

AUTO INDUSTRY DIVISION

Buyer Agent Application Information



STATE OF COLORADO
Department of Revenue
1881 Pierce St #142
Lakewood CO 80214
(303) 205-5604
dealers@spike.state.co.us
www.revenue.state.co.us/dlr/home.asp

BUYER AGENT DEFINITION

A buyer agent is any person that is retained or hired by a consumer for a fee or other thing of value to assist, represent or act on behalf of a consumer in purchasing or leasing a motor vehicle. A person whose business includes the purchase of motor vehicles primarily for resale or lease (i.e. a motor vehicle dealer) cannot be a buyer agent. Any one having an ownership or financial interest in or an employment relationship with a dealership cannot be licensed as a buyer agent. Licensed salespersons cannot obtain a buyer agent license because they receive compensation from a dealer. Buyer agents are strictly prohibited from being employed or receiving any fee from a dealer.

SUBMITTING APPLICATIONS

Applications may be submitted anytime throughout the year. The Auto Industry Division will review the application and grant or deny a license based on the fitness of the applicant and its owners. Fitness is defined by state law as relating to criminal, licensing and financial character or record. The decision is normally made within 30 days of receipt of the application. If the license is denied, the applicant will be notified in writing and then may request an administrative hearing before the Executive Director of the Department of Revenue or his/her designee.

APPLICATION PACKET

The buyer agent application packet may be obtained by contacting the Auto Industry Division at (303) 205-5604. The application packet includes:

- DR2105 "Buyer Agent License Application"
- CR0100 "Colorado Business Registration"
- FYI - General 14 - "Opening a Business in Colorado"

Each application must be completed providing all information requested and answering each question. Note, it is the business entity that is applying for the license, not the individual owner(s). The license is issued in the name of the business entity. The owner, partner, corporate officer, or LLC manager must sign each application.

If the applicant is applying as a partnership, including husband and wife partnerships, the applicant must provide a copy of the partnership agreement.

If the applicant is a corporation or limited liability company (LLC), one copy of each document listed below must be submitted:

- Articles of Incorporation or Organization with the Secretary of State's annotation "Filed Copy" plus ID Number.
- Secretary of State's Certificate of Incorporation/Certificate of Authority for foreign corporation.
- Secretary of State Certificate of Assumed or Trade Name, If DBA is different than corporate or company names.

APPLICATION FEES

The license fee is \$325 for first time applicants. Checks may be made payable to the Colorado Department of Revenue. This and other licensing fees are subject to change on July 1 of each year.

CREDIT BUREAU REPORTS

The Auto Industry Division will obtain a credit bureau report from Trans Union Corporation. This report is a reflection of the applicant's financial fitness similar to financial statements. Derogatory information on the credit report, such as bankruptcy, foreclosure, judgments, liens, charge-offs, repossessions

and collection actions may result in a rejection of the application. If there is derogatory information on the credit report, the applicant must explain or resolve the action.

SURETY BOND REQUIREMENTS

Buyer agents are required to have a \$5,000 surety bond. Applicants must contact an insurance or bonding company to determine if they are bondable. The bond form used must be approved by the Attorney General's Office; most Colorado bonding companies have the proper form. The bond must remain in effect for the same 12 months as the license and may be continued from year to year.

The bonding company must indicate that the entity is being bonded as a buyer agent. Please ensure that the bonding company has indicated that the bond is for a buyer agent not a salesperson or dealer.

The full legal name and DBA of the applicant must appear on the "principal" line of the bond as follows:

Individual:

John T. Smith, DBA Smith Motors

Partnership:

John T. Smith and Thomas R. Jones, DBA Nice Cars

Corporation:

ABC Car Sales, Inc.

Or: ABC Car Sales, Inc., DBA XYZ Car Sales (if operating under an assumed name).

Limited Liability Company:

ABC Car Sales, LLC

Or: ABC Car Sales, LLC., DBA XYZ Car Sales, LLC (if operating under an assumed name).

TRADE NAME REGISTRATION

Sole proprietorships and general partnerships are required to register their trade name (DBA) with the Department of Revenue on form DR0592. Applicants should ensure that no other business is using the same trade name. The issuance of a buyer agent's license by this office does not grant any exclusive rights to the

trade name. Buyer agents should guard against using a trade name that gives the false impression that they sell motor vehicles. All other entities, such as corporations and LLC's, must register their trade name with the Colorado Secretary of State. For additional information, contact the Secretary of State at (303) 894-2251.

NEW BUSINESS START-UP

The Department of Revenue's Taxpayer Service Division, the Department of Regulatory Agencies and the Federal Small Business Administration offer one-stop assistance to persons who want to start a new business.

The New Business Office is located at the World Trade Center, 1625 Broadway, Room 805, Denver. This office provides assistance and information in a number of areas including trade name registration, sales tax licenses, employee withholding tax, unemployment insurance, worker's compensation insurance, and licenses and permits. The staff also offers management and financial referral assistance. Additional information regarding starting a new business is available on FYI General 14 "Opening a Business in Colorado".

SUBMIT THE APPLICATION PACKET

The application packet may be delivered in person to 1881 Pierce Street in Lakewood or mailed to the Auto Industry Division, Denver, CO 80261-0016.

ADDITIONAL INFORMATION

If additional information is required contact the Auto Industry Division at (303) 205-5604.

Walk-in assistance is provided at the Department of Revenue, 1881 Pierce Street, Lakewood.

The FAX number is (303) 205-5977. The e-mail address is dealers@spike.dor.state.co.us for the Auto Industry Division.

The Division's Internet homepage is located at www.revenue.state.co.us/dlr/home.asp and has information and forms available for consumers, dealers and buyer agents.