Filed for intro on 01/01/99
SENATE BILL 2268 By
Cooper

HOUSE BILL 2742
By Rigsby

AN ACT to amend Tennessee Code Annotated, Title 55, Chapter 17, Part 1, relative to motor vehicle sales.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-17-111(i)(1), is amended by deleting the words and figure “twenty-five thousand dollars ($25,000)” and by substituting instead the words and figure “fifty thousand dollars ($50,000)”.

SECTION 2. Tennessee Code Annotated, Section 55-17-111(i), is amended by adding the following language as subsection (j):

(j)(1) Each application for a license or renewal of a license of a motor vehicle salesperson shall be accompanied by evidence satisfactory to such commission that such salesperson has a surety bond in the amount of twenty-five thousand dollars ($25,000) in force.

(2)(A) The bond is for the benefit of any person who suffers loss because of misrepresentation by the salesperson as to the performance or condition of the vehicle.

(B) The aggregate liability of the surety to all persons shall in no event exceed the amount of this bond.

(3) In lieu of a corporate surety on the bond required by this subsection, the commission may allow the salesperson to secure such bond by depositing collateral in the form of a certificate of deposit or irrevocable letter of credit, as accepted and authorized by the banking laws of the state of Tennessee,

which has a face value equal to the amount of the bond. Such collateral may be deposited with or executed through any authorized state depository designated by the commission. Interest on any deposited certificate of deposit shall be payable to such salesperson who has deposited it as collateral, or to such person as the salesperson or the certificate may direct.

(4) No license so issued shall be transferable, and it shall be prominently displayed in the place of business where the person to whom such license is issued is employed.

(5) Any surety is required to provide sixty (60) days notice of cancellation of the bond or certificate of deposit or letter of credit to the commission.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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