

PROCEDURES FOR SALVAGE MOTOR VEHICLE DEALERS

If you buy, sell, or display 3 vehicles or more in a 12-month period, you are required by the DMV to acquire a Dealer License. There are two Licenses available. You may acquire one or both, as per your business needs. The VI-License allows you to buy vehicles, sell vehicles, and handle Temporary Tags, but you can't resell motor homes. The SD-License allows you to acquire salvaged or wrecked motor vehicles for the purpose of reselling them and their parts and participate in the Derelict Form Procedure for purchasing Derelict Vehicles. Florida Law doesn't allow you to purchase vehicles with a Bill Of Sale or an Affidavit.

The purchaser of Derelict Vehicle without a title or C/D will need to be a Licensed Salvage Motor Vehicle Dealer (SD) or a Registered Secondary Metals Recycler. To become a SD, the business must be licensed with DMV with a SD License and will need to post a \$25,000 Bond, fingerprints, pass the Dealer Course, and corporate information. The Licensing Form can be printed at <http://www.flhsmv.gov/dmv/forms/BFO/86056.pdf>.

When a Licensed Independent Dealer wants to acquire a SD License, their Bond and Dealer Course is sufficient. They will have to apply for the rest of the SD License with all other requirements. After you have filled the Form out, you need to contact your Local DMV Office. They may ask you to bring in the Form or they may want to visit your Facility to inspect your qualifications and take pictures of your Office.

Fill out the Dealer License:

Print clearly and never cross out letters or use white-out on Forms.

Be sure that the PIP Limit-\$10,000 is listed on the Garage Liability Insurance Certificate.

Page 1 – check Box for the SD License, Fill out the Business information

Page 2 – Section 1 is for Owners or Partners to fill out

Section 2 is for Corporate, LLC, LLP, LLLP to fill out. Every person listed on your Corporation with the Secretary of State must be listed.

Page 3 – Your Officer Signature and the Date certifying your location

Page 4 – Not for you. This is for Mobile Home and Recreational Licenses

Page 5 – This page is to be filled out by each Partner, Officer, or Director of the Corporation. Check the boxes pertaining to any convictions of Felonies, or the denial of any Surety Bonds and Licenses. If

you have a VI License, you need to check Yes for License and give State and Number on available line. Place your Signature and Date along with Notarial Certificate. This page can't be notarized by an any Partner, Officer, or Director of the Corporation.

Page 6 – this page is for DMV only

The Statute definition is a **“Derelict Motor Vehicle”** means any motor vehicle or mobile home, with or without all parts, major parts, or major component parts, which is valued under \$1,000.00, is at least ten model years old, beginning with the model year of the vehicle as year one, and is in such condition that its highest or primary value is for sale, transport or delivery to a licensed salvage motor vehicle dealer or registered secondary metals recycler for dismantling its component parts or conversion to scrap metal; or Any trailer as defined in s. 320.01(1), with or without all parts, major parts, or major component parts, which is valued under \$5,000, is at least 10 model years old, beginning with the model year of the vehicle as year one, and is in such condition that its highest or primary value is for sale, transport, or delivery to a licensed salvage motor vehicle dealer or registered secondary metals recycler for conversion to scrap metal.

If a valid certificate of title, salvage certificate of title, or certificate of destruction is not available, a derelict motor vehicle certificate application shall be completed by the seller or owner of the motor vehicle or mobile home, the seller's or owner's authorized transporter, and the licensed salvage motor vehicle dealer at the time of sale, transport, or delivery to the licensed salvage motor vehicle dealer. The derelict motor vehicle certificate application shall be used by the seller or owner, the seller's or owner's authorized transporter, and the licensed salvage motor vehicle dealer to obtain a derelict motor vehicle certificate from the department. The derelict motor vehicle certificate application must be accompanied by a legible copy of the seller's or owner's valid Florida driver's license or Florida identification card, or a valid driver's license or identification card issued by another state. If the seller is not the owner of record of the vehicle being sold, the dealer shall, at the time of sale, ensure that a smudge-free right thumbprint, or other digit if the seller has no right thumb, of the seller is imprinted upon the derelict motor vehicle certificate application and that a legible copy of the seller's driver's license or identification card is affixed to

the application and transmitted to the department. The licensed salvage motor vehicle dealer shall secure the derelict motor vehicle for 3 full business days, excluding weekends and holidays, if there is no active lien or a lien of 3 years or more on the department's records before destroying or dismantling the derelict motor vehicle and shall follow all reporting procedures established by the department, including electronic notification to the department or delivery of the original derelict motor vehicle certificate application to an agent of the department within 24 hours after receiving the derelict motor vehicle. If there is an active lien of less than 3 years on the derelict motor vehicle, the licensed salvage motor vehicle dealer shall secure the derelict motor vehicle for 10 days. The department shall notify the lienholder that a derelict motor vehicle certificate has been issued and shall notify the lienholder of its intention to remove the lien. Ten days after receipt of the motor vehicle derelict certificate application, the department may remove the lien from its records if a written statement protesting removal of the lien is not received by the department from the lienholder within the 10-day period. However, if the lienholder files with the department and the licensed salvage motor vehicle dealer within the 10-day period a written statement that the lien is still outstanding, the department shall not remove the lien and shall place an administrative hold on the record for 30 days to allow the lienholder to apply for title to the vehicle or a repossession certificate under s. 319.28. The licensed salvage motor vehicle dealer must secure the derelict motor vehicle until the department's administrative stop is removed, the lienholder submits a lien satisfaction, or the lienholder takes possession of the vehicle.

If the Vehicle becomes a reported stolen or fraudulent vehicle, the Dealer will be required to hold the vehicle OR Law Enforcement may seize the vehicle from your possession. In the event DMV or Law Enforcement discovers a problem with the vehicle you had completed a Derelict Vehicle Application, they will notify you of the problem and an additional five-day hold is then required so that the status of the vehicle can be resolved. Failing to follow this Procedure is a 3rd Degree Felony. After this procedure, if you had destroyed the vehicle in any way, you could be financially responsible to the titled owner of the vehicle if stolen or other issues. You would not be charged with a criminal act if you did the proper procedure as in the Statute.

This section does not authorize any person who is engaged in the business of recovering, towing, or storing vehicles pursuant to s. 713.78, and who is claiming a lien for performing labor or services on a motor vehicle or mobile home pursuant to s. 713.58, or is claiming that a motor vehicle or mobile

home has remained on any premises after tenancy has terminated pursuant to s. 715.104, to use a derelict motor vehicle certificate application for the purpose of transporting, selling, disposing, or delivering a motor vehicle to a salvage motor vehicle dealer or secondary metals recycler without obtaining the title or certificate of destruction

Derelict Application

When filling out the Derelict Application, Section 1 is to be filled out with the Owner-Of-Record's signature and this will be the person or Company that you are buying the Vehicle from. When the vehicle is being towed to your business, the Driver Name and Transport Company name will be entered. Law Enforcement has asked that you add the Tag Number of any vehicle used to pull or tow the vehicle.

Section 2 is to be filled out by a Transporter of a Vehicle to your business. Example: is when the Seller has the vehicle towed to your business. This is not to be used if the Tow Company is selling a vehicle to you.

Section 3 is to be filled out by you with the information concerning your business with your signature and date of purchase. After processing the Derelict Form, you will receive a Derelict Certificate. You must retain this Derelict Certificate or a copy for at least 3 years.

You shall process the Original Derelict Certificate to a Secondary Metals Recycler if you transfer or sell the vehicle as Non-Prepared Material. Prepared Material is a vehicle that is not recognizable as the motor vehicle. Question has been asked, "Is a vehicle with the roof crushed down Prepared Material, answer is NO, because it is recognizable as the vehicle. Crushed to about 2 foot is Prepared material. You are required to give this Derelict Certificate to them and you are required to maintain a copy for your records.

Other Recommendations

* For your convenience if you don't have a Source and FADRA is not endorsing these:

For the Bond – Chastain & Associates, Susan Gravely, 706-433-1711

For Dealer Training- FIADA, www.fiada.com

* Assign Vehicle Stock Numbers to all acquired vehicles.

* Keep a Folder on all Acquired Vehicles in numerical order of the Stock Number or any order easy to locate questioned vehicles by Law Enforcement.

*Take pictures of all vehicles purchased with a Derelict Application so you can prove condition at time of purchase. Also recommend taking a

picture of the Vin-plate incase it gets removed from the vehicle while on your premises.

A Salvage Dealer License may be associated with an existing VI dealer license (in much the same way that an SF is associated with a VF license) or it may be a separate license.

Form HSMV 86056 includes the SD license category. This is available on the internet.

A new SD license applicant must submit to the DMV Regional Office:

- Completed form HSMV 86056 (Available on-line at the Department's website at www.flhsmv.gov);
- \$300.00 original license fee;
- Surety Bond/Irrevocable Letter of Credit (DMV forms only. Available on-line at the Department's website at www.flhsmv.gov);
- Garage Liability Insurance Certificate in the amount of \$25,000 combined single limit liability coverage including bodily injury and property damage protection, and \$10,000 personal injury protection;
- True copy of the lease agreement or proof of ownership;
- Dealer Training School Certificate (copy is sufficient);
- Article of Incorporation if the dealership is a corporation; Articles of Organization and Operating Agreement if the dealership is a Limited Liability Company; or a Partnership Agreement if the dealership is a Partnership;
- Copy of certification from the Division of Corporations showing current registration of business to conduct business in the State of Florida. (on-line access at www.sunbiz.org);
- Copy of the fictitious name registration with the Division of corporations. (on-line access at [ww.sunbiz.org](http://www.sunbiz.org));and
- Fingerprint cards.(\$53.25 per fingerprint card)

An existing VI dealer applying for a SD license must submit to the DMV Regional Office:

- Completed form HSMV 86056 (Available on-line at the Department's website at www.flhsmv.gov);
- \$300.00 original license fee;
- Copy of the Surety Bond/Irrevocable Letter of Credit submitted with the VI license application;
- A Surety Bond rider if the SD license will be using a new fictitious name
- Copy of the Garage Liability Insurance Certificate of Insurance in the amount of \$25,000 combined single limit liability coverage including bodily injury and property damage protection, and \$10,000 personal injury protection that was submitted with the VI license application;
- True copy of the lease agreement or proof of ownership;
- Copy of the Dealer Training School Certificate that was submitted with the VI license application. (copy is sufficient);
- Copy of the Article of Incorporation if the dealership is a corporation; Articles of Organization and Operating Agreement if the dealership is a Limited Liability Company; or a Partnership Agreement if the dealership is a Partnership that was submitted with the VI license application;
- Copy of certification from the Division of Corporations showing current registration of business to conduct business in the State of Florida. (on-line access at www.sunbiz.org);and
- Copy of the fictitious name registration with the Division of corporations. (on-line access at www.sunbiz.org).

NOTE: A VI dealer can apply for the SD license at the same location.
Salvage Dealers cannot issue temporary license plates.