

CHAPTER 1035

H.B. No. 1932

AN ACT

relating to the bond or other security required for issuance or renewal of a general distinguishing number as a motor vehicle dealer or a wholesale motor vehicle auction.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 6686(a)(1-A)(vii), Revised Statutes, is amended to read as follows:

(vii) In addition to other requirements provided by law, the Department may not issue or renew a general distinguishing number as a motor vehicle dealer or a wholesale motor vehicle auction to an applicant until the applicant shows proof satisfactory to the Department that the applicant has purchased a properly executed surety bond in the amount of \$25,000 with good and sufficient surety approved by the Department. The bond shall be approved as to form by the attorney general and shall be conditioned on the applicant's payment of all valid bank drafts, including checks, drawn by the applicant for the purchase of motor vehicles in the applicant's transfer of good title to each motor vehicle the applicant offers for sale. In lieu of the bond otherwise required by this subdivision, the Department may accept and receive the pledge of cash, a cash deposit, a certificate of deposit, or other instrument determined by the Department to be adequate security for the obligations of the bond. Recovery

against the bond or other security may be made by a person who obtains a judgment against a dealer or wholesale motor vehicle auction assessing damages and reasonable attorney's fees for an act or omission on which the bond is conditioned if the act or omission occurred during the term for which the general distinguishing number will be valid. *The liability imposed on the surety under this section is limited to the face amount of the bond for the amount of the valid bank drafts, including checks, drawn by the applicant for the purchase of motor vehicles or the amount paid to the applicant for the motor vehicle for which good title was not delivered, and for attorney's fees which are reasonable in relation to the work performed and which are incurred in the recovery of a judgment for an act or omission on which the bond was conditioned. The surety on a bond shall not be liable for successive claims in excess of the bond amount, regardless of the number of claims made against the bond or the number of years the bond remains in force. The requirements of this subdivision do not apply to a person licensed by the Texas Motor Vehicle Commission.*

SECTION 2. This Act applies to any surety bond executed under Article 6686(a)(1-A)(vii), Revised Statutes, on or after the effective date of this Act. This Act also applies to all such surety bonds executed prior to the effective date of this Act except as to claims that have accrued prior to the effective date of this Act.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 14, 1993: Yeas 106, Nays 0, 1 present, not voting; passed by the Senate on May 24, 1993: Yeas 31, Nays 0.

Filed without signature June 19, 1993.

Effective June 19, 1993.