

By: Davis of Dallas

H.B. No. 2299

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a motor vehicle dealer's payment to a secured party of  
3 the balance due on a used motor vehicle and to the bond requirement  
4 for certain motor vehicle sellers.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter H, Chapter 2301, Occupations Code, is  
7 amended by adding Section 2301.363 to read as follows:

8 Sec. 2301.363. PAYMENT OF BALANCE DUE ON USED MOTOR  
9 VEHICLE. If a dealer acquires a used motor vehicle with a balance  
10 due to a secured party, the dealer shall submit to the department  
11 evidence in the form of a notarized receipt from the secured party  
12 that the dealer has paid off the entire balance before transferring  
13 the vehicle, or before the date when payment is due, whichever  
14 occurs first. A dealer may not offer for sale, advertise for sale,  
15 or transfer a used motor vehicle with a balance due to a secured  
16 party before paying off the entire balance and submitting the  
17 notarized receipt to the department.

18 SECTION 2. Sections 503.033(a) and (b), Transportation  
19 Code, are amended to read as follows:

20 (a) The department may not issue or renew a motor vehicle  
21 dealer general distinguishing number or a wholesale motor vehicle  
22 auction general distinguishing number unless the applicant  
23 provides to the department:

24 (1) satisfactory proof that the applicant has

1 purchased a properly executed surety bond in the amount of \$250,000  
2 [~~\$25,000~~] with a good and sufficient surety approved by the  
3 department; or

4 (2) other security under Subsection (c).

5 (b) The surety bond must be:

6 (1) in a form approved by the attorney general;

7 (2) conditioned on:

8 (A) the payment by the applicant of all valid  
9 bank drafts, including checks, drawn by the applicant to buy motor  
10 vehicles; ~~and~~

11 (B) the transfer by the applicant of good title  
12 to each motor vehicle the applicant offers for sale; and

13 (C) the applicant's compliance with Section  
14 2301.363, Occupations Code.

15 SECTION 3. This Act takes effect September 1, 2009.