

ACT 113

S. B. 532.

**A Bill for an Act to Amend Chapter 160, Part V, Revised Laws of Hawaii
1955, as Amended, Relating to Bond of Automobile Dealers.**

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 160, Part V, Revised Laws of Hawaii 1955, as amended, is hereby further amended in the following respect:

A. By amending subsections (a) and (b) of section 160-168, as amended, to read:

“Section 160-168. Bond of dealer. (a) Each new motor vehicle dealer receiving a license shall keep in force a bond to the board in the penal sum of \$25,000 if the license is for a county with a population of 200,000 or more and \$3,000 if the license is for any county with a population of less than 200,000. Each used motor vehicle dealer shall give and keep in force a bond to the board in the penal sum of \$10,000 if the license is for a county with a population of 200,000 or more and \$2,000 if the license is for any county with a population of less than 200,000. More than one bond may be furnished by the same applicant, provided they aggregate the full amount prescribed by this section. If any bond is not (a) executed by a surety company authorized to do business in the state or (b) secured by a deposit of cash with the board in lieu of surety, then the provisions of sections 9-32, 9-33 and 9-34 shall be applicable as nearly as may be to furnishing of such bond and the surety or sureties and the security thereof, with the substitution of the board hereunder for the awarding officer mentioned in sections 9-32 and 9-34 mutatis mutandis.

(b) It is provided: (1) that if the applicant maintains an established place of business in the county concerned which is used, or will be used, for the purpose of selling, displaying, or offering to negotiate for the purchase of motor vehicles, the market value of which, over and above all liens, charges and encumbrances thereon is equal to or greater than ninety per cent of the amount of bond required by this section, and the financial condition of the applicant is such that, in the judgment of the board the excess over ten per cent of such bond may be waived without unduly jeopardizing the possible rights and interests of present and prospective claimants against the applicant intended to be secured by such bond, then the amount of such bond for new motor vehicle dealers or used motor vehicle dealers may be reduced by the board to \$10,000 for a county with a population of 200,000 or more, and \$1,000 for any other county with a population of less than 200,000; and (2) that if the dealer is licensed to engage, in the business of selling only motorcycles and motor scooters, the bond shall be only in the amount of \$5,000 for a county within a population of 200,000 or more, and \$500 for any other county with a population of less than 200,000.”

B. By amending the first sentence of subsection (d) of section 160-168 to read as follows:

“The board, director of finance or the treasurer, or any person, who has been or claims to have been injured by the breach of the conditions shall have the right of action to recover on any such bond, plus a reasonable attorney’s fee (to be allowed by the court, no other attorney’s fees shall be permitted from the bond proceeds) incurred to procure the recovery under

the bond, but the aggregate liability of the surety or sureties to all such persons shall in no event exceed the amount of the bond.”

C. By adding a new section thereto to be designated section 160-168.1 and to read as follows:

“**Bond of broker.** (a) Each broker receiving a license shall give to the board and keep in force a bond or bonds in the penal sum totaling not less than \$10,000.

(b) All provisions contained in section 160-168 of this part pertaining to reduction of bond, bond condition, and suit on bond for a used motor vehicle dealer shall be applicable to a broker.”

SECTION 2. This Act shall take effect upon its approval.

(Approved May 23, 1967.)