

(1) Sections 40-12-398 and 40-12-414, Code of Alabama 1975, new and used motor vehicle dealers, motor vehicle wholesalers, motor vehicle rebuilders, and automotive dismantler and parts recycler, to execute and deliver to the Department a continuing 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 shall comply with the conditions of any contract made by such 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).

(2) The surety bond form, will be generated from the regulatory license application system upon receipt of the properly completed new or used motor vehicle dealer, motor vehicle wholesaler, motor vehicle rebuilder, or automotive dismantler and parts recycler 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) The city, county and state in which the business is located.

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

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

(e) The effective date.

(f) The issue date of the bond.

(g) The signature of an agent of the surety company.

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

(i) A telephone number for the surety company.

(3) 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 a 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 signed.
- (d) The bond form shall be payable to the Alabama Department of Revenue.
- (4) The coverage period begins on the issuance date of the applicable.

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Authority: Sections 40-2A-7(a)(5), 40-12-392 and 40-12-398, Code of Alabama 1975.  
History: New rule: Filed July 30, 2012, effective September 3, 2012.  
Amended: Filed October 27, 2014, effective December 1, 2014.  
Amended: Filed October 20, 2017, effective December 4, 2017.