

D R A F T

SUMMARY

Prohibits persons other than retail customers of vehicle dealer from making claim against vehicle dealer under certain circumstances.

A BILL FOR AN ACT

Relating to vehicle dealers; amending ORS 822.030.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 822.030 is amended to read:

822.030. (1) A bond or letter of credit required to qualify for a vehicle dealer certificate under ORS 822.020 or to qualify for renewal of a certificate under ORS 822.040 must comply with all of the following:

(a) The bond shall have a corporate surety licensed to do business within this state. A letter of credit shall be an irrevocable letter of credit issued by an insured institution, as defined in ORS 706.008. The surety or institution shall notify the Department of Transportation if the bond or letter of credit is canceled for any reason. The surety or institution shall continue to be liable under the bond or letter of credit until the department receives the notice required by this paragraph, or until the cancellation date specified in the notice, whichever is later.

(b) The bond or letter of credit shall be executed to the State of Oregon.

(c) Except as otherwise provided in this paragraph, the bond or letter of credit shall be in the following sum:

(A) If the applicant is seeking a certificate to be a dealer exclusively in motorcycles, mopeds, Class I all-terrain vehicles or snowmobiles or any combination of those vehicles, the bond or letter of credit shall be for \$2,000.

1 (B) Except as provided in subparagraph (A) of this paragraph, if the ap-
2 plicant is seeking a certificate to be a vehicle dealer, the bond or letter of
3 credit shall be for \$40,000 for each year the certificate is valid.

4 (d) The bond or letter of credit described in this subsection shall be ap-
5 proved as to form by the Attorney General.

6 (e) The bond or letter of credit must be conditioned that the person issued
7 the certificate shall conduct business as a vehicle dealer without fraud or
8 fraudulent representation and without violating any provisions of the vehicle
9 code relating to vehicle registration, vehicle permits, the transfer or alter-
10 ation of vehicles or the regulation of vehicle dealers.

11 (f) The bond or letter of credit must be filed and held in the office of the
12 department.

13 (g) The vehicle dealer shall purchase a bond or letter of credit under this
14 subsection annually on or before each anniversary of the issuance of the
15 vehicle dealer's certificate.

16 (2) Any person shall have a right of action against a vehicle dealer,
17 against the surety on the vehicle dealer's bond and against the letter of
18 credit in the person's own name if the person suffers any loss or damage by
19 reason of the vehicle dealer's fraud, fraudulent representations or violations
20 of provisions of the vehicle code relating to:

21 (a) Vehicle registration;

22 (b) Vehicle permits;

23 (c) The transfer or alteration of vehicles; or

24 (d) The regulation of vehicle dealers.

25 (3) Notwithstanding subsection (2) of this section, the **following applies**
26 **to claims made by a person from another jurisdiction who holds a ve-**
27 **hicle dealer certificate or license requiring qualifications substantially**
28 **similar to the qualifications required for the certification of a vehicle**
29 **dealer in this state:**

30 (a) **The** maximum amount available under a bond described in subsection
31 (1)(c)(B) of this section for the payment of claims [*by persons other than retail*

1 *customers of the dealer*] is \$20,000.

2 **(b) The person may not make a claim against a vehicle dealer un-**
3 **less the person also has a bond in the amount of \$20,000 or more.**

4 (4) If the certificate of a vehicle dealer is not renewed or is voluntarily
5 or involuntarily canceled, the sureties on the bond and the issuer of the
6 letter of credit are relieved from liability that accrues after the department
7 cancels the certificate.

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