

STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION  
DIVISION OF MOTOR VEHICLES

LICENSE PLATE AGENCY CONTRACT

This is a commission contract, as described in G.S. 20-63(h), between the North Carolina Division of Motor Vehicles ("DMV"), acting through the Commissioner of Motor Vehicles, and Ashe County \_\_\_\_\_, a commission contractor and license plate agency ("LPA").

WHEREAS, G.S. 20-63(h) requires DMV to make a reasonable effort to enter into contracts with private persons or governmental subdivisions of the State to provide motor vehicle registration and titling services in localities throughout the State; and

WHEREAS, DMV desires to fulfill this requirement by entering into a contract with Ashe County \_\_\_\_\_ to provide these services at a license plate agency; and

WHEREAS, Ashe County \_\_\_\_\_ desires to be a commission contractor as described in G.S. 20-63(h) and to operate a license plate agency;

Now, THEREFORE, in consideration of the promises and covenants set out below, DMV and the LPA, the parties to the contract, agree to the following:

1. **Location.** -- The LPA agrees to operate a license plate agency in Jefferson at a location approved by DMV.
2. **Contract Period.** -- The duration of the contract is determined in accordance with the following:
  - a. **Initial Term.** -- The term of the initial contract is for eight (8) years, starting on March 15, 2017 and ending on March 14, 2025.
  - b. **Renewal Term.** -- An LPA that is in good standing as of the first day of the eighth year of its initial term, and remains in good standing until the deadline for submitting a notice of non-renewal, has the option of renewing the contract for a renewal term of two (2) years beginning on the date the initial term expires. The LPA is assumed to have exercised this option unless the LPA gives DMV written notice that it is not renewing the contract. A notice of non-renewal must be sent to DMV at least 180 days before the initial term expires.

An LPA is considered to be in good standing unless one or more of the following applies:

- i. The LPA is under investigation by DMV for a matter that could result in cancellation of the contract.
- ii. The LPA has received at least three written warnings in the most recent six-month period for the same performance deficiency.

- iii. The LPA is operating under a corrective performance improvement plan initiated by DMV.

DMV must send an LPA that is not in good standing at any time during the first six months of the eighth year of the LPA's initial contract term a notice informing the LPA of this status unless doing so would jeopardize an investigation. If, after notifying an LPA that it is not in good standing, DMV determines that the LPA is now in good standing, DMV must offer the LPA the opportunity to renew the contract if the change occurs within the first six months of the eighth year of the LPA's initial term and may offer the LPA that opportunity if the change in status occurs later in that year.

- c. **Temporary Extension.** – Upon the mutual agreement of the LPA and DMV, the term of a contract that has otherwise expired may be extended for a fixed period or on a month-to-month basis when there is a change from one LPA to a successor LPA. Unless the LPA and DMV agree otherwise, the responsibilities of each during the temporary contract extension are the same as under the contract before the extension.
  - d. **Performance Extension.** – If the LPA receives a contract extension as a performance bonus offered by DMV, the term of the LPA's initial or renewal contract, as appropriate, is extended for the period of the extension from the date the LPA's contract would otherwise expire.
  - e. **Contract Expiration.** – At least 90 days before the contract terms outlined above expire, DMV will advertise the availability of a commission contract in the area served by the LPA whose contract is expiring. The LPA whose contract is expiring may apply for the contract.
3. **SOP Incorporated.** -- The Standard Operating Procedures (SOP) adopted by the Commissioner effective January 1, 2016 are incorporated into this contract. Subsequent changes to the SOP are also incorporated into this contract if the changes are adopted in accordance with a procedure that allows for notice and comment by the LPAs and consideration by the Commissioner of any changes to which one or more LPAs submit written objections.
4. **Responsibilities.** – The LPA and DMV agree to do the following:
- a. **LPA.** – The LPA agrees to provide motor vehicle titling and registration services in accordance with this contract and the SOP. Except as provided in this contract or the SOP, the LPA is responsible for all expenses, such as rent and personnel costs, incurred by the LPA in the operation of the LPA office.
  - b. **DMV.** -- DMV agrees to compensate the LPA for providing motor vehicle titling and registration services, to provide the LPA at no charge with equipment needed to

perform these services, and to otherwise assist the LPA in performing these services in accordance with this contract and the SOP. The compensation rate for transactions listed in G.S. § 20-63 is the rate set by law.

- c. **By Agreement.** – To perform other functions as mutually agreed upon by the LPA and DMV.

5. **Termination.** – The contract may be terminated by the LPA or DMV as follows:

- a. **LPA.** -- The LPA may terminate the contract during the term of the contract upon 120 days' written notice to DMV. The notice must state the effective date of the termination.
- b. **DMV.** --DMV may terminate a contract during the term of the contract only for cause. To terminate a contract for cause, DMV must give the LPA written notice of the termination and the date of the termination. The notice must state the reason(s) for the termination. The termination may be effective immediately.

Cause for termination of the contract consists of the following:

- i. Gross incompetence in the performance of the contract.
- ii. Gross mismanagement of DMV equipment or other property.
- iii. Commission of fraud, embezzlement, or an offense involving moral turpitude by the contractor or the LPA's employees in connection with the performance of the contract.
- iv. Having substantiated complaints, in any consecutive six-month period, in excess of the number of the LPA's tier level plus one (1).
- v. Acts by the contractor or the LPA's employees that cause substantial loss of State funds.
- vi. Incorrect performance of vehicle transactions that result in a substantial adverse impact on DMV's processes and require substantial effort on DMV's part to correct.
- vii. Incorrect performance of vehicle transactions that result in a substantial adverse impact on the public.

- 6. **LPA Status.** – The LPA is an independent contractor and is not an employee of the State. The LPA is solely responsible for payroll taxes, unemployment taxes, and workers compensation insurance premiums payable with respect to its employees.

7. **LPA Limitations.** –

- a. **Subcontractors.** – The LPA may not assign its rights under this contract to another person and may not subcontract any of its responsibilities under this contract to another person.

- b. **Transfers.** -- If the LPA is organized as a corporation or another type of business entity, this contract terminates upon the sale or transfer of the corporation or other business entity.
- c. **Business Entity Transition.** – The following options are available upon entering this contract:
- i. An individual who is an LPA contractor at the time of signing this contract may enter into this contract as a corporation or a limited liability company; however, the individual who was the prior LPA contractor must be the majority stockholder or have the majority interest in the business entity that is the contractor under this contract. In addition, that individual must remain the majority stockholder or the majority interest holder throughout the term of this contract, or the contract becomes void.
  - ii. Two individuals who are joint LPA contractors at the time of signing this contract may enter into this contract jointly or, with written permission from the other submitted to DMV, either of them may enter into the contract as the sole contractor. They may also, either jointly or alone, form a corporation or a limited liability company. The requirements for majority ownership set out in paragraph (i) apply if only one of the former joint LPA contractors continues in the form of a business entity. If both of the joint contractors continue as a business entity, the combined interest or stock of the two must be the majority of the interests or stock in the entity and must remain so throughout the term of this contract, or the contract becomes void. After forming the business entity, one former joint contractor can transfer his or her interest or stock to the other former joint contractor without voiding the contract.
  - iii. An individual who is an LPA contractor at the time of signing this contract and whose immediate family member is employed at the LPA may enter into the contract jointly with that family member and may form a corporation or a limited liability company. The requirements for majority ownership and the transfer provisions set in paragraph (ii) for joint contractors apply if the LPA contractor and immediate family member continue as a business entity.
8. **Notices.** All notices required or permitted under this contract must be in writing and sent to the following:

**LPA**

150-2200 Government Cir. Jefferson, NC

**DMV**

3145 Mail Service Center Raleigh, NC

A notice is effective if mailed by certified mail, return receipt requested, or sent by overnight courier, receipt of which is confirmed, addressed as set out in this section. DMV or the LPA may

change its address for notification by giving the other party prior written notice of the new address and the effective date of the new address.

9. **Governing Law.** -- This contract is construed in accordance with the laws of North Carolina.

10. **Entire Agreement.** -- This contract and the SOP incorporated into the contract constitute the entire agreement between the parties with respect to the subject matter of the contract and supersede all prior agreements between the parties with respect to the subject matter.

**IN WITNESS WHEREOF**, the said parties have hereunto set their hands this the \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

\_\_\_\_\_  
(Signature)

(Printed Name of Commission Contractor)

**COMMISSION CONTRACTOR**

Date \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

\_\_\_\_\_ (name(s) of principal(s)).

Notary Signature \_\_\_\_\_

Notary Printed or Typed Name \_\_\_\_\_

(SEAL)

My Commission Expires \_\_\_\_\_

Approved as to Form and Legal Sufficiency

\_\_\_\_\_  
Special Deputy Attorney General

Date: \_\_\_\_\_

**NORTH CAROLINA DIVISION OF MOTOR VEHICLES**

BY: \_\_\_\_\_

(Authorized signing Agent)