

E&F COMPLIANCE SERVICES

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Colorado Dealership Startup Guide

Licensing, bonding, financial, and facility requirements to verify before you apply with the Auto Industry Division.

PREPARED FOR

Founders preparing to open a motor vehicle dealership in Colorado.

A FREE FOUNDER-READINESS GUIDE

Prepared by E&F Compliance Services LLC • efcompliance.com

Before You Apply for a Colorado Dealer License

In Colorado, selling or leasing three or more vehicles in a calendar year at the same address generally requires a dealer license from the Motor Vehicle Dealer Board, administered by the Auto Industry Division (AID) of the Department of Revenue. The bar has risen recently: first-time applicants must complete a pre-licensing education program and pass the Mastery Examination, and the required dealer surety bond doubled to \$50,000 in 2025. This guide walks you through seven readiness areas. Use it as a starting point, then verify each item with AID at (303) 205-5604 or dor_dealers@state.co.us before you submit your application.

How to use it

Each section has a context line, a verify list, and a status row. Mark each section Verified, N/A, Research, or Pro help. Tally your Verified count on the Readiness Score page near the end.

SECTION 01 License Type and Entity Setup

The Dealer Board licenses several categories. Your category drives your facility, education, and bond requirements.

- Selected license type: used dealer, franchised dealer, wholesaler, wholesale auction, or powersports
- Confirmed a dealer license is required (3+ sales or leases per year at one address)
- Entity filed with the Colorado Secretary of State; EIN obtained
- Trade name filed if branding differs from the legal entity
- Constituent documents ready (articles, operating agreement or bylaws)

STATUS

- Verified N/A Research Pro help

SECTION 02 Financial Qualifications

The Dealer Board screens every applicant for financial fitness before issuing a license.

- Total net worth of at least \$100,000 documented
- At least \$25,000 in liquid assets (cash, stocks, or bonds)
- Vantage credit score of 675 or higher for each applicant
- Statement of Financial Condition (DR 2114) prepared for each owner
- Inventory funding plan documented (cash, floor plan, or line of credit)

STATUS

- Verified N/A Research Pro help

SECTION 03 Place of Business

Your location must be permanent and compliant before you apply. Photos are part of the application.

- Location complies with local zoning and municipal rules
- Permanent business sign installed and visible
- Office, display area, and restroom meet AID requirements
- Place of Business Affidavit (DR 2044) completed
- Photos taken of signage, entrance, building, and restroom
- Lease copy ready if the property is rented

STATUS

- Verified N/A Research Pro help

SECTION 04 Pre-Licensing Education and Mastery Exam

Required for first-time used dealer, wholesale auction, and wholesaler applicants unless licensed within the last 3 years.

- Enrolled in an AID-approved 8-hour pre-licensing program
- Course completion certificate received and saved
- Mastery Examination passed (per C.R.S. 44-20-116)
- Examination Affidavit (DR 2097) completed for the packet

STATUS

- Verified
- N/A
- Research
- Pro help

SECTION 05 Surety Bond and Insurance

The dealer bond protects the public. Premiums vary with credit, so quote early.

- \$50,000 motor vehicle dealer bond secured
- Obligee listed as Colorado Department of Revenue, Auto Industry Division
- Bond copy included in the application packet
- Garage liability and inventory coverage quoted and bound
- Workers' compensation in place before hiring any employee

STATUS

- Verified
- N/A
- Research
- Pro help

SECTION 06 The Application Packet

Incomplete packets are the most common cause of delay. Build the full file before you submit.

- Dealer/Wholesale License Application (DR 2109) completed
- Addendum (DR 2109B) for every owner, partner, member, officer, and 5%+ stockholder
- Secure verifiable ID copies and Public Benefits Affidavit (DR 4679) included
- Fingerprint-based background check completed (\$39.50 per applicant)
- Written business plan included (staffing, hours, costs, projections, inventory)
- License fee ready (\$841 original dealer fee, 2025-26 schedule)

STATUS

- Verified
- N/A
- Research
- Pro help

SECTION 07 After Approval: Plates, People, and Records

Licensing is the start line. Day-to-day compliance is what keeps the license.

- Demo plates requested via Dealer Plate Affidavit (DR 2640)
- Each salesperson licensed: employed by the dealer, exam passed at 85%, \$15,000 bond, fee paid
- Title and registration workflow set up (county process and DRIVES timelines)
- Deal jacket and recordkeeping system in place
- Renewal calendar set (license period runs July 1 to June 30)

STATUS

- Verified
- N/A
- Research
- Pro help

Quick Launch Readiness Score

Count how many sections you marked Verified.

| Verified | Readiness Position |
|----------|---|
| 0 – 2 | Not ready to apply yet |
| 3 – 4 | Setup in progress with gaps remaining |
| 5 – 6 | Stronger application position |
| 7 | Application-ready documentation posture |

A high score is a starting point, not a guarantee of compliance. Verify each item with the appropriate agency, local building department, licensed professional, or qualified advisor before taking paid work.

Next Step: Get Application-Ready

This guide helps you spot gaps. The next step is closing them with documentation that holds up to Dealer Board review.

How E&F Compliance Services Can Help

- **Dealer Startup Compliance Review:** your license type, financial file, facility, and packet readiness. Leave with a punch list.
- **Title Clerk and Workflow Training:** titles, registration, EVTR, and deal jacket systems your staff can run from day one.
- **Ongoing Dealer Compliance Support:** renewals, recordkeeping, and regulatory updates as rules change.

Ready to talk through your setup?

Reach out for a no-pressure compliance consult.

team@efcompliance.com • efcompliance.com

About E&F Compliance Services

E&F Compliance Services LLC helps founders and small operators in heavily regulated industries get compliant and stay compliant, from DOT to AI governance. Based in Colorado. Created by The E&F Compliance Team.

Disclaimer

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