

Online Vehicle Sales and Off-Site Delivery

DIGITAL INFORMATION BRANCH • CUSTOMER SERVICES DIVISION • © 2020 STATE OF CALIFORNIA, DEPARTMENT OF MOTOR VEHICLES. ALL RIGHTS RESERVED.

Effective Immediately

Purpose

Due to the COVID-19 outbreak, a *Proclamation of a State of Emergency* was issued by California Governor Gavin Newsom. On March 19, 2020, Executive Order N-33-20 was issued which exempted from the stay at home order “essential critical infrastructure workers” needed to maintain continuity of essential critical infrastructure designated by the State Public Health Officer.

On April 28, 2020, in accordance with the Order, the State Public Health Officer designated workers critical to the manufacturing, distribution and sales of vehicles as essential critical infrastructure workers, subject to adhering to the public health guidelines issued by the California Department of Public Health (CDPH).

This memorandum clarifies the requirements for online vehicles sales and off-site delivery of a vehicle to a purchaser during this outbreak period.

Online Sales Transactions and Off-Site Vehicle Delivery

The *Vehicle Code* (VC) requires vehicle sales be conducted through a licensed location. This requirement applies to brick and mortar vehicle dealerships transactions and to online sales transactions conducted through brick and mortar dealer licensees. The vehicle offered for sale by the dealership must be present at the dealership’s licensed location at the time of the sales transaction or be available to the dealer directly from the manufacturer or distributor of the vehicle at the time of the advertisement or the offer of the vehicle for sale. The sale takes place at the licensed location and meets the requirements of VC §11714(b). Accordingly, the dealership is permitted to deliver the vehicle to the customer at an off-site location in order to complete the sale through the licensed location as required by VC §5901(d). The dealer and salesperson must comply with all sales related requirements of the VC before, during, and after the sale of the vehicle.

Compliance Requirements

- All products must be contracted for sale prior to the delivery of the vehicle.
- All terms of the transaction must be agreed upon prior to the delivery of the vehicle at an off-site location. Negotiations may not be conducted at the purchaser’s delivery location.
- All contracts must be signed by the dealership before delivery of the vehicle at the off-site location. The purchaser may sign the contract at the time of delivery.
- Any person engaged in the negotiation and sale of the vehicle must be a licensed salesperson.
- A copy of all notices to the consumer required by the VC and the *Civil Code* must be provided to the purchaser **before** the purchaser executes all sales related documents, such as the notice of the right to inspection, etc.

Compliance Requirements, *continued*

- All Regulation Z disclosures must be provided to the purchaser and the purchaser must be given an opportunity to review **prior** to purchaser's execution of sales related documents.
- All state and local social distancing requirements must be adhered to at the time the vehicle is delivered.
- Adherence to social distancing requirements and sanitization of the vehicle is required if a test drive of the vehicle occurs.

NOTE: For further information, consult the Centers for Disease Control and CDPH websites. Consult your legal counsel if you have questions regarding the requirements of the VC and other applicable statutes and regulations. Any deceptive or fraudulent activities occurring in the offer of or during the vehicle sales transaction should be reported to the local office of the Department of Motor Vehicles (DMV) Investigations Division.

Background

A dealership selling new or used vehicles, at retail or at wholesale, must possess a valid dealer license issued by the DMV's Occupational Licensing Branch (OLB). A salesperson engaged in the sales transaction, on behalf of the dealer, must also possess a valid salesperson license issued by OLB.

Although the VC does not specifically address or prohibit online sales of vehicle inventory and delivery of the vehicle to an off-site location from a dealership's licensed established place of business, adherence to other requirements of the vehicle sales transaction regulated by the VC, the *Civil Code*, the *Business and Professions Code*, and other codes, is required.

References

Vehicle Code §§5901(d), 11713(b), and 11714(b)

Distribution

Notification that this memo is available at **dmv.ca.gov** was made via California DMV's Automated Email Alert System in May 2020 to the following:

- Dealers
- Registration Services

Contact

Questions regarding this memo may be directed to Occupational Licensing Compliance Services and Support Unit at (916) 229-3346.