

810-5-12-.02 Surety Bond and Surety Bond Continuation form for New and Used Motor Vehicle Dealers, Motor Vehicle Wholesalers, ~~Motor Vehicle Reconditioners,~~ and Motor Vehicle Rebuilders.

(1) Section 40-12-398, Code of Alabama 1975, requires **the following licensees**, new and used motor vehicle dealers, motor vehicle wholesalers, ~~motor vehicle reconditioners,~~ and motor vehicle rebuilders, to execute and deliver to the Department a surety bond, **before any license shall be issued**. The surety bond shall be executed by a surety company authorized to do business in the State of Alabama. The bond shall be conditioned that the ~~licensees new or used motor vehicle dealer, wholesaler, motor vehicle reconditioner, or motor vehicle rebuilder~~ shall comply with the conditions of any contract made by such ~~dealer licensee~~ in connection with the sale or exchange of any motor vehicle and shall not violate any of the provisions of law relating to the conduct of the business for which he is licensed. Such bond shall be payable to the commissioner and to his/her successors in office, and shall be in favor of any person who shall recover any judgment for any loss as a result of any violation of the conditions previously described in this rule. The amount of the surety bond is twenty-five thousand dollars (\$25,000) ~~for new motor vehicle dealers, and ten thousand dollars \$10,000 for used motor vehicle dealers, wholesalers, motor vehicle reconditioners and motor vehicle rebuilders.~~

(2) The surety bond form, **will be generated from the regulatory license application system upon receipt of the properly completed motor vehicle used or new car dealer, motor vehicle wholesaler, or motor vehicle rebuilder regulatory application and required fee(s), and** shall contain the following information:

(a) Legal name of business and trade name or DBA (if applicable) and mailing address.

(b) Name(s) and signature(s) of representative(s) of business authorized to execute surety bond on behalf of the business.

(c) The name and address of the surety company providing the coverage.

(d) The effective date, ~~and the expiration date of the bond coverage. (See Section 4)~~

(e) The issue date of the bond.

(f) The original signature of an agent of the surety company.

(g) Altered or recreated surety bond forms are not acceptable.

(3) BOND REQUIREMENTS: The following requirements must be met in order for the bond form to be accepted by the Department.

(a) The bond must be accompanied by an original power of attorney form, indicating that the agent is authorized to execute the bond on behalf of the surety company.

(b) The bond form and power of attorney must have the same issue date.

(c) The bond form shall be an original with original signatures. No facsimiles, photocopies, letters or phone calls are acceptable substitutes for the original bond.

~~(4) **COVERAGE PERIOD: The coverage period begins on the issuance date of the applicable license. The bond shall be in effect until such time as bond is cancelled. The coverage may not be for a period of more than one year. It must not begin prior to October 1 and must expire on September 30 of the same license year (required for new surety bonds and surety bond continuation certificates).**~~

~~(5) **Section 40-12-398, Code of Ala. 1975, requires new motor vehicle dealers, used motor vehicle dealers, motor vehicle wholesalers, motor vehicle reconditioners, and motor vehicle rebuilders to provide a new surety bond or proper continuation certificate at the beginning of each license year. A new bond shall conform with the requirements as set out in Sections one through five of this rule. A surety bond continuation certificate may be filed in lieu of a new surety bond provided that the following requirements are met:**~~

~~(6) **ACCEPTANCE OF CONTINUATION CERTIFICATE: A proper continuation certificate will be accepted, provided:**~~

~~(a) **Applicant was licensed and in good standing in the previous license year.**~~

~~(b) **Applicant has previously provided a proper original bond form or a proper continuation certificate for each subsequent license year. There can be no lapse in bond coverage since the original bond was presented to the Department.**~~

~~(7) **The continuation form shall provide the following information:**~~

~~(a) **The name of the surety company providing coverage.**~~

~~(b) **The bond number as assigned on the original bond form.**~~

~~(c) **The dollar amount of the extended bond coverage.**~~

~~(d) — Legal name of business and trade name or DBA (if applicable) and mailing address.~~

~~(e) — Name(s) and signature(s) of representative(s) of business authorized to execute surety bond on behalf of the business.~~

~~(f) — The effective date and the expiration date of the extended coverage. (See Section 4)~~

~~(g) — The issue date of the continuation certificate.~~

~~(8) — ORIGINAL CONTINUATION CERTIFICATE REQUIREMENTS: The continuation certificate must contain the original signature of an authorized agent of the surety company, or the original seal of the surety company. The agent's copy will not be accepted.~~

~~(9) Effective August 1, 2012, all surety bonds and surety bond continuation certificates will be generated for completion upon receipt of the motor vehicle used or new car dealer, motor vehicle wholesaler, motor vehicle reconditioner or motor vehicle rebuilder regulatory license application and the required fee(s) (see rule 810-5-12-.01). Altered or recreated surety bonds forms and surety bond continuation certificates are not acceptable.~~

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Authority: Sections 40-2A-7(a)(5), 40-12-392 and 40-12-398, Code of Alabama 1975.

History:

