

NORTH CAROLINA GENERAL ASSEMBLY  
1977 SESSION

CHAPTER 560  
HOUSE BILL 990

AN ACT TO MAKE AMENDMENTS TO THE MOTOR VEHICLE DEALERS AND  
MANUFACTURERS LICENSING LAW.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 20-286(6) is rewritten to read as follows:

"(6) 'Established place of business' means a salesroom containing at least 96 square feet of floor space in a permanent enclosed building; said salesroom shall have displayed thereon or immediately adjacent thereto a sign, in block letters not less than three inches in height on contrasting background, clearly and distinctly designating the trade name of the business at which a permanent business of bartering, trading and selling motor vehicles will be carried on as such in good faith and at which place of business shall be kept and maintained the books, records and files as the division may require necessary to conduct the business at such place. Provided, however, the minimum area requirement provided for in this paragraph is not applicable to any established place of business lawfully in existence and duly licensed on or before January 1, 1978."

**Sec. 2.** G.S. 20-288 is amended by adding a new subsection at the end thereof as follows:

"(e) Each applicant approved by the division for license as a motor vehicle dealer, manufacturer, distributor branch, or factory branch shall furnish a corporate surety bond or cash bond or fixed value equivalent thereof in the principal sum of fifteen thousand dollars (\$15,000) and an additional principal sum of five thousand dollars (\$5,000) for each additional place of business within this State at which motor vehicles are sold. Each application for a license or a renewal of a license shall be accompanied by a list of locations at which the applicant engages in the business of selling motor vehicles in this State. A corporate surety bond shall be approved by the commissioner as to form and shall be conditioned that the obligor will faithfully conform to and abide by the provisions of this Article. A cash bond or fixed value equivalent thereof shall be approved by the commissioner as to form and terms of deposits as will secure the ultimate beneficiaries of the bond; and such bond shall not be available for delivery to any person contrary to the rules of the commissioner. Any purchaser of a motor vehicle who shall have suffered any loss or damage by any act of a motor vehicle dealer that constitutes a violation of this Article shall have the right to institute an action to recover against such motor vehicle dealer and the surety. Every licensee against whom such action is instituted shall notify the commissioner of the action within 10 days after process is served on the licensee. A corporate surety bond shall remain in force and effect and may not be cancelled by the surety unless the motor vehicle dealer, manufacturer, distributor branch, or factory branch has terminated the operations of its business nor unless its license has been denied, suspended, or revoked under G.S. 20-294. Such cancellation may be had only upon 30 days' written notice to the commissioner and shall not affect any liability incurred or accrued prior to the termination of such 30-day period."

**Sec. 3.** G.S. 20-294(2) is amended in the second line after the citation, "G.S. 20-75", by inserting the citation, "G.S. 20-79".

**Sec. 4.** This act shall become effective on January 1, 1978.

In the General Assembly read three times and ratified, this the 14th day of June, 1977.