

Issue Date: June 30, 2023

Occupational License (OL) Industry Compliance

Recently, DMV has seen an uptick in established place of business, signage, and display area *Vehicle Code* section violations. These codes are listed below for quick reference. Keep in mind, OL holders **must** comply with all laws that apply to dealer licensees and their place of business to avoid disciplinary action taken by DMV.

Established Place of Business

VC §320 defines an **established place of business** as a place occupied either continuously or at regular periods and used to store books and records pertinent to the type of business being conducted at the location for the following businesses: dealers, manufacturers and manufacturer branches, remanufacturers and remanufacturer branches, distributors and distributor branches, dismantlers, driving schools, traffic violator schools, and registration services.

Additionally, *California Code of Regulations (CCR)*, Title 13 §270.00 stipulates that before DMV can issue a temporary permit or license or allow a license to remain in force, the applicant's principal place of business and each branch location must conform to VC §§320 and 11709. Also, the office of the principal place of business and each branch location of the dealer must be established to the extent that its construction is not temporary, transitory, or mobile in nature, except that a trailer coach office is acceptable providing it is not a part of the dealer's vehicle inventory or being offered for sale while being used as an office of the dealership, and otherwise meets the requirements of VC §320.

IMPORTANT: Operating business “by appointment only” does not comply with the requirement of occupying an established place of business continuously or at regular periods. Regulation compliance requires an authorized person(s) to be available to the public at the dealer location during regular business hours.

Signage

VC §11709 stipulates the license, or copy of the license, issued to a dealer and each salesperson employed by the dealer be posted in a place visible to the public in every location. Additionally, signs or devices providing the dealer's name and address of their established place of business must be posted to allow persons doing business with the dealer to properly identify the dealer. The sign posted on an established place of business, shall have an area of not less than two square feet per side displayed and shall contain lettering of sufficient size to enable the sign to be read from a distance of at least 50 feet.

Pursuant to CCR, Title 13 §270.06, signs or devices identifying the dealership shall be of a permanent nature, erected on the exterior of the office or on the display area, and be constructed or painted and maintained to withstand reasonable climatic effects. A temporary sign or device may suffice when a permanent sign is on order. Evidence of such order shall be submitted to DMV prior to issuance of a temporary permit or license.

Display Area

CCR, Title 13 §270.08 stipulates each location must have a display area of sufficient size to physically accommodate vehicles of a type for which the dealer is licensed to sell. The display area must be exclusively used for display purposes only. Additional display areas are permitted within a radius of 1,000 feet from the principal place of business and any licensed branch location without being subject to separate licensing. However, such display areas must also meet the signing requirement as identified in VC §11709.

VC §11709(b), permits a dealer to display vehicles at a fair, exposition, or similar exhibit without securing a branch license if no sales are made, and the display does not exceed 30 days. CCR §270.08 extends this allowance to public shopping centers, autoramas, and other similar locations or events open to the public and intended to merely bring the dealer's identity and product to the public's attention, provided that:

- No sales are offered, attempted, solicited, negotiated, or otherwise transacted from such locations or at such public event, including the acceptance of cash deposits, trade-in vehicles, or any other considerations from persons for the purpose of inducing or binding a sale.
- Such locations are available to all dealers licensed in this state without discrimination as to type of manufacture, make, or year of vehicle displayed.
- Every dealer participating at such locations or events shall post a sign on the vehicle or vehicles or in close proximity, printed in letters of not less than three inches in height, which show the dealer's name, location, and address of his established place of business, and the following statement: “No sales permitted, or deposits accepted at this location.”

Background

An established place of business must be maintained by the dealer licensee to provide regular business hours allowing customers the ability to discuss prior and potential vehicle purchases. The location must also be available for unannounced compliance inspections. The location must adhere to statute regarding exterior signage and vehicle display requirements to clearly represent the licensed dealer location and vehicles offered for sale.

References

Code of Regulations, Title 13 §§270.00, 270.06, and 270.08
Vehicle Code §§320, 11709, and 11709(b)

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Call DMV Occupational Licensing Operations at (916) 229-3126 for further clarification of this memo.