

**WHOLESALE VEHICLE TRANSACTIONS**  
***VEHICLE INDUSTRY REGISTRATION PROCEDURES***

**9**

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## *Wholesale Vehicle Transactions*

### 9.000 General Information

California licensed dealers and lessor-retailers must report sales of vehicles sold to other California dealers, out-of-state dealers, auto auctions, dismantlers, steel mills, and scrap metal processors on a Wholesale Report of Sale (REG 396).

- Wholesale auto auctions must report **wholesale** vehicle sales on a Vehicle Auction Wholesale Report of Sale (REG 398).  
— A REG 396 is not required if the REG 398 is submitted.
- Sales by an auto auction to a retail buyer must be reported on a Report of Sale—Used Vehicle (REG 51).
- The Wholesale Report of Sale (REG 396) and the Vehicle Auction Wholesale Report of Sale (REG 398) are controlled forms and can only be obtained from the department’s Occupational Licensing Section.
- Orders for additional forms are only accepted by mail on a Wholesale Report of Sale, REG 396 Order Form (OL 395W) or a Vehicle Auction Wholesale Report of Sale, REG 398 Order Form (OL 395A), as appropriate.
- These forms are available online at [www.dmv.ca.gov/forms/ol](http://www.dmv.ca.gov/forms/ol) and must be mailed to the address on the form.

### 9.005 Completion of the Wholesale Report of Sale (REG 396)

All information must be clearly and accurately completed on all parts of the REG 396.

#### Check List

Use the following when completing the REG 396.

#### Completing the REG 396

<i>Section</i>	<i>Information Required</i>
<b>Vehicle Identification Number</b>	The complete VIN for the vehicle.
<b>License Plate Number</b>	The license number for the last registration. <ul style="list-style-type: none"> <li>• If the vehicle does not have a license plate, print “no plate” in the box.</li> <li>• If the vehicle’s license plate is from out of state, print “O/S” in the box.</li> </ul>
<b>Make</b>	The make of the vehicle, <b>not</b> the model.
<b>Year</b>	The manufacturer’s year model.
<b>Model</b>	The manufacturer’s model name

**Completing the REG 396 (continued)**

<i>Section</i>	<i>Information Required</i>
<b>Body Type</b>	The body type
<b>Odometer Mileage</b>	The actual odometer mileage reading.
<b>On (Selling Date)</b>	The date of sale.
<b>Buyer's Dealer Name/ Address</b>	The buying dealer's name, address, and city. <b>Do not</b> abbreviate the city name.
<b>Buyer's Dealer Number</b>	The buyer's dealer number.
<b>Seller's Dealer Name/ Address</b>	Your dealer name and business address.
<b>Seller's Dealer Number</b>	Your dealer number.
<b>Seller's Signature</b>	Signature of the dealer's authorized representative.

**9.010 Distribution of the Wholesale Report of Sale (REG 396)**

Distribute the Wholesale Report of Sale (REG 396) as follows:

- Mail the DMV copy (white lower portion of the original) to the address shown on the REG 396 within five calendar days of the date of sale, not including the day of sale.
- Give the yellow copy (buyer's copy) to the buyer.
- Retain the blue copy (seller's copy) for a minimum of four years

**9.015 Voided Wholesale Report of Sale (REG 396) Forms**

- Do **not** submit voided Wholesale Report of Sale (REG 396) forms to the department.
- Complete a Statement of Facts (REG 256) stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.

**9.020 Wholesale Rollback**

Sales between dealers or lessor-retailers are reported on the Wholesale Report of Sale (REG 396).

- If the buyer returns the vehicle to the seller (rollback), the buyer must complete a REG 396 back to the selling dealer.
- The REG 396 must be submitted to the department at the address shown on the REG 396 within the prescribed five-day period.

**9.025 New Vehicle Wholesale**

A franchised new vehicle dealer may wholesale a new vehicle to another franchised dealer. The fees are based on the first retail buyer’s purchase price.

- A dealer **cannot** advertise for sale, sell, or purchase for resale, any **new** vehicle of a line-make for which the dealer **does not** hold a franchise. (CVC §11713.1)
- If a broker obtains a new vehicle from a franchised dealer and the vehicle is subsequently sold through a non-franchised dealer to a retail buyer, the transaction is handled similar to a used vehicle sale.
  - A Registration of New Vehicle (REG 397) form is **not** completed.

**Exceptions (CVC §11713.1[f, 2])**

- A mobilehome.
- A recreational vehicle (motor home, travel trailer, or camping trailer) as defined in *Health and Safety Code* (H&SC) §18010.
- A commercial coach as defined in H&SC §18001.8.
- An off-highway motor vehicle (OHV) subject to OHV identification.
- A commercial vehicle with a gross vehicle weight (GVW) rating of more than 10,000 pounds.
- A manufactured home.
- A new vehicle that will be substantially altered or modified by a converter prior to sale.
- A vehicle purchased for export and exported outside the territorial limits of the United States **without being registered** by the department.

**Vehicle Wholesale Chart**

<i>For sales...</i>	<i>then submit...</i>
between franchised new vehicle dealers <b>NOTE:</b> A Wholesale Report of Sale (REG 396) is <b>not</b> required for sales between dealers of the same franchise.	an Application for Registration of New Vehicle (REG 397) from the second dealer to the retail buyer and all fees due. <b>NOTE:</b> The first dealer must submit a Notice of Release of Liability (REG 138).
between a franchised and non-franchised or used vehicle dealer, <b>if the vehicle is one listed above as an exception</b>	<ul style="list-style-type: none"> <li>• Application for New Vehicle (REG 397) from the franchised dealer with bill(s) of sale necessary to complete the chain of ownership</li> <li>• Application for Title or Registration (REG 343) completed and signed by the new retail buyer. Enter the cost to the retail buyer in the Certificate of Cost or Value section.</li> </ul>

Vehicle Wholesale Chart (continued)

<i>For sales...</i>	<i>then submit...</i>
between a franchised and non-franchised or used vehicle dealer, <b>if the vehicle is one listed above as an exception, continued</b>	<ul style="list-style-type: none"> <li>• Report of Sale–Used Vehicle (REG 51) from the dealer retailing the vehicle.</li> <li>• Statement of Facts (REG 256) from the retailing franchised dealer stating the vehicle was new when sold to the buyer.</li> </ul>
from a licensed wholesaler (broker) to a non-franchised dealer	<ul style="list-style-type: none"> <li>• Application for Title or Registration (REG 343) completed and signed. Enter the cost to the retail buyer in the Certificate of Cost or Value section, one of the following:                             <ul style="list-style-type: none"> <li>— Manufacturer’s Statement of Origin properly endorsed to the dealer.</li> <li>— Certified copy of the factory invoice with bill(s) of sale as needed for chain of ownership.</li> </ul> </li> <li>• Report of Sale–Used Vehicle (REG 51) from the dealer retailing the vehicle.</li> <li>• Statement of Facts (REG 256) from the retailing franchised dealer stating the vehicle was new when sold to the buyer.</li> <li>• Vehicle verification (required because a REG 397 from the franchised dealer <b>is not</b> submitted with the application)</li> <li>• Smog certification, if applicable (required because a REG 397 is not being submitted, and, therefore, no compliance certification is being signed)</li> </ul>

**9.030 Wholesale Auto Auction Dealer Sales (CVC §§4456, 5901, and 6100)**

Wholesale auto auction dealers must report vehicle sales on a Vehicle Auction Wholesale Report of Sale (REG 398).

- The REG 398 includes the phrase “sold through” and contains the:
  - name, address, and dealer number of the selling dealer;
  - name, address, and number of the dealer conducting the auction;
  - date of delivery and the actual odometer mileage reading at the time of delivery to that dealer; and
  - name, address, and dealer number of the dealer acquiring the vehicle.
- The wholesale auto auction dealer must also complete the “Sold through Auction if Applicable” portion of the “dealer transactions only” section on the reverse side of the title.
  - If the title does not contain a specific space for the auto auction endorsement, the auction must complete one of the dealer sections on the title.
  - Endorsement in the margin of the title is **not** allowed.
  - If there is insufficient space in the dealer endorsement section, a Vehicle/Vessel Transfer and Reassignment form (REG 262) must be completed.

**9.035 Distribution of the Vehicle Auction Wholesale Report of Sale (REG 398)**

Distribute the Vehicle Auction Wholesale Report of Sale (REG 398) as follows:

- Mail the original DMV copy to the address shown on the REG 398 within five calendar days of the date of sale, not including the day of sale.
- Give the duplicate copy to the selling dealer
- Give the triplicate copy to the buying dealer
- Retain the quadruplicate copy (seller’s copy) for a minimum of four years

**9.040 Voided Vehicle Auction Wholesale Report of Sale (REG 398)**

- Do **not** submit voided Vehicle Auction Wholesale Report of Sale (REG 398) forms to the department.
- Complete a Statement of Facts (REG 256) stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.