A retail dealer license authorizes the dealer to sell vehicles to the general public as well as to other retail dealers and wholesalers. A retail dealer who intends to sell vehicles wholesale does not need to obtain a separate wholesale license.
2. The dealer's place of business must display a permanent sign with letters at least six inches in height, clearly readable from the nearest major avenue of traffic. The sign must clearly identify the licensed business.
3. The established place of business must contain at least 96 square feet of office floor space. A retail dealer's established place of business may not be a residence, tent, temporary stand, or other temporary quarters, but may be a permanently installed mobile home.
4. The office floor space must be actually occupied by the applicant and must be easily accessible to the public or DMV agent so the public or agent may contact the owner or operator at all reasonable times. Hours of operation must be clearly posted on the physical structure housing the office space, and the operator must be available to the public or agent during the posted hours.
5. Retail dealers must also have 2,000 square feet of combined interior and exterior display space suitable for the display of motor vehicles, contiguous to the established place of business. This area must be separated from other businesses and clearly identifiable to the DMV and the public.
6. A dealer must apply for a separate dealer license for each established place of business. If approved, the dealer license will be issued for and displayed at the place of business only.
7. Retail dealers may not place or exhibit vehicles in the display area of another retail dealer or wholesaler, nor are consignment sales of motor vehicles allowed at any licensed location.
8. The DMV reserves the right to deny the license of a retail license applicant if the name of the dealership could imply that the dealership is selling vehicles wholesale to the public as this represents an unfair trade practice. Retail dealers are required to collect appropriate **IMF fees** on all motor vehicle sales to the retail public.
9. The DMV may refer to the Department of Consumer Affairs or Department of Revenue any licensed dealership whose business signage could imply that the dealership is selling vehicles wholesale to the public.





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10. Vehicles may only be offered for sale at the licensed location and must be owned by the licensed retail dealer. A transfer of ownership to the dealer may be accomplished through the assignment and transfer of lawful ownership documents into the dealer's name. Any vehicle for which ownership has not been properly transferred to the retail dealer cannot be offered for sale. Transfer of vehicles from one dealer to another dealer can be accomplished through assignment on secured bills of sale.
11. In cases where a secured bill of sale is presented as evidence of lawful ownership in the absence of a supporting Manufacturer's Statement of Origin or title to the vehicle, the DMV may request, and dealers and wholesalers should maintain, additional evidence of bona fide ownership including, without limitation, evidence of payment and/or receipt of purchase price or other exchange of consideration of the underlying sale, evidence of inquiry or correspondence designed to pay off or remove prior liens, evidence of powers of attorney for purposes of sale, odometer disclosure, or titling.
12. Motor vehicles being offered for sale to the public by a retail motor vehicle dealer must display a Buyer's Guide according to federal regulations. It is the dealer's responsibility to ensure that the dealership follows the guidelines in "A Dealer's Guide to the Used Car Rule" issued by the Federal Trade Commission pursuant to the Used Motor Car Rule, 16 C.F.R. 455.
13. Retail dealers may auction vehicles they own to the retail public at their licensed location only; however, retail dealers may not offer for sale to the retail public at auction or otherwise attempt to effect consignment sales of vehicles from individuals, other retail dealers, wholesalers or any other entity.
14. Regardless of the method through which a retail dealer is offering a vehicle for sale (on site sale, on-site auction, print or electronic media including, but not limited to print advertising, radio, television, or the internet), the vehicle must be located at and available for viewing by the public or the DMV at the dealer's licensed location and required paperwork must support that the licensed dealership owns that vehicle.
15. A retail dealer who desires to dispose of pre-existing inventory of motor vehicles while the retail dealer license is expired, suspended, revoked, or otherwise inactive may only sell motor vehicles through a licensed wholesale motor vehicle auction; however, a retail dealer may not purchase additional vehicles if the retail license is expired, suspended, revoked or inactive.
16. A licensed **recreational vehicle** dealer may exhibit and sell at fairs, recreational or sports shows, vacation shows, and other similar events or shows upon obtaining a temporary **RV** dealer's permit for that temporary display location only.
  - a) Every temporary dealer's permit issued is valid for a period not to exceed ten consecutive days and must be prominently displayed at the temporary place of business. The fee for a temporary **RV** dealer permit is \$20.00.
  - b) No dealer may purchase more than six temporary permits in any one licensing period.
  - c) A temporary permit applies to only one **licensed RV** dealer operating in one authorized temporary location for a fixed period of time and is not transferable to any other dealer or location.
17. A motorcycle licensed retail dealer may exhibit motorcycles at fairs, recreational or sports shows, vacation shows, and other similar events or shows upon obtaining a temporary dealer's permit for that temporary display location only.
  - a) Every temporary dealer's permit issued is valid for a period not to exceed ten consecutive days and must be prominently displayed at the temporary place of business. There is no fee for a temporary motorcycle dealer permit.
  - b) No dealer may receive more than six temporary permits in any one licensing period.
  - c) A temporary permit applies to only one licensed dealer operating in one authorized temporary location for a fixed period of time and is not transferable to any other dealer or location.
18. Pre-licensing education for non-franchise dealers
  - a) All first time, non-franchise dealers must attend **an eight hour** pre-licensing **course** before being issued a retail license.
  - b) In order to meet this pre-licensing requirement, at least one owner listed on the application must complete the pre-licensing education course.



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- c) Any non-franchise dealer seeking an additional license or seeking to license a new location must also attend this pre-licensing education unless the owner previously attended as reflected in DMV records.
- d) A franchise dealer seeking a dealer license for a non-franchise operation at a different location from his franchise dealership is exempted from this requirement provided that all owners of the franchise are also the same and only owners of the non-franchise operation.
- e) Rental or salvage companies required to operate as dealers are exempt from this pre-licensing education requirement.

### D. ADDITIONAL REQUIREMENTS FOR WHOLESALE DEALER LICENSES

1. A wholesale motor vehicle dealer license authorizes the dealer to sell motor vehicles to licensed dealers and wholesalers only.
2. A wholesale dealer's established place of business may not be a tent, temporary stand, or other temporary quarters.
3. Vehicles offered for sale at the licensed location must be owned by the licensed wholesaler. A transfer of ownership to the wholesaler can be accomplished through the assignment of lawful ownership documents into the wholesaler's name. Any vehicle not properly assigned in the wholesaler's name cannot be offered for sale.
4. In cases where a secured bill of sale is presented as evidence of lawful ownership in the absence of a supporting Manufacturer's Statement of Origin or title to the vehicle, the DMV may request, and dealers and wholesalers should maintain, additional evidence of *bona fide* ownership including, without limitation to, evidence of payment and/or receipt of purchase price or other exchange of consideration of the underlying sale, evidence of inquiry or correspondence designed to pay off or remove prior liens, evidence of powers of attorney for purposes of sale, odometer disclosure, or titling.
5. Wholesalers may not offer for sale (in any manner) or have vehicles exhibited to individuals or entities that are not licensed motor vehicle retail or wholesale dealers.
6. A wholesale dealer who desires to offer, attempt to sell, or exhibit a motor vehicle in any form or manner to any person or entity other than a licensed retail or wholesale dealer must obtain a retail dealer license.
7. Wholesalers may not place vehicles for sale on a retail dealers licensed location or lot through any consignment, floor plan, or other agreement with a retail dealer that does not include the assignment of ownership from the wholesaler to the retail dealer prior to the display of the vehicle for retail sale.
8. Wholesalers sharing a fixed location with another retail or wholesale dealer may not place or exhibit vehicles in the display area of another dealer or wholesaler. Vehicles for sale by the wholesale dealer must be separated from the inventory of other dealers at that fixed location as prescribed in Section III.B.3.a., above.
9. A wholesale dealer is not authorized to have printed or to issue temporary license plates, pursuant to S.C. Code of Law §56-3-210(C), since a wholesaler is not authorized to sell to a retail buyer, and the requirements for a temporary license plate apply to the first retail purchase of the vehicle.
10. A wholesale dealer who desires to dispose of pre-existing inventory of motor vehicles while the wholesale dealer license is expired, suspended, revoked, or otherwise inactive may only sell motor vehicles at a licensed wholesale motor vehicle auction; however, a wholesale dealer may not purchase additional vehicles if the wholesale license is expired, suspended, revoked or inactive.
11. The Customer Service Representative (CSR) will retrieve the list of vehicles sold the previous 12 months from the system to issue the appropriate number of dealer demonstration plates. EVR participants may use the CVR Sales Volume Certification Letter in lieu of Form DLA-1C. If there are additional sales (e.g., out-of-state) outside this report, Form DLA-1C or other documentation may be used to document vehicle sales.

### E. ADDITIONAL REQUIREMENTS FOR WHOLESALE MOTOR VEHICLE AUCTIONS

1. Wholesale auto auctions sharing a fixed location with another retail or wholesale dealer may not place or exhibit vehicles in the display area of another dealer or wholesaler. Vehicles for sale by the wholesale dealer must be separated from the inventory of other dealers at that fixed location as prescribed in Section III.B.3.a., above.



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2. When a transfer of title is made as a result of a transaction at a wholesale motor vehicle auction, the reassignment of title or bill of sale must note the name and address of the wholesale motor vehicle auction. However, the wholesale motor vehicle auction is not deemed to be the owner, seller, transferor, or assignor of title of a motor vehicle by reason of its name appearing on a reassignment of title or bill of sale or by reason of its payment of a guarantee of payment to a seller, receipt of payment from a purchaser, or the reservation of a lien or security interest for the purpose of securing payment from a purchaser.
3. A wholesale motor vehicle auction is not prohibited from buying or selling motor vehicles in its own name. However, in that instance, it shall comply with the provisions of South Carolina law pertaining to reassignment and delivery of title documents and disclosures to wholesale buyers.
4. A motor vehicle retail or wholesale dealer licensed by this or another jurisdiction may purchase or sell motor vehicles at a wholesale motor vehicle auction. A person may purchase or sell motor vehicles at a wholesale motor vehicle auction if required by an agency of government or by law.
5. In addition to retail or wholesale dealers, the following may also sell motor vehicles through a wholesale motor vehicle auction if the motor vehicles are acquired as an incident to regular business: manufacturers, marine dealers, motor vehicle rental businesses, motor vehicle lease businesses, recreation vehicle dealers, sellers of motor vehicle fleets, public officers while performing their official duties, receivers, trustees, administrators, executors, guardians, insurance companies, banks, finance companies, and other loan agencies or their agents.

### F. SURETY BOND

1. Each licensed location of a motor vehicle retail dealer or wholesaler must have a surety bond in the amount of \$30,000 dollars. The posted surety bond for a wholesale motor vehicle auction **or** motorcycle dealer must be \$15,000 dollars. The **original** bond must be given to the DMV on SCDMV Form DLA-1B and executed by the applicant as principal and by a corporate surety company authorized to do business in this State as surety.
2. The bond must be conditioned upon the applicant or licensee complying with the statutes applicable to the license and as indemnification for loss or damage suffered by an owner of a motor vehicle, or his legal representative by reason of fraud practiced or fraudulent representation made in connection with the sale or transfer of a motor vehicle by a licensed retail dealer or wholesaler or the retail dealer's or wholesaler's agent acting for the dealer or wholesaler or within the scope of employment of the agent or loss or damage suffered by reason of the violation of dealer licensing statutes by the retail dealer or wholesaler or his agent.

### G. DEALER PLATES

1. Once an individual becomes a licensed dealer or wholesaler, he or she may purchase dealer (demonstration) plates from their local DMV.
2. If a dealer has been in business one year, he/she may purchase dealer plates based on the number of vehicles sold in the preceding 12 months. (**Example:** Upon the first 15 vehicles sold during the preceding year, a dealer may purchase two dealer plates; for each 15 additional vehicles a dealer sells beyond the initial 15, he/she may purchase one additional plate.)

A dealer participating in a *manufacturer program* may purchase two dealer plates upon the first 15 vehicles sold and may purchase two additional plates for each 15 vehicles sold beyond the initial 15 sales (during the preceding year). The table below specifically shows the comparison of dealer plates purchased, **based on a dealer's (non)participation in a manufacturer's program.**



**SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES  
PROCEDURE DE-004 – LICENSING OF RETAIL AND WHOLESALE  
DEALERS AND WHOLESALE MOTOR VEHICLE AUCTIONS**

	<b>Can Purchase 2 Plates?</b>	<b>Conditions to Purchase 2 Plates?</b>	<b>Can Purchase <u>Additional</u> Plates?</b>	<b># of <u>Additional</u> Plates Can Purchase?</b>
<b>DEALER (<i>NOT PARTICIPATING</i> in Manufacturer Program)</b>	YES	Must sell 15 vehicles during the preceding year	YES	<b>One</b> additional plate may be purchased for each 15 vehicles sold <i>beyond the initial 15</i> (during the preceding year)
<b>DEALER (<i>PARTICIPATING</i> in Manufacturer Program)</b>	YES	Must sell 15 vehicles during the preceding year	YES	<b>Two</b> additional plates may be purchased for each 15 vehicles sold <i>beyond the initial 15</i> (during the preceding year)

- A dealer cannot qualify for a third plate until he/she sells 30 vehicles (15 vehicle sales plus an additional 15 vehicle sales). This formula will vary depending upon the type of dealer plate that is purchased.
- NOTE:** Dealers licensed **less than one year** shall be issued a number of dealer plates based on estimated sales for the coming year. The Department may increase or decrease the number of plates issued based on actual sales made. The sales requirement may be waived by the Department if the dealer has been licensed for **less than one year**.
- PROHIBITED:** The transfer of ownership of a motor vehicle between the same individual or corporation, more than once, is considered one sale. **Multiple transfers of motor vehicles between licensed dealers— for the purpose of meeting eligibility requirements—for motor vehicle dealer plates is prohibited.**

The table below lists the types of dealer plates available for all dealers:

<b>DEALER TYPE</b>	<b>DEALER PLATE INFORMATION</b>	<b>SPECIAL RESTRICTIONS</b> (Other restrictions listed below)
Auto, Motorcycle, or RV Dealers and/or Wholesalers	Two plates may be purchased after 15 sales. One additional plate may be purchased for each 15 sales, beyond the initial 15. No maximum limit on purchase.	Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to seven days with a demo certificate.
Heavy Trucks	No minimum sales required. No maximum limit on purchase.	May only be used on heavy trucks (16,000 lbs. or greater.) Dealers are restricted from carrying cargo. Purchasers may carry cargo for up to three days with a demo certificate.
Antique Dealer	Plates may be purchased after five sales. Purchases are not restricted by formula. No maximum limit on purchase.	May only be used on antique vehicles (30 years old or older).
Wholesale Auto Auction	Two plates may be purchased after 15 sales. One additional plate may be purchased for each 50 sales, beyond the initial 15. Maximum limit is 75 plates.	Use to transport vehicles in the course of doing business.

- The Customer Service Representative (CSR) will retrieve the list of vehicles sold the previous 12 months from the system to issue the appropriate number of dealer demonstration plates. EVR participants may use the CVR Sales Volume Certification Letter in lieu of form DLA-1C. If there are additional sales (e.g., out-of-state) outside this report, Form DLA-1C or other documentation may be used to document vehicle sales.
- Dealer plates cost \$20 per plate.



## SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES PROCEDURE DE-004 – LICENSING OF RETAIL AND WHOLESALE DEALERS AND WHOLESALE MOTOR VEHICLE AUCTIONS

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### 8. DEALER PLATE RESTRICTIONS

The use of dealer plates is limited to vehicles that are:

- a) owned by the dealership;
- b) assigned to the dealership;
- c) issued to prospective buyers for test-driving purposes; (Dealer plates are for demonstration vehicles and cannot be used on wreckers, rollbacks, leased, rented, or service vehicles. The vehicle (except heavy trucks) cannot perform a commercial service.)
- d) being serviced or repaired by the dealership—provided the loaner vehicle displaying the license plate is:
  - i. part of a manufacturer program and
  - ii. given to the consumer, by the dealer, at no charge for no more than thirty days.

### H. RECORD KEEPING REQUIREMENTS

#### 1. Retail Dealers and Wholesalers

- a) Every dealer or wholesaler shall keep complete records of each transaction under which a motor vehicle is transferred for a period of not less than four years from the date of the transaction.
- b) These records must be open at all reasonable times for inspection and copying by the Department of Motor Vehicles or any of its duly authorized agents.
- c) For purposes of identifying ownership of vehicles bought and sold by a retail dealer or wholesaler, lawful ownership documents must clearly show the buying and selling dealership in the chain of ownership.
- d) The retail dealer or wholesaler must maintain a file on each motor vehicle offered for sale or exhibited that includes complete and lawful ownership documents showing the true name and correct address of the person or persons from whom the motor vehicle was acquired and the date of purchase along with a correct description of the vehicle which includes the vehicle identification number, make, model, type of body, and the odometer reading at the time the motor vehicle was transferred to the dealer.
- e) Upon selling a vehicle, a retail dealer or wholesaler must add to the vehicle's file a copy of complete and lawful sale documents showing the true name and correct address of the person or persons to whom the motor vehicle was sold and the date of sale along with a correct description of the vehicle which includes the vehicle identification number, make, model, type of body, and the odometer reading at the time the motor vehicle was sold by the dealer.
- f) A retail dealer or wholesaler who no longer occupies or conducts business at a licensed location must surrender the license within 10 days of ceasing business at that location and notify the DMV in writing where the required records will be maintained.
- g) Licensees may maintain electronic versions of required records if, at the licensed location, the licensee provides the DMV's agent access to the licensee's electronic document system that allows the agent to independently view and print legible copies of any required records.

#### 2. Wholesale Motor Vehicle Auctions

- a) A wholesale motor vehicle auction shall establish and retain at its primary place of business complete records of each transaction for five years following the date of sale of each motor vehicle.
- b) The records must show the name of the most recent owner other than the wholesale motor vehicle auction, the name of the buyer, the vehicle identification number, and the odometer reading on the date which the wholesale motor vehicle auction took possession of the motor vehicle.



## SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES PROCEDURE DE-004 – LICENSING OF RETAIL AND WHOLESALE DEALERS AND WHOLESALE MOTOR VEHICLE AUCTIONS

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### I. DEALERSHIP OVERFLOW OR EXTENSION LOT

1. Overflow or extension lot should be directly related to the licensed location, i.e. across the road and not obscured by any means and separated only by a street/roadway. So as if it were not for the street/roadway the overflow lot would be connected to the licenses lot.
2. There should be NO physical obstructions that would limit the consumer access.
3. Vehicles must be labeled with the manufacturers Maroney sticker, and also other identifying stickers and advertisements that clearly state who the vehicle is being sold by.
4. “Overflow lots” must adhere to the same rules and laws that apply to a licensed dealership.
5. “Overflow” lots must be easily accessible to the public.
6. An 18” x 24” sign must be clearly visible stating the lot name as well as “Overflow” or “Inventory Extension”.

### J. DEALER LICENSE RENEWAL STANDARDS

The following documents are required to renew a dealer’s license. Reference [Business Process DE1-1.5: Renewing Dealer License](#).

1. [Form DLA-1: Application for a Dealer or Wholesaler License](#)
2. [Form DLA-1C: Certification of Vehicles Sold by Dealer](#) or equivalent for out of state sales or dealer to dealer sales.

S2Verify National Criminal Search Report on any individual who owns or controls 10% or more of the business.

1. Valid Commercial (garage) liability insurance, if applying for demonstration plates.
2. Original Bond and Power of Attorney are only required if the bonding information has changed.  
**NOTE:** This must be forwarded to the Dealer Licensing and Audit Unit.
3. [Form AD-808A: Affidavit of Eligibility](#) to be submitted on any individual who owns or controls 10% or more of the business and is not a United States citizen.