

Credit means an electronic payment to a dealer for a qualifying transaction under the program.

Dealer means a person licensed by a State who engages in the sale of a new automobile to a person who in good faith purchases such automobile for purposes other than resale.

Disposal facility means a facility listed on <http://www.cars.gov/disposal> as eligible to receive a trade-in vehicle for crushing or shredding under the CARS program, except in the case of a U.S. territory.

End-of-Life Vehicle Solutions or ELVS means an entity established under the National Vehicle Mercury Switch Recovery Program for the collection, recycling and disposal of elemental mercury from automotive switches.

Engine block means the part of the engine containing the cylinders and typically incorporating water cooling jackets and also including the crank shaft, connecting rods, pistons, bearings, cam(s), and cylinder head(s). In a rotary engine, the block includes the rotor housing and rotor.

GVWR means gross vehicle weight rating.

Lease means a lease of a new vehicle for a period of not less than 5 years, excluding any lease with a balloon payment due prior to the elapsing of 5 years.

Manufacturer's Suggested Retail Price or MSRP means the base Manufacturer's Suggested Retail Price, excluding any dealer accessories, optional equipment, taxes and destination charges.

National Motor Vehicle Title Information System or NMVTIS means the on-line system established under the oversight of the Department of Justice that enables consumers and others to access vehicle history information, including salvage history, total loss information, and title branding and odometer information, and to which insurance companies and salvage yards must report vehicle status information. (<http://www.nmvtis.gov>.)

New Vehicle means an automobile or work truck, the equitable or legal title of which has not been transferred to any person other than the purchaser.

Non-titling Jurisdiction means a State that does not issue a title for certain typically older vehicles.

Passenger automobile means a passenger automobile, as defined in section 49 U.S.C. 32901(a)(18) and 49 CFR 523.4.

Person means an individual, corporation, company, association, firm, partnership, society, or joint stock company.

Purchaser means a person purchasing or leasing a new vehicle under the CARS Program.

Salvage auction means an entity that receives a CARS trade-in vehicle from a dealer and is authorized to sell it only to a disposal facility on the Disposal Facility List and that will make all the necessary certifications for salvage auctions under the CARS program.

State means any one of the 50 United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

Subpart B—Participating Dealers, Salvage Auctions and Disposal Facilities

§ 599.200 Registration of participating dealers.

(a) *In general.* A dealer may apply for a credit under the CARS Program only if it meets the Required Dealer Qualifications for Registration under this subpart, is registered in accordance with this subpart, and is currently registered at the time it submits an application for reimbursement.

(b) *Required dealer qualifications for registration.* A dealer seeking to register must have:

- (1) A currently operating new automobile dealership and business address within a State in the United States;
- (2) A currently active business license under the law of the State where the new automobile dealership is located to operate that dealership;
- (3) A currently active franchise agreement to sell new automobiles with an original equipment manufacturer of automobiles;
- (4) A bank account in a U.S. bank in a State and a bank account routing number for electronic transfer of funds;

(5) The ability to submit application materials and perform transactions electronically using the Internet; and

(6) Not been convicted of a crime involving motor vehicles or any fraud or financial crime under State or Federal law.

(c) *Registration procedures.*

(1) Using comprehensive lists of franchised dealers provided by original equipment manufacturers, as updated by these manufacturers, the agency will mail a letter to each listed dealer describing a secure electronic process and providing an authorization code by which the dealer, following the process in paragraph (c)(2) of this section, can effect registration.

(2) A dealer contacted in accordance with paragraph (c)(1) of this section may register electronically as a participating dealer under the CARS Program by using the authorization code and following the instructions provided in the letter mailed under paragraph (c)(1) of this section, and submitting the following information electronically or validating the information, where it exists already on an electronic form:

(i) Dealer's Federal Tax Identification Number (TIN) and OEM assigned dealer franchise number;

(ii) Legal business name, doing business as name (if applicable), dealership physical and mailing address, telephone number, and fax number;

(iii) Name and title of dealer representative authorized to submit transactions under this program, and phone number and e-mail address of representative; and

(iv) Name of U.S. bank used by dealership, bank account number, and bank account routing number.

(3) A dealer must register separately, following the process under paragraph (c)(2) of this section, for each make of vehicle it sells, using the authorization code associated with that vehicle make.

(d) *Disposition of registration application.* The agency will review the registration application for compliance with this part, including completeness, and notify the dealer as follows:

(1) For an approved registration:

(i) By e-mail notification to the authorized dealer representative, with a

user identification and password that will allow the submission of transactions; and

(ii) By listing the "doing business as" name, physical address, and general telephone number of the dealer on the agency Web site at <http://www.cars.gov>.

(2) For a disapproved registration, by withholding the dealer identification information from the agency's Web site and providing e-mail notification to the authorized dealer representative of the reasons for rejecting the application.

(e) *Revocation of Dealer Registration.*

(1) *Termination or Discontinuance of Franchise.*

(i) A dealer whose franchise agreement with an original equipment manufacturer (OEM) has expired without renewal, has been terminated, or otherwise is no longer in effect shall be automatically removed as a matter of course, subject to paragraph (e)(1)(iii), from the agency's list of registered dealers and may no longer receive a credit for new transactions under the CARS Program submitted for repayment on or after the date that the franchise expired or no longer is in effect.

(ii) Paragraph (e)(1)(i) of this section does not preclude a dealer registered under other franchise agreements from receiving a credit for transactions under those agreements that have not expired or been discontinued.

(iii) A dealer whose name is removed from the agency's list of registered dealers under paragraph (e)(1)(i) shall be reinstated to the list of registered dealers upon a showing to NHTSA of proper and adequate license to sell new vehicles to ultimate purchasers.

(2) *Other suspension or revocations actions.* The agency may also suspend or revoke the registration of a dealer as provided in §599.504.

(f) *Notification of changes.* A registered dealer shall immediately notify the agency of any change to the information submitted under this section and any change to the status of its State license or franchise.

(g) *Pre-registration transactions.* An otherwise qualifying transaction that occurs during the time period prescribed under §599.301(a) is not a non-complying transaction solely because a dealer is not registered at the time of

the transaction, except that the dealer must be eligible to register and must register under §599.200 in order to be entitled to reimbursement for a credit extended under the CARS program.

§ 599.201 Identification of salvage auctions and disposal facilities.

(a) *Participating entities.* Subject to the conditions and requirements of paragraph (b), participation in the transfer and disposal of a trade-in vehicle under the CARS program is limited to the following entities:

(1) A salvage auction that will transfer trade-in vehicles received under this program only to a disposal facility identified in paragraph (a)(2) or (a)(3) of this section.

(2) A disposal facility listed on the Web site at <http://www.cars.gov/disposal>; or

(3) A facility that disposes of vehicles in Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

(b) *Conditions of Participation.* A participating entity identified in paragraph (a) of this section must:

(1) Comply with all the provisions and restrictions and make all the required certifications contained in subpart D of this part.

(2) In the case of a disposal facility identified in paragraph (a)(2) of this section, be currently listed on the Web site at <http://www.cars.gov/disposal>, as of the date of its participation in the disposal of the trade-in vehicle.

(c) *Removal of authority to participate.*

(1) A disposal facility that qualifies as such by active membership in ELVS and that fails to maintain active ELVS membership may be automatically removed as a matter of course from the agency's list of disposal facilities maintained at <http://www.cars.gov/disposal> authorized to participate in the CARS program.

(2) The agency may also suspend or remove a salvage auction's or disposal facility's authority to participate in the CARS program in accordance with the procedures of § 599.504.

[74 FR 37897, July 29, 2009, as amended at 74 FR 38976, Aug. 5, 2009]

Subpart C—Qualifying Transactions and Reimbursement

§ 599.300 Requirements for qualifying transactions.

(a) *In general.* To qualify for a credit under the CARS Program, a dealer must sell or lease a new vehicle that meets eligibility requirements to a purchaser, obtain a trade-in vehicle that meets eligibility requirements from the purchaser, satisfy combined fuel economy requirements for both the new and trade-in vehicles, store the trade-in vehicle at the dealership or property owned by or under the control of the dealership until the engine is disabled, disable the engine of the trade-in vehicle at the dealership or property owned by or under the control of the dealership, satisfy the limitations and restrictions of the program, arrange for disposal of the trade-in vehicle at a qualifying disposal facility or through a qualifying salvage auction, and register and submit a complete application for reimbursement to NHTSA, demonstrating that it meets all the requirements of this part.

(b) *Threshold eligibility requirements that apply to all trade-in vehicles.* The trade-in vehicle must be:

(1) In drivable condition, as demonstrated by actual operation of the motor vehicle on public roads by the dealer and by certification by the dealer and by the purchaser, as provided in Appendix A to this part, certifications section, that the vehicle was in drivable condition on the date of the qualifying transaction;

(2) Continuously insured consistent with the applicable State law for a period of not less than 1 year immediately prior to the trade-in, as demonstrated by:

(i) One or more current insurance cards specifying the make, model, model year, and vehicle identification number (VIN) of the insured vehicle and displaying a continuous one-year period of insurance coverage; or a copy of an insurance policy document (*e.g.*, a declarations page or pages) showing a continuous one-year period of insurance coverage for the vehicle; or a signed letter, on insurance company letterhead, specifying the same vehicle identification information (*i.e.*, make,