§ 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 until the engine is disabled, arrange for disposal of the trade-in vehicle at a qualifying disposal facility or 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 the purchaser, as provided in Appendix A to this part, 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; or a copy of an insurance policy document (e.g., a declarations page or pages) showing a continuous one-year period of insurance coverage; or a signed letter, on insurance company letterhead, specifying that the vehicle was in drivable condition on the date of the qualifying transaction;

(ii) A new retail vehicle, covered by the manufacturer's warranty or a similar manufacturer's program.

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