

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, model, model year, and VIN) of the insured vehicle and identifying the period of continuous coverage, which must be for at least one year prior to the date of the trade-in; and

(ii) By certification by the purchaser, as provided in Appendix A to this part, certifications section, that the vehicle was so insured;

(3) Continuously registered in a State to the purchaser for a period of not less

**§ 599.300**

**49 CFR Ch. V (10–1–12 Edition)**

than one year immediately prior to the trade-in, as demonstrated by:

(i) A current State registration document or series of registration documents in the name of the purchaser evidencing registration for a period of not less than one year immediately prior to the trade-in; or a current State registration document showing registration in the name of the purchaser and a title that confers title on the purchaser not less than one year immediately prior to the trade-in; or a current State registration document showing registration in the name of the purchaser and a document from a commercially available vehicle history provider evidencing registration for a period of not less than one year immediately prior to the trade-in; and

(ii) By certification by the purchaser, as provided in Appendix A to this part, certifications section, that the vehicle was so registered;

(4) Manufactured less than 25 years before the date of the trade-in, as demonstrated by model year information on the title or, where that information is inconclusive, by direct observation by the dealer of the month and year of the vehicle's manufacture, which appears on the safety standard certification label of the vehicle, provided that on the 25th year, the 25-year requirement is satisfied if the manufacture date falls anytime within the month 25 years before the date of trade-in, and by certification by the dealer, as provided in Appendix A to this part, certifications section, that the manufacture date is less than 25 years before the date of trade-in.

(c) *Threshold eligibility requirements that apply to all new vehicles.* The new vehicle must:

(1) Be either purchased or leased for a lease period of not less than 5 years;

(2) Have a manufacturer's suggested retail price of \$45,000 or less.

(d) *Trade-in Vehicle—Disclosure of Scrap Value, Engine Disablement, and Title Marking.* As part of a qualifying transaction under this part, the dealer shall:

(1) During the transaction, disclose to the person purchasing or leasing an eligible new vehicle and trading in an eligible trade-in vehicle, the best estimate of the scrap value of the trade-in

vehicle, inform that person that the dealer is authorized to retain \$50 of this amount as payment for its administrative costs of participation in the program, and certify, as provided in Appendix A to this part, certifications section, that it has made such disclosure;

(2) Except as provided in paragraph (e) of this section, store the trade-in vehicle at the dealership or property owned by or under the control of the dealership until its engine is disabled following the procedures set forth in Appendix B to this part, disable the engine of the trade-in vehicle at the dealership or property owned by or under the control of the dealership following the procedures set forth in Appendix B to this part, and certify, as provided in Appendix A to this part, dealer certifications section, that either the engine of the trade-in vehicle has been disabled at the dealership or property owned by or under the control of the dealership, or that the trade-in vehicle will be stored at the dealership or property owned by or under the control of the dealership until the engine is disabled and the engine of the trade-in vehicle will be disabled by the dealer at the dealership or property owned by or under the control of the dealership not more than seven calendar days after the dealer's receipt of payment for the transaction; and

(3) Prior to submitting an application for reimbursement under § 599.302, legibly mark the front and back of the trade-in vehicle's title in prominent letters that do not obscure the owner's name, VIN, or other writing as follows: "Junk Automobile, CARS.gov."

(e) *Dealer transfers prior to July 24, 2009.*

(1) Subject to the provisions of paragraph (e)(2) of this section, if the dealer transferred the vehicle prior to July 24, 2009, the dealer may either:

(i) Locate the vehicle, disable its engine following the procedures set for the in Appendix B to this part, and provide the certification in Appendix A to this part, certifications section, that it has disabled the engine; or

(ii) Obtain a sworn affidavit from a disposal facility that it has crushed or

shredded the vehicle, including the engine block, and provide supporting documents sufficient to establish that fact.

(2) The dealer and disposal facility must comply with all other requirements of this part, including the requirement that the trade-in vehicle be crushed or shredded, except that the affidavit and supporting documents provided for under paragraph (e)(1)(ii) of this section may substitute for the disposal facility certification form.

(f) *Qualifying transactions (\$3,500 Credit)*. Subject to the requirements of paragraphs (b), (c), and (d), and, if applicable, paragraph (e) of this section and the additional requirements of §§ 599.301, 599.302, and 599.303 of this subpart, each of the following transactions qualifies for a credit of \$3,500 under this program:

(1) The new vehicle is a passenger automobile with a combined fuel economy of at least 22 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a passenger automobile, category 1 truck, or category 2 truck, and the combined fuel economy of the new vehicle is at least 4 mpg, but less than 10 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(2) The new vehicle is a category 1 truck with a combined fuel economy of at least 18 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a passenger automobile, category 1 truck, or category 2 truck, and the combined fuel economy of the new vehicle is at least 2 mpg, but less than 5 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(3) The new vehicle is a category 2 truck with a combined fuel economy of at least 15 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a category 2 truck, and the combined fuel economy of the new vehicle is 1 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(4) The new vehicle is a category 2 truck with a combined fuel economy of at least 15 mpg and the eligible trade-in vehicle is a category 3 truck of model year 2001 or earlier.

(5) The new vehicle is a category 3 truck, the eligible trade-in vehicle is a category 3 truck of model year 2001 or earlier, and the new fuel efficient vehicle has a GVWR less than or equal to the GVWR of the eligible trade-in vehicle.

(g) *Qualifying transactions (\$4,500 Credit)*. Subject to the requirements of paragraphs (b), (c), and (d), and, if applicable, paragraph (e) of this section and the additional requirements of §§ 599.301, 599.302, and 599.303 of this subpart, each of the following transactions qualifies for a credit of \$4,500 under this program:

(1) The new vehicle is a passenger automobile with a combined fuel economy of at least 22 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a passenger automobile, category 1 truck, or category 2 truck, and the combined fuel economy of the new vehicle is at least 10 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(2) The new vehicle is a category 1 truck with a combined fuel economy of at least 18 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a passenger automobile, category 1 truck, or category 2 truck, and the combined fuel economy of the new vehicle is at least 5 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(3) The new vehicle is a category 2 truck with a combined fuel economy of at least 15 mpg, the eligible trade-in vehicle has a combined fuel economy of 18 mpg or less and is a category 2 truck, and the combined fuel economy of the new vehicle is at least 2 mpg higher than the combined fuel economy of the eligible trade-in vehicle.

(h) *No other qualifying transactions*. Transactions described under paragraphs (f) and (g) of this section are the only transactions that qualify for payment of a credit to a dealer under the CARS Program.

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

**§ 599.301 Limitations and restrictions on qualifying transactions.**

(a) *Date of transaction*. A qualifying transaction may not occur on a date