

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.

32  
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

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

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

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

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

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

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

#### EFFECTIVE DATE

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