

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL 357

Short Title: Various Motor Vehicle Law Revisions. (Public)

Sponsors: Senators Jackson, Perry, and Lazzara (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 23, 2023

A BILL TO BE ENTITLED

AN ACT TO REQUIRE TIMELY NOTICE TO MOTOR VEHICLE DEALERS AND MANUFACTURERS OF POTENTIAL VIOLATIONS OF CERTAIN MOTOR VEHICLE LAWS, TO CLARIFY THE LAW GOVERNING THE CONDITIONAL DELIVERY OF MOTOR VEHICLES, AND TO REQUIRE PUBLICATION OF NOTICE OF CERTAIN MOTOR VEHICLE DEALER LICENSE APPLICATIONS.

The General Assembly of North Carolina enacts:

MOTOR VEHICLE DEALERS AND MANUFACTURERS/TIMELY NOTICE OF POTENTIAL VIOLATIONS

SECTION 1.(a) G.S. 20-296 reads as rewritten:

"§ 20-296. Notice and hearing prior to and upon issuance of written warning, denial, suspension, revocation, placing on probation, or refusal to renew license.

No license shall be suspended, revoked, denied, placed on probation, or renewal thereof refused, or no licensee shall be issued a written warning, until a written notice of the complaint made has been furnished to the licensee against whom the same is directed, and a hearing thereon has been had before the Commissioner, or a person designated by him. ~~At~~ The Division shall notify the licensee in writing of any potential violation of this Chapter, or a rule adopted by the Division under this Chapter, within 10 business days following the date the Division first obtained knowledge of the potential violation. Should the Division charge a licensee with a violation, the licensee shall be given at least 10 days' written notice of the time and place of such the hearing shall be given to the licensee by certified mail with return receipt requested to his the licensee's last known address as shown on his the licensee's license or other record of information in possession of the Division. At any such hearing, the licensee shall have the right to be heard personally or by counsel. After the hearing, should it be determined that the required notice was timely given and that a violation has occurred, the Division shall have power to suspend, revoke, place on probation, issue a written warning, or refuse to renew the license in question. Immediate notice of any such action shall be given to the licensee in accordance with G.S. 1A-1, Rule 4(j) of the Rules of Civil Procedure. For each alleged violation, the Division shall determine whether entering into a settlement agreement or consent order with the applicable licensee or license applicant either prior to or subsequent to the hearing would promote the interests of justice and administrative efficiency."

SECTION 1.(b) This section becomes effective October 1, 2023, and applies to potential and actual violations occurring on or after that date.

CLARIFY LAW GOVERNING CONDITIONAL DELIVERY OF MOTOR VEHICLES



1 **SECTION 2.(a)** G.S. 20-75.1 reads as rewritten:

2 "**§ 20-75.1. Conditional delivery of motor vehicles.**

3 Notwithstanding G.S. 20-52.1, 20-72, and 20-75, nothing contained in those sections
4 prohibits a dealer from entering into a contract with any purchaser for the sale of a vehicle and
5 delivering the vehicle to the purchaser under terms by which the dealer's obligation to execute
6 the manufacturer's certificate of origin or the certificate of title is conditioned on the purchaser
7 obtaining financing for the purchase of the vehicle. Liability, collision, and comprehensive
8 insurance on a vehicle sold and delivered conditioned on the purchaser obtaining financing for
9 the purchaser of the vehicle shall be covered by the dealer's insurance policy until such financing
10 is finally approved and execution of the manufacturer's certificate of origin or execution of the
11 certificate of title. Upon final approval and execution of the manufacturer's certificate of origin
12 or the certificate of title, and upon the purchaser having liability insurance on another vehicle,
13 the delivered vehicle shall be covered by the purchaser's insurance policy beginning at the time
14 of final financial approval and execution of the manufacturer's certificate of origin or the
15 certificate of title. ~~The dealer shall notify the insurance agency servicing the purchaser's~~
16 ~~insurance policy or the purchaser's insurer of the purchase on the day of, or if the insurance~~
17 ~~agency or insurer is not open for business, on the next business day following approval of the~~
18 ~~purchaser's financing and execution of the manufacturer's certificate of origin or the certificate~~
19 ~~of title. For conditionally delivered vehicles, the dealer shall execute the manufacturer's~~
20 ~~certificate of origin or the certificate of title. The purchaser or lessee shall be responsible for~~
21 ~~notification of the insurer or insurance agency servicing the purchaser's or lessee's insurance~~
22 ~~policy of the purchase or lease on the date the approval notice is received, or if the insurer or~~
23 ~~insurance agency is not open for business that day, on the next business day following approval~~
24 ~~of the purchaser's or lessee's financing. The purchaser shall be solely responsible for obtaining~~
25 ~~and paying for insurance on the purchased or leased vehicle, and the dealer shall under no~~
26 ~~circumstances be liable to the purchaser, lessee, or any third parties in the event the purchaser or~~
27 ~~lessee fails to timely obtain insurance on the purchased or leased vehicle. This subsection is in~~
28 addition to any other provisions of law or insurance policies and does not repeal or supersede
29 those provisions."

30 **SECTION 2.(b)** This section is effective when it becomes law and applies to
31 purchases on or after that date.

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33 **MOTOR VEHICLE DEALERS AND MANUFACTURERS/PUBLISH NOTICE OF**
34 **LICENSE APPLICATION**

35 **SECTION 3.(a)** G.S. 20-288(a) reads as rewritten:

36 "(a) A new motor vehicle dealer, motor vehicle sales representative, manufacturer, factory
37 branch, factory representative, distributor, distributor branch, distributor representative, or
38 wholesaler may obtain a license by filing an application with the Division. An application must
39 be on a form provided by the Division and contain the information required by the Division. An
40 application for a license must be accompanied by the required fee. The following requirements
41 also apply to applicants under this section:

- 42 (1) An application for a new motor vehicle dealer license must be accompanied
43 by an application for a dealer license plate. In addition, the Division shall
44 require each applicant for a new motor vehicle dealer license to certify on the
45 application whether the applicant or any parent, subsidiary, affiliate, or any
46 other entity related to the applicant is a manufacturer, factory branch, factory
47 representative, distributor, distributor branch, or distributor representative. In
48 the event the applicant indicates on the application that the applicant or any
49 parent, subsidiary, affiliate, or any other entity related to the applicant is a
50 manufacturer, factory branch, factory representative, distributor, distributor
51 branch, or distributor representative, the Division shall not issue a motor

1 vehicle dealer license to the applicant until ~~both~~all of the following conditions
2 are satisfied:

3 a. The applicant states on the application the specific exception or
4 exceptions to the prohibition on the issuance of a motor vehicle dealer
5 license to any manufacturer, factory branch, factory representative,
6 distributor, distributor branch, or distributor representative for which
7 the applicant contends it qualifies under G.S. 20-305.2(a).

8 a1. Upon receipt of a motor vehicle dealer license application by a
9 manufacturer, factory branch, factory representative, distributor,
10 distributor branch, or distributor representative, the Division shall
11 promptly publish notice of the license application in the North
12 Carolina Register. The notice shall include the applicant's name,
13 address, application date, and the names and titles of any individual
14 listed on the application as an owner, partner, member, or officer of
15 the applicant. The notice shall also include the specific exception or
16 exceptions to the prohibition on the issuance of a motor vehicle dealer
17 license to any manufacturer, factory branch, factory representative,
18 distributor, distributor branch, or distributor representative for which
19 the applicant contends it qualifies under G.S. 20-305.2(a) that are
20 included on the license application.

21 b. If the applicant does not currently hold a motor vehicle dealer license
22 issued by the Division, the Commissioner determines, after an
23 evidentiary ~~hearing,~~hearing held no earlier than 30 days from the date
24 of publication of the notice required in sub-subdivision a1. of this
25 subdivision, that the applicant qualifies under one or more of the
26 exceptions to the prohibition against the issuance of a motor vehicle
27 dealer license to any manufacturer, factory branch, factory
28 representative, distributor, distributor branch, or distributor
29 representative provided in G.S. 20-305.2(a). The applicant shall bear
30 the burden of proving the applicant's qualification for the exception or
31 exceptions claimed.

32 (2) Upon ~~submission~~receipt of a license application by a manufacturer, factory
33 branch, factory representative, distributor, distributor branch, or distributor
34 representative that has not previously been issued a license by the Division,
35 the Division shall promptly publish notice of the license application in the
36 North Carolina Register. The notice shall include the applicant's name,
37 address, application date, and the names and titles of any individual listed on
38 the application as an owner, partner, member, or officer of the applicant. The
39 Division shall not approve or issue any license for a manufacturer, factory
40 branch, factory representative, distributor, distributor branch, or distributor
41 representative earlier than 15 days from the date the notice of the license or
42 license renewal application was published in the North Carolina Register."

43 **SECTION 3.(b)** This section becomes effective July 1, 2023, and applies to
44 applications received on or after that date.

45 **EFFECTIVE DATE**

46 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes
47 law.
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