

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 957

Short Title: MV Dealer Bonds.

(Public)

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Sponsors: Representative Beall.

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Referred to: Transportation.

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April 12, 1995

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE BONDS THAT MUST BE POSTED BY MOTOR VEHICLE DEALERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-288(e) reads as rewritten:

"(e) Each applicant approved by the Division for license as a motor vehicle dealer, manufacturer, factory branch, distributor, distributor branch, or wholesaler shall furnish a corporate surety bond or cash bond or fixed value equivalent of the bond. The amount of the bond for an applicant for a motor vehicle dealer's license is ~~twenty-five thousand dollars (\$25,000)~~ seventy-five thousand dollars (\$75,000) for one established salesroom of the applicant and ~~ten thousand dollars (\$10,000)~~ twenty-five thousand dollars (\$25,000) for each of the applicant's additional established salesrooms. The amount of the bond for other applicants required to furnish a bond is ~~twenty-five thousand dollars (\$25,000)~~ seventy-five thousand dollars (\$75,000) for one place of business of the applicant and ~~ten thousand dollars (\$10,000)~~ twenty-five thousand dollars (\$25,000) for each of the applicant's additional places of business.

A corporate surety bond shall be approved by the Commissioner as to form and shall be conditioned that the obligor will faithfully conform to and abide by the provisions of this Article and Article 15. A cash bond or fixed value equivalent thereof shall be approved by the Commissioner as to form and terms of deposits as will secure the

1 ultimate beneficiaries of the bond; and ~~such~~the bond shall not be available for delivery to  
2 any person contrary to the rules of the Commissioner. Any purchaser of a motor vehicle  
3 who shall have suffered any loss or damage by any act of a license holder subject to this  
4 subsection that constitutes a violation of this Article or Article 15 shall have the right to  
5 institute an action to recover against the license holder and the ~~surety~~surety for actual  
6 damages, exemplary damages, and reasonable attorney fees. Every license holder against  
7 whom an action is instituted shall notify the Commissioner of the action within 10 days  
8 after served with process. A corporate surety bond shall remain in force and effect and  
9 may not be canceled by the surety unless the bonded person stops engaging in business or  
10 the person's license is denied, suspended, or revoked under G.S. 20-294. ~~Such~~Any  
11 cancellation may be had only upon 30 days' written notice to the Commissioner and shall  
12 not affect any liability incurred or accrued prior to the termination of ~~such~~the 30-day  
13 period. This subsection does not apply to a license holder who deals only in trailers  
14 having an empty weight of 4,000 pounds or less. This subsection does not apply to  
15 manufacturers of, or dealers in, mobile or manufactured homes who furnish a corporate  
16 surety bond, cash bond, or fixed value equivalent thereof, pursuant to G.S. 143-143.12."

17       Sec. 2. This act becomes effective October 1, 1995.