

DRAFT

SUMMARY

Authorizes person to make claim against vehicle dealer bond for benefit of retail customers under certain circumstances.

A BILL FOR AN ACT

1
2 Relating to vehicles; amending ORS 822.030.

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

4 **SECTION 1.** ORS 822.030 is amended to read:

5 822.030. (1) A bond or letter of credit required to qualify for a vehicle
6 dealer certificate under ORS 822.020 or to qualify for renewal of a certificate
7 under ORS 822.040 must comply with all of the following:

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

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

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

19 (A) If the person holds a certificate to be a dealer exclusively in motor-
20 cycles, mopeds, Class I all-terrain vehicles or snowmobiles or any combina-
21 tion of those vehicles, the bond or letter of credit shall be for \$10,000.

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 \$50,000 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, **and except as pro-**
26 **vided in subsection (4) of this section**, the maximum amount available
27 under a bond or letter of credit described in subsection (1)(c)(B) of this sec-
28 tion for the payment of claims to persons other than retail customers of the
29 dealer is \$10,000.

30 **(4) The limits described in subsection (3) of this section do not apply**
31 **if a person is an assignee of a retail installment contract from a ve-**

1 **hicle dealer and payment is made to that person for the benefit of a**
2 **retail customer.**

3 [(4)] (5) Notwithstanding subsection (2) of this section, a person other
4 than a retail customer of the vehicle dealer may not make a claim under
5 subsection (2) of this section against the surety on the vehicle dealer's bond,
6 or against the vehicle dealer's letter of credit, if the vehicle dealer holds a
7 vehicle dealer certificate to deal exclusively in motorcycles, mopeds, Class I
8 all-terrain vehicles or snowmobiles or any combination of those vehicles.

9 [(5)] (6) If the certificate of a vehicle dealer is not renewed or is volun-
10 tarily or involuntarily canceled, the sureties on the bond and the issuer of
11 the letter of credit are relieved from liability that accrues after the depart-
12 ment cancels the certificate.

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