

280-RICR-30-20-2

TITLE 280 – DEPARTMENT OF REVENUE

CHAPTER 30 – DIVISION OF MOTOR VEHICLES

SUBCHAPTER 20 – DEALER LICENSING AND REGISTRATION

PART 2 – Motor Vehicle Leasing Licenses

2.1 Authority

The following Rules and Regulations are promulgated to administer R.I. Gen. Laws §§ 31-2-4 and 31-5-2.

2.2 Purpose

The purpose of these rules is to prescribe conditions under which the Division of Motor Vehicles of the Rhode Island Department of Revenue will issue a Motor Vehicle Leasing License, pursuant to R.I. Gen. Laws § 31-5-33.

2.3 Definitions

A. Except as otherwise indicated, the following definitions shall apply:

1. “Applicant” means any individual, firm, corporation, partnership or agency that has filed a Motor Vehicle Leasing License Application.
2. “Application” means Motor Vehicle Leasing License Application.
3. “Deputy Director” means the Deputy Director for Motor Vehicles or his designee.
4. “Division” means the Division of Motor Vehicles
5. “Lessee” means any person or form which leases a motor vehicle under a contractual arrangement in which a charge is made for its use when title to the vehicle is in a person or firm than the user.
6. “Motor vehicle lessor” means any person or firm engaged in the business of regularly making available, offering to make available, or arranging for another person to use a motor vehicle pursuant to a bailment, lease, or other contractual arrangement under which a charge is made for its use at

a periodic rate for any length of time, and title to the motor vehicle is in a person or firm other than the user.

2.4 License Process

- A. No person shall engage in the business of regularly making available, offering to make available, or arranging to use a motor vehicle for purposes of a lease thereof, in this State, unless he has obtained a motor vehicle leasing license from the Division of Motor Vehicles.

- B. Each person applying for a motor vehicle leasing license shall annually, before the first day of January or prior to doing business, make out and deliver to the Deputy Director of the Division for Motor Vehicles, upon a blank form to be furnished by the Deputy Director for that purpose, an application for a motor vehicle leasing license. The application shall be in the form prescribed by the Deputy Director, shall be signed and sworn to by the applicant, and in addition to such other information as is required by the Deputy Director, shall include the following:
 - 1. Name of applicant and location of principal place of business;
 - 2. Name or style under which business is to be conducted and, if a corporation, the state of incorporation;
 - 3. Name and address of each owner or partner and, if a corporation, the name of officers and directors;
 - 4. The address of each place or business in which the business is to be conducted;
 - 5. A photograph of each place of business operated, or to be operated, by the applicant;
 - 6. A statement of the previous history, record, and association of the applicant and each owner, partner, officer and director, that shall be sufficient to establish to the satisfaction of the Registrar the reputation in business of the applicant;
 - 7. A statement showing whether the applicant has previously applied for a motor vehicle leasing license, and the result of the application and whether the applicant has ever been the holder of any such license that was revoked or suspended;
 - 8. If the applicant is a corporation or partnership, a statement showing whether any partner, employee, officer or director has been refused a

motor vehicle leasing license, or motor vehicle dealer's license, or has been the holder of any such license that was revoked or suspended.

- C. No motor vehicle lessor shall make a motor vehicle available for use by another under a lease agreement at any place except an established place of business that is used for leasing motor vehicles and which has been identified in the application.
- D. At the time the Deputy Director for Motor Vehicles grants the application of any person for a license as a motor vehicle lessor, he shall issue to the person a license, which shall contain the name and address of the person licensed, and such other information as may be deemed necessary by the Deputy Director.
- E. If a motor vehicle leasing lessor has more than one place of business in the State, he shall make application in such form as the Deputy Director prescribes, for a certified copy of the license issued to such lessor for each place of business operated.
- F. In the event of the loss, mutilation or destruction of the license, any licensee may make application to the Deputy Director in such form as the Deputy Director prescribes, for a duplicate copy thereof. The fee for a certified or duplicate copy of a motor vehicle leasing license is Five Dollars (\$5.00). All fees for such copies shall accompany the applications.
- G. All motor vehicle leasing licenses issued or renewed each year shall expire on the last day of December next following the date of their issuance, unless sooner suspended or revoked. Each motor vehicle lessor licensed during any year shall, before the first day of January in each year thereafter, file an application, in such form as the Deputy Director prescribes, for the renewal of such license. The fee provided R.I. Gen. Laws § 31-5-34 shall accompany such application.
- H. Every motor vehicle lessor shall keep his license, or a certified copy thereof, posted in a conspicuous place in each place of business, and shall exhibit such license or copy upon demand to any inspector or agent of the Division of Motor Vehicles, police officer, or person with whom he seeks to transact business.
- I. The Deputy Director for Motor Vehicles shall deny the application of any person for a license as a motor vehicle lessor, and refuse to issue him the license if the Deputy Director finds that the applicant:
 - 1. Has made any false statement of a material fact in his application;
 - 2. Is of bad business repute or has habitually defaulted on financial obligations;

3. Has been guilty of a fraudulent act in connection with selling or otherwise dealing in or leasing, motor vehicles;
 4. Is insolvent;
 5. Is of insufficient responsibility to ensure prompt payment of any final judgments that might reasonably be entered against him because of the transaction of his business as a motor vehicle lessor during the period of the license applied for, or has failed to satisfy any such judgment;
 6. Has no established place of business that is used or will be used for the purpose of leasing motor vehicles at the location for which application is made;
 7. Has, within twelve months of making an application, been denied a motor vehicle leasing license, or has had such license revoked within such time period.
- J. If the applicant is a corporation or partnership, the Deputy Director may refuse to issue a license if any officer, director or partner of the applicant has been guilty of any act or omission that would be cause for refusing or revoking a license issued to such officer, director or partner as an individual. The Deputy Director's findings may be based upon facts contained in the application or upon any other information he may have available to him. Upon denying an application for any of the reasons stated herein, the Deputy Director shall enter a final order together with his findings in the official records of the Division of Motor Vehicles and mail a certified copy of same to the applicant.
- K. No motor vehicle lessor shall display a motor vehicle for leasing purposes at any place except his licensed location, unless he first obtains written permission from the Deputy Director and complies with all applicable rules and regulations of the Division of Motor Vehicles.
- L. Any licensed motor vehicle lessor, shall notify the Deputy Director of any change in his status as a motor vehicle during the period for which he is licensed, if the change of status concerns any of the following:
1. Personnel of owners, partners, officers or directors;
 2. Location of office or principal place of business. The prescribed notification shall be made by filing with the Registrar, within fifteen (15) days after the change in status, a supplemental statement in a form prescribed by the Registrar showing in what respect the status has been changed.

2.5 Fees

- A. No application, or resubmission of a denied application for a motor vehicle leasing dealer's license will be accepted from any person, firm, corporation or other entity without payment of the applicable fee pursuant to R.I. Gen. Laws § 31-5-34.
- B. Payment must be in the form of a check or money order made payable to the Division of Motor Vehicles. CASH PAYMENT WILL NOT BE ACCEPTED.
- C. Fees are not refundable.
- D. The license obtained upon approval of the application and payment of the fee shall be valid for the calendar year in which the license is issued.

2.6 Proof of Financial Responsibility for Leased Vehicles

- A. The owner of any motor vehicle offered for lease in this state by a motor vehicle lessor shall provide proof of financial responsibility to the Division of Motor Vehicles as required by R.I. Gen. Laws § 31-34-1.
- B. A proprietor, partnership, or corporation owning more than one motor vehicle offered for lease in this state by an authorized motor vehicle lessor shall file one financial responsibility form covering all vehicles owned by such party.
- C. Unless proof of financial responsibility is continuous at all times, the motor vehicle leasing license of the owner and all motor vehicle registrations of leased vehicles will be cancelled.

2.7 Revocation of License

- A. Any licensee convicted of any fraudulent act in connection with selling or leasing motor vehicles during the term of the motor vehicle leasing license shall have the license revoked forthwith by the Deputy Director.
- B. Any licensee unable to satisfactorily maintain the financial ability to promptly pay a final judgment rendered against it, or which fails or refuses to pay a final judgment rendered against it during the term of the license, shall have the license revoked forthwith by the Deputy Director.
- C. The Deputy Director shall notify any party whose license is revoked for any of the reasons cited in this section by mailing to the licensee, postage prepaid, a written Notice of Revocation stating the ground or grounds for such revocation and the effective date thereof, and designating the place and time, not to exceed 20

days, for a hearing thereon before the Deputy Director, if such hearing is requested by the licensee.

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Type of Filing: Amendment

Agency Signature

Agency Head Signature

Agency Signing Date

Department of State

Regulation Effective Date

Department of State Initials

Department of State Date