

2 **SSB 6173** - H COMM AMD **ADOPTED 2-29-96**
3 By Committee on Transportation

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 46.70.023 and 1995 c 7 s 1 are each amended to read
8 as follows:

9 (1) An "established place of business" requires a permanent,
10 enclosed commercial building located within the state of Washington
11 easily accessible at all reasonable times. (~~An established place of~~
12 ~~business shall have an improved display area of not less than three~~
13 ~~thousand square feet in or immediately adjoining the building, or a~~
14 ~~display area large enough to display six or more vehicles of the type~~
15 ~~the dealer is licensed to sell, whichever area is larger.)) The
16 business of a vehicle dealer(~~, including the display of vehicles,~~
17 ~~may~~) must be lawfully carried on at an established place of business
18 in accordance with the terms of all applicable building code, zoning,
19 and other land-use regulatory ordinances. A vehicle dealer may display
20 a vehicle for sale only at its established place of business, licensed
21 subagency, or temporary subagency site, except at auction. The dealer
22 shall keep the building open to the public so that (~~they~~) the public
23 may contact the vehicle dealer or the dealer's salespersons at all
24 reasonable times. The books, records, and files necessary to conduct
25 the business shall be kept and maintained at that place. The
26 established place of business shall display an exterior sign with the
27 business name and nature of the business, such as auto sales,
28 permanently affixed to the land or building, with letters clearly
29 visible to the major avenue of traffic. (~~In no event may~~) A room or
30 rooms in a hotel, rooming house, or apartment house building or part of
31 a single or multiple-unit dwelling house may not be considered an
32 "established place of business" unless the ground floor of such a
33 dwelling is devoted principally to and occupied for commercial purposes
34 and the dealer offices are located on the ground floor. A mobile
35 office or mobile home may be used as an office if it is connected to
36 utilities and is set up in accordance with state law. A state-wide~~

1 trade association representing manufactured housing dealers shall be
2 permitted to use a manufactured home as an office if the office
3 complies with all other applicable building code, zoning, and other
4 land-use regulatory ordinances. This subsection does not apply to
5 auction companies that do not own vehicle inventory or sell vehicles
6 from an auction yard.

7 (2) An auction company shall have office facilities within the
8 state. The books, records, and files necessary to conduct the business
9 shall be maintained at the office facilities. All storage facilities
10 for inventory shall be listed with the department, and shall meet local
11 zoning and land use ordinances. An auction company shall maintain a
12 telecommunications system.

13 (3) Auction companies shall post their vehicle dealer license at
14 each auction where vehicles are offered, and shall provide the
15 department with the address of the auction at least three days before
16 the auction.

17 (4) If a dealer maintains a place of business at more than one
18 location or under more than one name in this state, he or she shall
19 designate one location as the principal place of business of the firm,
20 one name as the principal name of the firm, and all other locations or
21 names as subagencies. A subagency license is required for each and
22 every subagency: PROVIDED, That the department may grant an exception
23 to the subagency requirement in the specific instance where a licensed
24 dealer is unable to locate their used vehicle sales facilities adjacent
25 to or at the established place of business. This exception shall be
26 granted and defined under the promulgation of rules consistent with the
27 Administrative Procedure Act.

28 (5) All vehicle dealers shall maintain ownership or leasehold
29 throughout the license year of the real property from which they do
30 business. The dealer shall provide the department with evidence of
31 ownership or leasehold whenever the ownership changes or the lease is
32 terminated.

33 (6) A subagency shall comply with all requirements of an
34 established place of business, except that subagency records may be
35 kept at the principal place of business designated by the dealer.
36 Auction companies shall comply with the requirements in subsection (2)
37 of this section.

38 (7) A temporary subagency shall meet all local zoning and building
39 codes for the type of merchandising being conducted. The dealer

1 license certificate shall be posted at the location. No other
2 requirements of an established place of business apply to a temporary
3 subagency. Auction companies are not required to obtain a temporary
4 subagency license.

5 (8) A wholesale vehicle dealer shall have office facilities in a
6 commercial building within this state, and all storage facilities for
7 inventory shall be listed with the department, and shall meet local
8 zoning and land use ordinances. A wholesale vehicle dealer shall
9 maintain a telecommunications system. An exterior sign visible from
10 the nearest street shall identify the business name and the nature of
11 business. A wholesale dealer need not maintain a display area as
12 required in this section. When two or more vehicle dealer businesses
13 share a location, all records, office facilities, and inventory, if
14 any, must be physically segregated and clearly identified.

15 (9) A retail vehicle dealer shall be open during normal business
16 hours, maintain office and display facilities in a commercially zoned
17 location or in a location complying with all applicable building and
18 land use ordinances, and maintain a business telephone listing in the
19 local directory. When two or more vehicle dealer businesses share a
20 location, all records, office facilities, and inventory shall be
21 physically segregated and clearly identified.

22 (10) A listing dealer need not have a display area if the dealer
23 does not physically maintain any vehicles for display.

24 (11) A subagency license is not required for a mobile home dealer
25 to display an on-site display model, a consigned mobile home not
26 relocated from its site, or a repossessed mobile home if sales are
27 handled from a principal place of business or subagency. A mobile home
28 dealer shall identify on-site display models, repossessed mobile homes,
29 and those consigned at their sites with a sign that includes the
30 dealer's name and telephone number.

31 (12) Every vehicle dealer shall advise the department of the
32 location of each and every place of business of the firm and the name
33 or names under which the firm is doing business at such location or
34 locations. If any name or location is changed, the dealer shall notify
35 the department of such change within ten days. The license issued by
36 the department shall reflect the name and location of the firm and
37 shall be posted in a conspicuous place at that location by the dealer.

38 (13) A vehicle dealer's license shall upon the death or incapacity
39 of an individual vehicle dealer authorize the personal representative

1 of such dealer, subject to payment of license fees, to continue the
2 business for a period of six months from the date of the death or
3 incapacity.

4 **Sec. 2.** RCW 46.70.051 and 1993 c 307 s 7 are each amended to read
5 as follows:

6 (1) After the application has been filed, the fee paid, and bond
7 posted, if required the department shall, if no denial order is in
8 effect and no proceeding is pending under RCW 46.70.101, issue the
9 appropriate license, which license, in the case of a vehicle dealer,
10 shall designate the classification of the dealer. Nothing prohibits a
11 vehicle dealer from obtaining licenses for more than one
12 classification, and nothing prevents any vehicle dealer from dealing in
13 other classes of vehicles on an isolated basis.

14 (2) An auction company licensed under chapter 18.11 RCW may sell at
15 auction all classifications of vehicles under a motor vehicle dealer's
16 license issued under this chapter including motor vehicles,
17 miscellaneous type vehicles, and mobile homes and travel trailers.

18 (3) At the time the department issues a vehicle dealer license, the
19 department shall provide to the dealer a current, up-to-date vehicle
20 dealer manual setting forth the various statutes and rules applicable
21 to vehicle dealers. In addition, at the time any such license is
22 renewed under RCW 46.70.083, the department shall provide the dealer
23 with any updates or current revisions to the vehicle dealer manual.

24 **Sec. 3.** RCW 46.70.101 and 1991 c 140 s 3 are each amended to read
25 as follows:

26 The director may by order deny, suspend, or revoke the license of
27 any vehicle dealer or vehicle manufacturer or, in lieu thereof or in
28 addition thereto, may by order assess monetary penalties of a civil
29 nature not to exceed one thousand dollars per violation, if the
30 director finds that the order is in the public interest and that the
31 applicant or licensee:

32 (1) In the case of a vehicle dealer:

33 (a) The applicant or licensee, or any partner, officer, director,
34 owner of ten percent or more of the assets of the firm, or managing
35 employee:

36 (i) Was the holder of a license issued pursuant to this chapter,
37 which was revoked for cause and never reissued by the department, or

1 which license was suspended for cause and the terms of the suspension
2 have not been fulfilled or which license was assessed a civil penalty
3 and the assessed amount has not been paid;

4 (ii) Has been adjudged guilty of a crime which directly relates to
5 the business of a vehicle dealer and the time elapsed since the
6 adjudication is less than ten years, or suffering any judgment within
7 the preceding five years in any civil action involving fraud,
8 misrepresentation, or conversion. For the purposes of this section,
9 adjudged guilty shall mean in addition to a final conviction in either
10 a state or municipal court, an unvacated forfeiture of bail or
11 collateral deposited to secure a defendant's appearance in court, the
12 payment of a fine, a plea of guilty, or a finding of guilt regardless
13 of whether the sentence is deferred or the penalty is suspended;

14 (iii) Has knowingly or with reason to know made a false statement
15 of a material fact in his application for license or any data attached
16 thereto, or in any matter under investigation by the department;

17 (iv) Has knowingly, or with reason to know, provided the department
18 with false information relating to the number of vehicle sales
19 transacted during the past one year in order to obtain a vehicle dealer
20 license plate;

21 (v) Does not have an established place of business as required in
22 this chapter;

23 (vi) Refuses to allow representatives or agents of the department
24 to inspect during normal business hours all books, records, and files
25 maintained within this state;

26 (vii) Sells, exchanges, offers, brokers, auctions, solicits, or
27 advertises a new or current model vehicle to which a factory new
28 vehicle warranty attaches and fails to have a valid, written service
29 agreement as required by this chapter, or having such agreement refuses
30 to honor the terms of such agreement within a reasonable time or
31 repudiates the same;

32 (viii) Is insolvent, either in the sense that their liabilities
33 exceed their assets, or in the sense that they cannot meet their
34 obligations as they mature;

35 (ix) Fails to pay any civil monetary penalty assessed by the
36 director pursuant to this section within ten days after such assessment
37 becomes final;

38 (x) Fails to notify the department of bankruptcy proceedings in the
39 manner required by RCW 46.70.183;

1 (xi) Knowingly, or with reason to know, allows a salesperson
2 employed by the dealer, or acting as their agent, to commit any of the
3 prohibited practices set forth in subsection (1)(a) of this section and
4 RCW 46.70.180.

5 (b) The applicant or licensee, or any partner, officer, director,
6 owner of ten percent of the assets of the firm, or any employee or
7 agent:

8 (i) Has failed to comply with the applicable provisions of chapter
9 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted
10 thereunder;

11 (ii) Has defrauded or attempted to defraud the state, or a
12 political subdivision thereof of any taxes or fees in connection with
13 the sale or transfer of a vehicle;

14 (iii) Has forged the signature of the registered or legal owner on
15 a certificate of title;

16 (iv) Has purchased, sold, disposed of, or has in his or her
17 possession any vehicle which he or she knows or has reason to know has
18 been stolen or appropriated without the consent of the owner;

19 (v) Has willfully failed to deliver to a purchaser a certificate of
20 ownership to a vehicle which he has sold;

21 (vi) Has committed any act in violation of RCW 46.70.090 relating
22 to vehicle dealer license plates or manufacturer license plates;

23 (vii) Has committed any act in violation of RCW 46.70.180 relating
24 to unlawful acts and practices;

25 (viii) Has engaged in practices inimical to the health or safety of
26 the citizens of the state of Washington including but not limited to
27 failure to comply with standards set by the state of Washington or the
28 federal government pertaining to the construction or safety of
29 vehicles;

30 (ix) Has aided or assisted an unlicensed dealer or salesperson in
31 unlawful activity through active or passive participation in sales,
32 allowing use of facilities, dealer license number, or by any other
33 means;

34 (x) Converts or appropriates, whether temporarily or permanently,
35 property or funds belonging to a customer, dealer, or manufacturer,
36 without the consent of the owner of the property or funds; or

37 (xi) Has sold any vehicle with actual knowledge that:

38 (A) It has ("REBUILT") any of the following brands on the title:
39 "SALVAGE/REBUILT," "JUNK," or "DESTROYED"; or

1 (B) It has been declared totaled out by an insurance carrier and
2 then rebuilt; or

3 (C) The vehicle title contains the specific comment that the
4 vehicle is "rebuilt";

5 without clearly disclosing that ((fact)) brand or comment in writing.

6 (c) The licensee or any partner, officer, director, or owner of ten
7 percent or more of the assets of the firm holds or has held any such
8 position in any other vehicle dealership licensed pursuant to this
9 chapter which is subject to final proceedings under this section.

10 (2) In the case of a manufacturer, or any partner, officer,
11 director, or majority shareholder:

12 (a) Was or is the holder of a license issued pursuant to this
13 chapter which was revoked for cause and never reissued by the
14 department, or which license was suspended for cause and the terms of
15 the suspension have not been fulfilled, or which license was assessed
16 a civil penalty and the assessed amount has not been paid;

17 (b) Has knowingly or with reason to know, made a false statement of
18 a material fact in his application for license, or any data attached
19 thereto, or in any matter under investigation by the department;

20 (c) Has failed to comply with the applicable provisions of chapter
21 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted
22 thereunder;

23 (d) Has defrauded or attempted to defraud the state or a political
24 subdivision thereof, of any taxes or fees in connection with the sale
25 or transfer of a vehicle;

26 (e) Has purchased, sold, disposed of, or has in his possession, any
27 vehicle which he knows or has reason to know has been stolen or
28 appropriated without the consent of the owner;

29 (f) Has committed any act in violation of RCW 46.70.090 relating to
30 vehicle dealer license plates and manufacturer license plates;

31 (g) Has committed any act in violation of RCW 46.70.180 relating to
32 unlawful acts and practices;

33 (h) Sells or distributes in this state or transfers into this state
34 for resale, any new or unused vehicle to which a warranty attaches or
35 has attached and refuses to honor the terms of such warranty within a
36 reasonable time or repudiates the same;

37 (i) Fails to maintain one or more resident employees or agents to
38 provide service or repairs to vehicles located within the state of
39 Washington only under the terms of any warranty attached to new or

1 unused vehicles manufactured and which are or have been sold or
2 distributed in this state or transferred into this state for resale
3 unless such manufacturer requires warranty service to be performed by
4 all of its dealers pursuant to a current service agreement on file with
5 the department;

6 (j) Fails to reimburse within a reasonable time any vehicle dealer
7 within the state of Washington who in good faith incurs reasonable
8 obligations in giving effect to warranties that attach or have attached
9 to any new or unused vehicle sold or distributed in this state or
10 transferred into this state for resale by any such manufacturer;

11 (k) Engaged in practices inimical to the health and safety of the
12 citizens of the state of Washington including but not limited to
13 failure to comply with standards set by the state of Washington or the
14 federal government pertaining to the construction and safety of
15 vehicles;

16 (l) Is insolvent either in the sense that his or her liabilities
17 exceed his or her assets or in the sense that he or she cannot meet his
18 or her obligations as they mature;

19 (m) Fails to notify the department of bankruptcy proceedings in the
20 manner required by RCW 46.70.183.

21 **Sec. 4.** RCW 46.70.120 and 1990 c 238 s 7 are each amended to read
22 as follows:

23 A dealer shall complete and maintain for a period of at least five
24 years a record of the purchase and sale of all vehicles purchased or
25 sold by him. The records shall consist of:

26 (1) The license and title numbers of the state in which the last
27 license was issued;

28 (2) A description of the vehicle;

29 (3) The name and address of the person from whom purchased;

30 (4) The name of the legal owner, if any;

31 (5) The name and address of the purchaser;

32 (6) If purchased from a dealer, the name, business address, dealer
33 license number, and resale tax number of the dealer;

34 (7) The price paid for the vehicle and the method of payment;

35 (8) The vehicle odometer disclosure statement given by the seller
36 to the dealer, and the vehicle odometer disclosure statement given by
37 the dealer to the purchaser;

1 (9) The written agreement to allow a dealer to sell between the
2 dealer and the consignor, or the listing dealer and the seller;

3 (10) Trust account records of receipts, deposits, and withdrawals;

4 (11) All sale documents, which shall show the full name of dealer
5 employees involved in the sale; and

6 (12) Any additional information the department may require.
7 However, the department may not require a dealer to collect or retain
8 the hardback copy of a temporary license permit after the permanent
9 license plates for a vehicle have been provided to the purchaser, if
10 the dealer maintains some other copy of the temporary license permit
11 together with a log of the permits issued.

12 Such records shall be maintained separate (~~and apart~~) from all
13 other business records of the dealer (~~and shall at all times~~).
14 Records older than two years may be kept at a location other than the
15 dealer's place of business if those records are made available in hard
16 copy for inspection within three calendar days, exclusive of Saturday,
17 Sunday, or a legal holiday, after a request by the director or the
18 director's authorized agent. Records kept at the vehicle dealer's
19 place of business must be available for inspection by the director or
20 (his duly) the director's authorized agent during normal business
21 hours.

22 Dealers may maintain their recordkeeping and filing systems in
23 accordance with their own particular business needs and practices.
24 Nothing in this chapter requires dealers to maintain their records in
25 any particular order or manner, as long as the records identified in
26 this section are maintained in the dealership's recordkeeping system.

27 **Sec. 5.** RCW 46.70.130 and 1973 1st ex.s. c 132 s 16 are each
28 amended to read as follows:

29 (1) Before the execution of a contract or chattel mortgage or the
30 consummation of the sale of any vehicle, the seller must furnish the
31 buyer an itemization in writing signed by the seller separately
32 disclosing to the buyer the finance charge, insurance costs, taxes, and
33 other charges which are paid or to be paid by the buyer.

34 (2) Notwithstanding subsection (1) of this section, an itemization
35 of the various license and title fees paid or to be paid by the buyer,
36 which itemization must be the same as that disclosed on the
37 registration/application for title document issued by the department,
38 may be required only on the title application at the time the

1 application is submitted for title transfer. A vehicle dealer may not
2 be required to separately or individually itemize the license and title
3 fees on any other document, including but not limited to the purchase
4 order and lease agreement. No fee itemization may be required on the
5 temporary permit.

6 **Sec. 6.** RCW 46.70.180 and 1995 c 256 s 26 are each amended to read
7 as follows:

8 Each of the following acts or practices is unlawful:

9 (1) To cause or permit to be advertised, printed, displayed,
10 published, distributed, broadcasted, televised, or disseminated in any
11 manner whatsoever, any statement or representation with regard to the
12 sale or financing of a vehicle which is false, deceptive, or
13 misleading, including but not limited to the following:

14 (a) That no down payment is required in connection with the sale of
15 a vehicle when a down payment is in fact required, or that a vehicle
16 may be purchased for a smaller down payment than is actually required;

17 (b) That a certain percentage of the sale price of a vehicle may be
18 financed when such financing is not offered in a single document
19 evidencing the entire security transaction;

20 (c) That a certain percentage is the amount of the service charge
21 to be charged for financing, without stating whether this percentage
22 charge is a monthly amount or an amount to be charged per year;

23 (d) That a new vehicle will be sold for a certain amount above or
24 below cost without computing cost as the exact amount of the factory
25 invoice on the specific vehicle to be sold;

26 (e) That a vehicle will be sold upon a monthly payment of a certain
27 amount, without including in the statement the number of payments of
28 that same amount which are required to liquidate the unpaid purchase
29 price.

30 (2) To incorporate within the terms of any purchase and sale
31 agreement any statement or representation with regard to the sale or
32 financing of a vehicle which is false, deceptive, or misleading,
33 including but not limited to terms that include as an added cost to the
34 selling price of a vehicle an amount for licensing or transfer of title
35 of that vehicle which is not actually due to the state, unless such
36 amount has in fact been paid by the dealer prior to such sale.
37 However, expenses or fees charged by a dealer that are necessary or
38 required to be paid by a dealer to a third party in order to obtain a

1 lien release or a vehicle identification number inspection or
2 verification, or to otherwise clear title to the vehicle, or in order
3 to license or transfer title to a vehicle, do not violate this section
4 if such expenses or fees are disclosed or itemized on the purchase
5 order.

6 (3) To set up, promote, or aid in the promotion of a plan by which
7 vehicles are to be sold to a person for a consideration and upon
8 further consideration that the purchaser agrees to secure one or more
9 persons to participate in the plan by respectively making a similar
10 purchase and in turn agreeing to secure one or more persons likewise to
11 join in said plan, each purchaser being given the right to secure
12 money, credits, goods, or something of value, depending upon the number
13 of persons joining the plan.

14 (4) To commit, allow, or ratify any act of "bushing" which is
15 defined as follows: Taking from a prospective buyer of a vehicle a
16 written order or offer to purchase, or a contract document signed by
17 the buyer, which:

18 (a) Is subject to the dealer's, or his or her authorized
19 representative's future acceptance, and the dealer fails or refuses
20 within ~~((forty-eight hours))~~ three calendar days, exclusive of
21 Saturday, Sunday, or a legal holiday, and prior to any further
22 negotiations with said buyer, either: (i) To deliver to the buyer
23 ~~((either))~~ the dealer's signed acceptance, or ~~((all copies of))~~ (ii) to
24 void the order, offer, or contract document ~~((together with))~~ and
25 tender the return of any initial payment or security made or given by
26 the buyer, including but not limited to money, check, promissory note,
27 vehicle keys, a trade-in, or certificate of title to a trade-in; or

28 (b) Permits the dealer to renegotiate a dollar amount specified as
29 trade-in allowance on a vehicle delivered or to be delivered by the
30 buyer as part of the purchase price, for any reason except:

31 (i) Failure to disclose that the vehicle's certificate of ownership
32 has ~~((been branded for any reason, including, but not limited to,~~
33 ~~status as a rebuilt vehicle as provided in RCW 46.12.050 and 46.12.075;~~
34 ~~and))~~ any of the following brands: "SALVAGE/REBUILT" or "JUNK" or
35 "DESTROYED," or has been declared totaled out by an insurance carrier
36 and then rebuilt, or that the vehicle title contains the specific
37 comment that the vehicle is "rebuilt"; or

38 (ii) Substantial physical damage or latent mechanical defect
39 occurring before the dealer took possession of the vehicle and which

1 could not have been reasonably discoverable at the time of the taking
2 of the order, offer, or contract; or

3 (iii) Excessive additional miles or a discrepancy in the mileage.
4 "Excessive additional miles" means the addition of five hundred miles
5 or more, as reflected on the vehicle's odometer, between the time the
6 vehicle was first valued by the dealer for purposes of determining its
7 trade-in value and the time of actual delivery of the vehicle to the
8 dealer. "A discrepancy in the mileage" means: (A) A discrepancy
9 between the mileage reflected on the vehicle's odometer and the stated
10 mileage on the signed odometer statement; or (B) a discrepancy between
11 the mileage stated on the signed odometer statement and the actual
12 mileage on the vehicle; or

13 (c) Fails to comply with the obligation of any written warranty or
14 guarantee given by the dealer requiring the furnishing of services or
15 repairs within a reasonable time.

16 (5) To commit any offense relating to odometers, as such offenses
17 are defined in RCW 46.37.540, 46.37.550, 46.37.560, and 46.37.570. A
18 violation of this subsection is a class C felony punishable under
19 chapter 9A.20 RCW.

20 (6) For any vehicle dealer or vehicle (~~salesman~~) salesperson to
21 refuse to furnish, upon request of a prospective purchaser, (~~the name~~
22 ~~and address of the previous registered owner of any used vehicle~~
23 ~~offered for sale~~) for vehicles previously registered to a business or
24 governmental entity, the name and address of such business or
25 governmental entity.

26 (7) To commit any other offense under RCW 46.37.423, 46.37.424, or
27 46.37.425.

28 (8) To commit any offense relating to a dealer's temporary license
29 permit, including but not limited to failure to properly complete each
30 such permit, or the issuance of more than one such permit on any one
31 vehicle. However, a dealer shall be entitled to issue a second
32 temporary permit on a vehicle if the following conditions are met:

33 (a) The lienholder fails to deliver the vehicle title to the dealer
34 within the required time period;

35 (b) The dealer has satisfied the lien; and

36 (c) The dealer has proof that payment of the lien was made within
37 two calendar days, exclusive of Saturday, Sunday, or a legal holiday,
38 after the sales contract has been executed by all parties and all

1 conditions and contingencies in the sales contract have been met or
2 otherwise satisfied.

3 (9) For a dealer, salesman, or mobile home manufacturer, having
4 taken an instrument or cash "on deposit" from a purchaser prior to the
5 delivery of the bargained-for vehicle, to commingle the "on deposit"
6 funds with assets of the dealer, salesman, or mobile home manufacturer
7 instead of holding the "on deposit" funds as trustee in a separate
8 trust account until the purchaser has taken delivery of the bargained-
9 for vehicle. Delivery of a manufactured home shall be deemed to occur
10 in accordance with RCW 46.70.135(5). Failure, immediately upon
11 receipt, to endorse "on deposit" instruments to such a trust account,
12 or to set aside "on deposit" cash for deposit in such trust account,
13 and failure to deposit such instruments or cash in such trust account
14 by the close of banking hours on the day following receipt thereof,
15 shall be evidence of intent to commit this unlawful practice:
16 PROVIDED, HOWEVER, That a motor vehicle dealer may keep a separate
17 trust account which equals his or her customary total customer deposits
18 for vehicles for future delivery. For purposes of this section, "on
19 deposit" funds received from a purchaser of a manufactured home means
20 those funds that a seller requires a purchaser to advance before
21 ordering the manufactured home, but does not include any loan proceeds
22 or moneys that might have been paid on an installment contract.

23 (10) For a dealer or manufacturer to fail to comply with the
24 obligations of any written warranty or guarantee given by the dealer or
25 manufacturer requiring the furnishing of goods and services or repairs
26 within a reasonable period of time, or to fail to furnish to a
27 purchaser, all parts which attach to the manufactured unit including
28 but not limited to the undercarriage, and all items specified in the
29 terms of a sales agreement signed by the seller and buyer.

30 (11) For a vehicle dealer to pay to or receive from any person,
31 firm, partnership, association, or corporation acting, either directly
32 or through a subsidiary, as a buyer's agent for consumers, any
33 compensation, fee, gratuity, or reward in connection with the purchase
34 or sale of a new motor vehicle.

35 (12) For a buyer's agent acting directly or through a subsidiary to
36 pay to or to receive from any motor vehicle dealer any compensation,
37 fee, gratuity, or reward in connection with the purchase or sale of a
38 new motor vehicle.

1 (13) For a buyer's agent to arrange for or to negotiate the
2 purchase, or both, of a new motor vehicle through an out-of-state
3 dealer without disclosing in writing to the customer that the new
4 vehicle would not be subject to chapter 19.118 RCW.

5 (14) Being a manufacturer, other than a motorcycle manufacturer
6 governed by chapter 46.94 RCW, to:

7 (a) Coerce or attempt to coerce any vehicle dealer to order or
8 accept delivery of any vehicle or vehicles, parts or accessories, or
9 any other commodities which have not been voluntarily ordered by the
10 vehicle dealer: PROVIDED, That recommendation, endorsement,
11 exposition, persuasion, urging, or argument are not deemed to
12 constitute coercion;

13 (b) Cancel or fail to renew the franchise or selling agreement of
14 any vehicle dealer doing business in this state without fairly
15 compensating the dealer at a fair going business value for his or her
16 capital investment which shall include but not be limited to tools,
17 equipment, and parts inventory possessed by the dealer on the day he or
18 she is notified of such cancellation or termination and which are still
19 within the dealer's possession on the day the cancellation or
20 termination is effective, if: (i) The capital investment has been
21 entered into with reasonable and prudent business judgment for the
22 purpose of fulfilling the franchise; and (ii) the cancellation or
23 nonrenewal was not done in good faith. Good faith is defined as the
24 duty of each party to any franchise to act in a fair and equitable
25 manner towards each other, so as to guarantee one party freedom from
26 coercion, intimidation, or threats of coercion or intimidation from the
27 other party: PROVIDED, That recommendation, endorsement, exposition,
28 persuasion, urging, or argument are not deemed to constitute a lack of
29 good faith.

30 (c) Encourage, aid, abet, or teach a vehicle dealer to sell
31 vehicles through any false, deceptive, or misleading sales or financing
32 practices including but not limited to those practices declared
33 unlawful in this section;

34 (d) Coerce or attempt to coerce a vehicle dealer to engage in any
35 practice forbidden in this section by either threats of actual
36 cancellation or failure to renew the dealer's franchise agreement;

37 (e) Refuse to deliver any vehicle publicly advertised for immediate
38 delivery to any duly licensed vehicle dealer having a franchise or
39 contractual agreement for the retail sale of new and unused vehicles

1 sold or distributed by such manufacturer within sixty days after such
2 dealer's order has been received in writing unless caused by inability
3 to deliver because of shortage or curtailment of material, labor,
4 transportation, or utility services, or by any labor or production
5 difficulty, or by any cause beyond the reasonable control of the
6 manufacturer;

7 (f) To provide under the terms of any warranty that a purchaser of
8 any new or unused vehicle that has been sold, distributed for sale, or
9 transferred into this state for resale by the vehicle manufacturer may
10 only make any warranty claim on any item included as an integral part
11 of the vehicle against the manufacturer of that item.

12 Nothing in this section may be construed to impair the obligations
13 of a contract or to prevent a manufacturer, distributor,
14 representative, or any other person, whether or not licensed under this
15 chapter, from requiring performance of a written contract entered into
16 with any licensee hereunder, nor does the requirement of such
17 performance constitute a violation of any of the provisions of this
18 section if any such contract or the terms thereof requiring
19 performance, have been freely entered into and executed between the
20 contracting parties. This paragraph and subsection (14)(b) of this
21 section do not apply to new motor vehicle manufacturers governed by
22 chapter 46.96 RCW.

23 (15) Unlawful transfer of an ownership interest in a motor vehicle
24 as defined in RCW 19.116.050.

25 NEW SECTION. **Sec. 7.** The department of licensing, in consultation
26 with interested parties, shall develop and provide to the legislative
27 transportation committee by December 1, 1996, recommendations on
28 changes to comments and brands on vehicle certificates of ownership and
29 registration. The recommendations shall address, but are not limited
30 to, whether references to rebuilt, former taxi, former for hire, former
31 rental, and former government vehicles should be portrayed as comments
32 or title brands, and how the "nonstandard" brand can be replaced with
33 a brand or brands that provide more specific information."

1 **SSB 6173** - H COMM AMD
2 By Committee on Transportation

3
4 In line 1 of the title, after "dealers;" strike the remainder of
5 the title and insert "amending RCW 46.70.023, 46.70.051, 46.70.101,
6 46.70.120, 46.70.130, and 46.70.180; creating a new section; and
7 prescribing penalties."

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