

TOWN OF SANDWICH

THE OLDEST TOWN ON CAPE COD

130 MAIN STREET
SANDWICH, MA 02563

TEL: 508-888-4910
FAX: 508-833-8045

EMAIL: selectmen@townofsandwich.net



BOARD OF
SELECTMEN

TOWN
ADMINISTRATOR

INSTRUCTIONS FOR CLASS II USED CAR DEALER'S LICENSE

1. Complete Application Form 53 and Town of Sandwich Supplemental Application Form.
2. Complete Sandwich Police Department Form.
3. Return complete applications to Selectmen's Office, Town Hall, 130 Main Street, Sandwich, MA 02563.
4. We recommend that if you are in a residential neighborhood, that you contact the Planning Office at 508-833-8001 to see if the license can be operated at that location. In most neighborhoods, this activity is not allowed.

Once the application has been received, it will be reviewed by the Inspections Department and the Police Department.

A public hearing will be scheduled within several weeks before the Board of Selectmen (held Thursday evenings at the Human Services Building). You will be contacted prior to the hearing.

If you have any questions or require additional information, please feel free to contact Kathy Coggeshall at (508) 888-4910 or kcoggeshall@townofsandwich.net.

**APPLICATION FOR A LICENSE TO BUY, SELL, EXCHANGE
OR ASSEMBLE SECOND HAND MOTOR VEHICLES
OR PARTS THEREOF**

I, the undersigned, duly authorized by the concern herein mentioned, hereby apply for a _____ class license, to Buy, Sell, Exchange or Assemble second hand motor vehicles or parts thereof, in accordance with the provisions of Chapter 140 of the General Laws.

1. What is the name of the concern? _____

Business address of concern. No. _____ St.,

_____ City — Town.

2. Is the above concern an individual, co-partnership, an association or a corporation? _____

3. If an individual, state full name and residential address.

4. If a co-partnership, state full names and residential addresses of the persons composing it.

5. If an association or a corporation, state full names and residential addresses of the principal officers.

President _____

Secretary _____

Treasurer _____

6. Are you engaged principally in the business of buying, selling or exchanging motor vehicles? _____

If so, is your principal business the sale of new motor vehicles? _____

Is your principal business the buying and selling of second hand motor vehicles? _____

Is your principal business that of a motor vehicle junk dealer? _____

7. Give a complete description of all the premises to be used for the purpose of carrying on the business.

8. Are you a recognized agent of a motor vehicle manufacturer? _____
(Yes or No)

If so, state name of manufacturer _____

9. Have you a signed contract as required by Section 58, Class 1? _____
(Yes or No)

10. Have you ever applied for a license to deal in second hand motor vehicles or parts thereof? _____
(Yes or No)

If so, in what city — town _____

Did you receive a license? _____ For what year? _____
(Yes or No)

11. Has any license issued to you in Massachusetts or any other state to deal in motor vehicles or parts thereof ever been suspended or revoked? _____
(Yes or No)

Sign your name in full _____
(Duly authorized to represent the concern herein mentioned)

Residence _____

IMPORTANT

EVERY QUESTION MUST BE ANSWERED WITH FULL INFORMATION, AND FALSE STATEMENTS HEREIN MAY RESULT IN THE REJECTION OF YOUR APPLICATION OR THE SUBSEQUENT REVOCATION OF YOUR LICENSE IF ISSUED.

NOTE: If the applicant has not held a license in the year prior to this application, he must file a duplicate of the application with the registrar. (See Sec. 59)

APPLICANT WILL NOT FILL THE FOLLOWING BLANKS

Application after investigation _____
(Approved or Disapproved)

License No. _____ granted _____ Fee \$ _____

Signed _____

CHAPTER 140 OF THE GENERAL LAWS, TER. ED., WITH AMENDMENTS THERETO (EXTRACT)

SECTION 57. No person, except one whose principal business is the manufacture and sale of new motor vehicles but who incidentally acquires and sells second hand vehicles, or a person whose principal business is financing the purchase of or insuring motor vehicles but who incidentally acquires and sells second hand vehicles, shall engage in the business of buying, selling, exchanging or assembling second hand motor vehicles or parts thereof without securing a license as provided in section fifty-nine. This section shall apply to any person engaged in the business of conducting auctions for the sale of motor vehicles.

SECTION 58. Licenses granted under the following section shall be classified as follows:

Class 1. Any person who is a recognized agent of a motor vehicle manufacturer or a seller of motor vehicles made by such manufacturer whose authority to sell the same is created by a written contract with such manufacturer or with some person authorized in writing by such manufacturer to enter into such contract, and whose principal business is the sale of new motor vehicles, the purchase and sale of second hand motor vehicles being incidental or secondary thereto, may be granted an agent's or a seller's license; provided, that with respect to second hand motor vehicles purchased for the purpose of sale or exchange and not taken in trade for new motor vehicles, such dealer shall be subject to all provisions of this chapter and of rules and regulations made in accordance therewith applicable to holders of licenses of class 2.

Class 2. Any person whose principal business is the buying or selling of second hand motor vehicles may be granted a used car dealer's license.

Class 3. Any person whose principal business is the buying of second hand motor vehicles for the purpose of remodeling, taking apart or rebuilding the same, or the buying or selling of parts of second hand motor vehicles or tires, or the assembling of second hand motor vehicle parts, may be granted a motor vehicle junk license.

SECTION 59. The police commissioner in Boston and the licensing authorities in other cities and towns may grant licenses under this section which will expire on January first following the date of issue unless sooner revoked. The fees for the licenses shall be fixed by the licensing board or officer, but in no case shall exceed \$100. dollars. Application for license shall be made in such form as shall be approved by the registrar of motor vehicles, in sections fifty-nine to sixty-six, inclusive, called the registrar, and if the applicant has not held a license in the year prior to such application, such application shall be made in duplicate, which duplicate shall be filed with the registrar. No such license shall be granted unless the licensing board or officer is satisfied from an investigation of the facts stated in the application and any other information which they may require of the applicant, that he is a proper person to engage in the business specified in section fifty-eight in the classifications for which he has applied, that said business is or will be his principal business, and that he has available a place of business suitable for the purpose. The license shall specify all the premises to be occupied by the licensee for the purpose of carrying on the licensed business. Permits for a change of situation of the licensed premises or for addition thereto may be granted at any time by the licensing board or officer in writing, a copy of which shall be attached to the license. Cities and towns by ordinance or by-law may regulate the situation of the premises of licensees within class 3 as defined in section fifty-eight, and all licenses and permits issued hereunder to persons within said class 3 shall be subject to the provisions of ordinances and by-laws which are hereby authorized to be made. No license or permit shall be issued hereunder to a person within said class 3 until after a hearing, of which seven days' notice shall have been given to the owners of property abutting on the premises where such license or permit is proposed to be exercised. All licenses granted under this section shall be revoked by the licensing board or officer if it appears, after hearing, that the licensee is not complying with sections fifty-seven to sixty-nine, inclusive, or the rules and regulations made thereunder; and no new license shall be granted to such person thereafter, nor to any person for use on the same premises, without the approval of the registrar. The hearing may be dispensed with if the registrar notifies the licensing board or officer that a licensee is not so complying. Any person aggrieved by any action of the licensing board or officer refusing to grant, or revoking a license for any cause may, within ten days after such action, appeal therefrom to any justice of the superior court in the county in which the premises sought to be occupied under the license or permit applied for are located. The justice shall, after such notice to the parties as he deems reasonable, give a summary hearing on such appeal, and shall have jurisdiction in equity to review all questions of fact or law and may affirm or reverse the decision of the board or officer and may make any appropriate decree. The decision of the justice shall be final.

APPLICATION FOR A LICENSE TO BUY, SELL,
EXCHANGE OR ASSEMBLE SECOND HAND
MOTOR VEHICLES OR PARTS THEREOF.

APPLICANT WILL NOT FILL THE FOLLOWING BLANKS

Application No. _____

Class _____ License No. _____

Name _____

St. and No. _____

City — Town _____

Date Issued _____

Remarks _____

SELECTMEN

MAY 18 2004

RECEIVED

Memorandum

To: Municipal Licensing Authorities of Motor Vehicle Dealers
From: William E. McVey, Deputy General Counsel
Date: May 2004
Re: Issues Relating to Class 2 Dealers under G.L. 140, Section 58

1. Purpose

The primary purpose of this Memorandum is to provide information to Cities and Towns about the amendments relative to Class 2 dealers that were made to G.L. c. 140, §58 by Chapter 422 of the Acts of 2002 (a copy of which is enclosed). The Legislature amended Section 58 to require Class 2 dealers to post and maintain a bond (or, if permitted, equivalent proof of financial responsibility, e.g., certificate of deposit or letter of credit) with the municipal licensing authority in the amount of \$25,000. The amendments also authorize the licensing of two additional types of businesses engaged in used vehicle sales. The amendment became effective almost a year ago, on March 24, 2003, but some municipalities may be unaware of it and some other issues remain to be clarified.

2. Bond Requirement

The bond requirement is only applicable to Class 2 dealers. It is not applicable to a Class 1 dealer who buys and sells used vehicles and it is not applicable to a Class 3 dealer who sells used vehicles. The bond is for the benefit of a person who purchases a vehicle from the Class 2 licensee and suffers a financial loss. The list of intended beneficiaries is contained within the Act. The bonding requirement modifies the municipal licensing process for Class 2 dealers (and affects the dealer's ability to retain the license). It also affects the RMV, since the agency is prohibited from knowingly issuing or renewing Dealer Plates if it becomes aware that a Class 2 dealer lacks the legally required bond. The RMV will revoke the General Registration and Dealer Plates when it becomes aware the dealer does not have a bond or when it is informed by a municipality that it has revoked a Class 2 license. The RMV has become aware that some municipalities are not enforcing the bond requirement and have been licensing Class 2 dealers without a bond. A municipality that fails to enforce the bond requirement faces potential liability from claimants under the bond.

3. Dealers Subject to Bond Requirement

All Class 2 dealer-licensees (no exceptions) renewing or obtaining a new license in 2004 (and in future years) are subject to the bonding requirement of \$25,000. This is true even if the dealer is not selling vehicles covered by the warranty requirements of G.L. c.90, §7N ¼. G.L. c.140, §58 (c)(1) states:

The person shall obtain a bond, or equivalent proof of financial responsibility as described in paragraph (5), and continue in effect a surety bond or other equivalent proof of financial responsibility satisfactory to the municipal licensing authority in the amount of \$25,000 executed by a surety company authorized by the insurance department to transact business in the commonwealth.

The law prohibits a city or town licensing authority from issuing or renewing a Class 2 license unless it is satisfied that a bond or the equivalent meeting the requirements of the law is in effect during the term under which the license shall be issued or renewed. Note also that if a dealer has more than one location in a City or Town and goes by a different name at the other location(s), the dealer needs a separate bond for each location

at which it uses a different name. If a dealer has locations in more than one City or Town, separate bonds must be obtained for each municipality.

4. **Bond Issue Clarifications**

Two issues needing clarification have recently been raised as to the bond/equivalent requirement.

(a) **Certificates of Deposit and Letters of Credit:** The first has to do with the place where certificates of deposit or irrevocable letters of credit may be deposited. Section 58 (c)(1) states, in part:

In lieu of the bond required by this section, the municipal licensing authority may allow the dealer to deposit collateral in the form of a certificate of deposit or irrevocable letter of credit, as authorized by the banking laws of the commonwealth.... The collateral may be deposited with or executed through any authorized state depository designated by the commissioner....

The statute does not define "authorized state depository" but the Massachusetts Commissioner of Banks has issued an opinion to the Registrar, dated March 5, 2004, stating that "the definition covers any state or federally chartered bank or credit union with a banking office in the Commonwealth which has federal deposit insurance." The Commissioner has recommended that if a "Certificate of Deposit" is used, it should be titled:

"Commonwealth of Massachusetts, name of municipality, In Trust for (dealer) under Massachusetts General Laws chapter 140, section 58"

The Commissioner also recommends that an assignment should be executed, and that a municipality wishing to do so should contact the State Treasurer's Office to discuss the mechanics of that option. The Treasurer's Office is familiar with Certificates of Deposit and other alternative collateral since that office holds such collateral for certain licensees of the Commissioner of Banks.

(b) **Filing the Bond with Licensing Authorities:** The second issue relates to the manner in which the bond should be filed and filled out. The original of the bond needs to be filed with the City or Town when an initial Class 2 license is issued. On renewal, the licensing authority should insist on either a new original bond with power of attorney attached or an original continuation certificate showing that the existing bond is valid through the end of the next license period. Bonds may be written for more than one year so a municipality should be sure the bond covers the whole period during which the Class 2 license will be in effect. The amended statute does not specify the manner in which the bond should be filled out. However, a bond should clearly identify the parties and the purpose of the bond. For example:

Town of Willingboro, as obligee for the benefit of a person who purchases a vehicle from (name of dealer) and suffers a loss as defined by G.L. 140, Section 58.

5. **Class 2 Licensee Definition Expanded**

The definition of a Class 2 dealer was expanded to include two additional categories of used vehicle sellers that were not previously required to obtain a Class 2 license. A Class 2 licensee had always been defined as a person whose principal business is the buying or selling of second hand motor vehicles. The amended law allows a license to be issued even though it is not the applicant's principal business or he/she is not actually a seller. G.L. c. 140, §58 (c) now reads, in part:

(c) Class 2. A person whose principal business is the buying or selling of second hand motor vehicles, a person who purchases and displays second hand motor vehicles for resale in retail transactions, and any other person who displays second hand motor vehicles not owned by him pursuant to an agreement in which he receives compensation, whether solely for displaying the vehicles, upon the sale of each vehicle, or otherwise, may be granted a used car dealer's license

6. **Comment on the Expanded Definition of Class 2 Licensee**

(i) "... a person who purchases and displays second hand motor vehicles for resale in retail transactions."

This seller is a dealer of motor vehicles at retail even though it may not be his/her principal business and buys vehicles in order to sell them at retail to make a profit. A person who is selling or negotiating the casual sale of his/her own vehicle (one registered to him/her or to a spouse, another relative, a friend, etc.) is not required to obtain a Class 2 license, in the view of the RMV. Nor is a company that leases

vehicles for the use of its employees and then allows the employee to purchase the vehicle at the expiration of the lease. This provision may be applicable to a local garage or other business that purchases vehicles at auction (or from other sources) and repairs or reconditions them and offers them for sale. Any vehicles this licensee sells to a consumer will be subject to the state-mandated warranty protection of G.L. c.90, §7N¼, and the dealer must maintain or demonstrate access to repair facilities sufficient to enable him/her to satisfy the warranty repair obligations imposed by that section. The licensee must comply with the Consumer Protection Act, G.L. 93A and the Regulations of the Attorney General, and must post the required warranty notices on vehicles offered for sale. As a Class 2 licensee, this dealer is also required to maintain a Used Vehicle Record Book pursuant to G.L. 140, §62. The "authorized officers" identified in G.L. c.140, §66 (State Police, Attorney General, Chief of Police, Police Commissioner in Boston, the Selectmen of a Town, or police officers authorized by said officials) "may at any time enter upon any premises used by any person licensed under section fifty-nine for the purpose of carrying on his licensed business, ascertain how he conducts the same and examine all second hand motor vehicles or parts thereof kept or stored in or upon the premises, and all books, papers and inventories relating thereto."

(ii) "...any other person who displays second hand motor vehicles not owned by him pursuant to an agreement in which he receives compensation, whether solely for displaying the vehicles, upon the sale of each vehicle, or otherwise." This is a person who does not own the vehicles he displays on his property but he receives compensation for the display or the sale from the vehicle's owner. These are usually consignment sales and they should only involve privately owned vehicles. RMV regulations prohibit the holder of a dealer plate from offering vehicles for sale anywhere other than the licensed premises of the dealer (except for sales at recognized automobile auction facilities or at combined-dealer special sale events). Therefore, a dealer who has been issued Dealer Plates may not display other dealer's vehicles on his/her own lot or display his own vehicles on other dealers' lots. However, any licensed Class 2 dealer who has received Dealer Plates from the RMV may display vehicles for sale on the dealer's lot that are owned by a private party and held for consignment, but the vehicle must be entered in the dealer's Used Vehicle Record Book as a consignment vehicle. (The dealer cannot, however, attach its own Dealer Plate to allow a test drive of the consigned vehicle because the dealer does not own the vehicle. If a test drive is contemplated, the vehicle's owner may opt to leave his/her own valid registration plates on the vehicle if the owner's liability insurance will cover a test drive). The record keeping and inspection requirements as contained in 6.(i) (above) are applicable here also.

7. **Local Review Needed** Municipalities are urged to review the Class 2 licenses they have issued in 2004 to ensure that the bond requirement has been met for each license.

8. **A Note About Licensees Working From Home**

The RMV is aware that some municipalities have been issuing Class 2 licenses even though the applicant is doing business from his/her home. Class 2 licensees almost always apply to the RMV for Dealer Plates. The process is that the RMV asks the State Police to perform a site visit to determine if the dealer has a facility that is appropriate for the issuance of such plates. After the visit, the Trooper makes a report and recommendation to the RMV. If the licensed premises do not comply with the relevant provisions of G.L. c.90 and the Regulations of the Registrar at 540 CMR 18.00, the application for plates will be denied.

Definition of "Dealer." M.G.L. c. 90, 1, defines a "dealer" as: "any person who is engaged principally and substantially in the business of buying, selling or exchanging motor vehicles or trailers or motor vehicle bodies who maintains a facility dedicated to carrying out said business...." (Emphasis added). An applicant for General Registration Dealer Plates must be principally and substantially engaged in the business and have the required dedicated facility. Even a dealer who sells solely on a "wholesale basis" (although no such Class 2 license category exists) must have the required dedicated facility. The RMV will not issue Dealer Plates to an applicant if his/her business is located within the personal living

quarters of a residential building, whether or not the dealer or someone else actually resides there or whether no one resides there. The law regarding the issuance of dealer plates is clear and plates will not be issued even if the municipality has issued a dealer's license for that location.

Further, the regulations at 540 CMR 18.02(2)(a) were adopted under the Registrar's authority and contain the requirements that a dealer must meet to receive or retain Dealer Plates. These requirements indicate the nature of the required "facility." Generally, the following are relevant to a used vehicle dealer:

- > The dealer's business is situated within a permanent building or permanently affixed structure, including an office trailer, owned or leased by the dealer for his exclusive use and located at the address of record noted on the dealer's license issued under the provisions of M.G.L. 140, §59. Except for a dealer who exchanges vehicles or trailers solely on a wholesale basis, the dealer shall be open to the public.
- > The building, structure or office trailer must have adequate office space to conduct the business.
- > If more than one business is located within the same building or structure, the dealer shall maintain a separate and exclusive entrance, unless the multiple businesses are owned or controlled by the same principals.
- > Subject to local law, and except for a dealer who exchanges vehicles or trailers solely on a wholesale basis, the dealer shall display a permanently affixed exterior sign of sufficient size and design, to give the general public notice of the name and nature of the business.
- > The dealer must have a display area/lot to display the vehicles being offered for sale unless the dealer exchanges vehicles or trailers solely on a wholesale basis.

9. Summary

Personal living quarters cannot be the site of a Class 2 dealer's business because the law requires a dealer to maintain a facility dedicated to carrying out that business and that facility must be used exclusively for the dealer's business. It is possible that a dealer may have premises either attached to or detached from a residential building that could be deemed suitable by the RMV. The State Police site inspection may help to determine suitability. The premises would have to be separate and distinct from any personal living quarters (e.g., it would have to be a secure facility with solid floor-to-ceiling walls, adequate office space to conduct the business, direct access from the outside of the building, not be used or shared with any other person or with any portion of personal living quarters and be licensed by the municipality at that location). The licensee must post and maintain reasonable business hours so that State and local police can accomplish the required facility and record book checks when required.

10. New License Application in Draft Stage G.L. 140, §59 states, in part: ...“application for license shall be made in such form as shall be approved by the registrar of motor vehicles...” The RMV is drafting a proposed new version of an *Application for a License as a Motor Vehicle Dealer*. The purpose is to update and standardize the *Application* to include significantly more information about the applicant (including background information on all principals) so that licensing authorities are better informed before issuing or renewing a license. The RMV is willing to receive and discuss suggestions for the proposed new *Application* that local licensing officials may wish to provide. Please email me with your suggestions at: william.mcvey@state.ma.us or write to me at the above address.

Thank you. If you have any questions about this Memorandum you may email or write. You may also call me at: 617-351-9950.



TOWN OF SANDWICH
Supplemental Application for Class II License

Applicant Name: _____

Business Name: _____

Business Address: _____

Business Telephone: (____) _____

1. Is the occupation of selling used cars your principal business? (Yes or No)

If no, what is your primary business? _____

2. Are you applying for a Class II license for the purposes of operating a retail or wholesale used car business? _____

3. Do you intend to apply for a Dealer's General Registration plate through the Registry of Motor Vehicles? (Yes or No)

4. Please provide a complete description of the business operations planned for the proposed licensed location.

5. Please describe the current use of the property and buildings (i.e., residence w/ home occupation, commercial, etc.) to be used for the proposed licensed activity. Do you plan to operate the proposed business from a separate and distinct facility? (Please explain)

6. Do you plan to store vehicles on the premises? (Yes or No)

If yes, how many vehicles and where? _____

7. Please describe how you plan to satisfy the warranty repair provisions of G.L. c.140, §58. If you plan to contract for motor vehicle repair services, please provide the name and address of the repair facility and attach a copy of the service agreement.

CERTIFICATION

I understand that false statements herein may result in the rejection of the application or the subsequent revocation off the license. I certify that the information on this application form is accurate and complete.

Applicant Printed Name: _____

Applicant Signature: _____ Date: _____

FOR OFFICE USE ONLY

Zoning District: _____

Please provide comments in the space provided, attach additional sheets if necessary.

Building Department: _____

Planning & Development: _____

Police Department: _____

Other: _____

SANDWICH POLICE DEPARTMENT
SANDWICH, MASSACHUSETTS

To: Chief of Police

Date: _____

Name of Applicant: _____

Soc. Security # _____

Address of Applicant: _____

City/Town: _____

Age: _____ Date of Birth: _____ Place of Birth: _____

Father's Name: _____ Mother's Maiden Name: _____

Name of Husband/Wife: _____ Number of Children: _____

Are you a citizen of the United States? Yes: _____ No: _____

If naturalized, give date: _____ Place of naturalization: _____

Are you a resident of Sandwich? _____ If so, how long? _____

Education/Schools Attended: _____

Veteran? _____ Branch of Service: _____ Length: _____

Type of Discharge: _____ Present Occupation: _____

Name and address of employer: _____

Capacity of service: _____

Type of license desired: _____

Name of business: _____

Address of business: _____ Tel. # _____

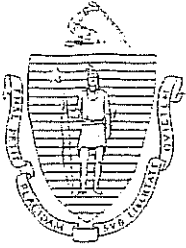
Have you held a similar license in the past? _____ If so, how long? _____

Where was this license held? _____

Have you had any previous experience in this type of business? _____

If so, give particulars: _____

Office to be held by you: _____



COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

10 Park Plaza • Suite 5170 • Boston • Massachusetts 02116
(617) 973-8700 • Fax (617) 973-8799
TTY/TDD (617) 973-8790
www.state.ma.us/consumer

TOWN CLERK
TOWN OF SANDWICH

APR 23 2004

10 H 30 M A M
RECEIVED & RECORDED

MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

BETH LINDSTROM
DIRECTOR

April 16, 2004

Municipal Licensing Authority
Town of Sandwich
Town Hall, 145 Main Street
Sandwich, Massachusetts 02563

Re: Massachusetts General Laws Chapter 140, Section 58

Dear Town Clerk:

A number of consumers have complained that used car dealers licensed under Massachusetts General Laws, Chapter 140, §58(c) are not bonded as required by that statute. We are, therefore, taking the opportunity to remind municipal authorities throughout the Commonwealth of the licensing/bonding provisions of the law that took effect on March 24th, 2003.

Massachusetts General Laws, Chapter 140, §58(c)(1) provides that used car dealers must:

obtain a bond, or equivalent proof of financial responsibility ..., and continue in effect a surety bond or other equivalent proof of financial responsibility satisfactory to the municipal licensing authority in the amount of \$25,000 executed by a surety company authorized by the insurance department [sic] to transact business in the commonwealth.

A separate bond is required for each different name under which the used car dealer conducts business, and for each city or town in which the dealer has a place of business.

In lieu of a bond, a licensing authority may allow a used car dealer to deposit collateral in the form of (1) a certificate of deposit or (2) an irrevocable letter of credit, each of which must have a face value of \$25,000. You may deposit the collateral with any authorized state depository designated by the commissioner of insurance. The commissioner has designated the Treasurer's Office.

As you may also know, Massachusetts General laws, Chapter 140, §58(c)(8) provides that municipalities must ensure that the required bond is in place *before issuing a license*:

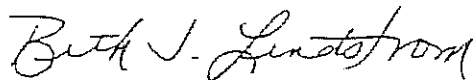
A municipal licensing authority shall not issue or renew a Class 2 license unless it is satisfied that a bond or equivalent proof of financial responsibility meeting the requirements of this section is in effect during the term under which the license shall be issued or renewed, and that the licensee maintains or demonstrates access to repair facilities sufficient to enable him to satisfy the warranty repair obligations imposed by section 7N¼ of chapter 90.

We thank you for the efforts your municipality has made to date, and for your continued efforts in protecting Massachusetts consumers. With our thanks comes a reminder that before any used car dealer license is issued your office must:

- (1) have on file proof that the applicant is bonded, or you must obtain from the applicant a certificate of deposit, or an irrevocable letter of credit, for the period during which the license is to be effective;
- (2) ensure that the bond, certificate of deposit, or irrevocable letter of credit is in the amount of \$25,000; and
- (3) ensure that the surety is one authorized to do business in the Commonwealth.

Thanks again for all your efforts.

Sincerely,



Beth Lindstrom
Director