

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1065

4
5 By: Representative Bolin
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For An Act To Be Entitled

8
9 AN ACT TO INCREASE THE AMOUNT OF THE CORPORATE
10 SURETY BOND REQUIRED FOR USED MOTOR VEHICLE
11 DEALERS; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 TO INCREASE THE AMOUNT OF THE CORPORATE
15 SURETY BOND REQUIRED FOR USED MOTOR
16 VEHICLE DEALERS.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 23-112-607 is amended to read as follows:
22 23-112-607. Dealer license.

23 (a)(1) Persons wishing to obtain a used motor vehicle dealer's license
24 shall submit a fully executed application on such used motor vehicle dealer
25 application forms as may be prescribed by the Department of Arkansas State
26 Police.

27 (2) The application shall be verified by the oath or affirmation
28 of the applicant.

29 (b) The department shall require in relation to the application the
30 following information and verification prior to issuing a license
31 certificate:

32 (1) A photograph of the business location;

33 (2) A corporate surety bond in the sum of at least ~~twenty-five~~
34 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000);

35 (3) Proof of liability insurance coverage on all vehicles to be
36 offered for sale in an amount equal to or greater than the amount required by



1 the Motor Vehicle Safety Responsibility Act, § 27-19-101 et seq.;

2 (4) A list of the persons or entities having any ownership
3 interest in the used vehicle dealership;

4 (5) A list of salespersons to be employed;

5 (6) That the applicant has a bona fide established place of
6 business used primarily for the sale of used motor vehicles;

7 (7) That the applicant has a telephone number listed in the name
8 of the business;

9 (8) That the applicant has a sign identifying the establishment
10 as a used motor vehicle dealership legible from the street, road, or highway,
11 and a picture thereof;

12 (9) That the applicant has a filing cabinet or other repository
13 adequate to secure the business records of the establishment under lock and
14 key or combination;

15 (10) Whether the applicant has ever been issued a motor vehicle
16 dealer's license, and if the applicant has ever had a motor vehicle dealer's
17 license suspended or revoked;

18 (11) An affidavit from a Department of Arkansas State Police
19 officer stating that the officer has inspected the facility and found it to
20 be in compliance with the requirements for application; and

21 (12) The name, address, and telephone number of the person
22 designated to receive legal process in the event of the commencement of any
23 legal action in any court against the applicant.

24 (c)(1)(A) Each applicant shall obtain a corporate surety bond in the
25 penal sum of ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
26 (\$50,000) on a bond form approved by the state.

27 (B) However, an applicant for a license at multiple
28 locations may provide a corporate surety bond in the penal sum of one hundred
29 thousand dollars (\$100,000) covering all licensed locations in lieu of
30 separate bonds for each individual location.

31 (2) The bond shall be an indemnity for any loss and reasonable
32 attorney's fees sustained by a retail buyer by reason of the acts of the
33 person bonded when such an act constitutes a violation of this law.

34 (3) However, the surety shall in no event be liable for more
35 than ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000).

36 (4) The bond shall be executed in the name of the State of

1 Arkansas or any aggrieved party.

2 (5) The proceeds of the bonds shall be paid either to the State
3 of Arkansas or to the retail buyer upon a judgment from an Arkansas court of
4 competent jurisdiction against the principal and in favor of the aggrieved
5 party or the State of Arkansas.

6 (6) However, the surety shall in no event be required to pay any
7 judgment obtained by fraud or collusion, as between the dealer and the retail
8 buyer, or which was rendered against a person bonded for an act that does not
9 constitute a violation of this subchapter. These defenses may be raised at
10 any time, subject to the applicable statute of limitations.

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