

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 604
Second Edition Engrossed 5/9/91

Short Title: Motor Vehicle Surety Bonds.

(Public)

Sponsors: Representative Fletcher.

Referred to: Transportation.

April 4, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE SURETY BOND TO BE SUBMITTED BY AN APPLICANT FOR A LICENSE AS A MOTOR VEHICLE DEALER, MANUFACTURER, DISTRIBUTION BRANCH, OR FACTORY BRANCH.

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, distributor branch, or factory branch shall furnish a corporate surety bond or cash bond or fixed value equivalent thereof in the principal sum of ~~fifteen thousand dollars (\$15,000)~~ thirty thousand dollars (\$30,000) and an additional principal sum of ~~five thousand dollars (\$5,000)~~ fifteen thousand dollars (\$15,000) for each additional place of business within this State at which motor vehicles are sold. Each application for a license or a renewal of a license shall be accompanied by a list of locations at which the applicant engages in the business of selling motor vehicles in this State. 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 ultimate beneficiaries of the bond; and such bond shall not be available for delivery to any person contrary to the rules of the Commissioner. Any purchaser of a motor vehicle, including a motor vehicle dealer as purchaser, who shall have suffered any loss or damage by any act of a motor vehicle dealer that constitutes a violation of this Article or Article 15 shall have the right to institute an action to recover against such motor vehicle dealer and the

1 surety. Every licensee against whom such action is instituted shall notify the
2 Commissioner of the action within 10 days after process is served on the licensee. A
3 corporate surety bond shall remain in force and effect and may not be canceled by the
4 surety unless the motor vehicle dealer, manufacturer, distributor branch, or factory
5 branch has terminated the operations of its business nor unless its license has been
6 denied, suspended, or revoked under G.S. 20-294. Such cancellation may be had only
7 upon 30 days' written notice to the Commissioner and shall not affect any liability
8 incurred or accrued prior to the termination of such 30-day period. Provided nothing
9 herein shall apply to a motor vehicle dealer, manufacturer, distributor branch or factory
10 branch which deals only in trailers having an empty weight of 4,000 pounds or less.
11 This subsection shall not apply to manufacturers of, or dealers in, mobile or
12 manufactured homes who furnish a corporate surety bond, cash bond, or fixed value
13 equivalent thereof, pursuant to G.S. 143-143.12."

14 Sec. 2. This act becomes effective September 1, 1991.