
Motor Vehicle Dealer Board

Bonding Requirements for Virginia Dealers

October 27, 2000

At the March Transaction Recovery Fund and Board meetings, there was a discussion on Bonding requirements when a Dealer opens a second dealership.

The consensus of the Board was that if the dealer had been in business more than three years and was no longer required to have a bond, a bond would not be required if he/she opened a second location.

If the dealer had been in business for less than three years and was still required to have a bond for the original location, then a second bond would be needed for the second location.

It is not unusual for the staff to receive an application for a new dealership that includes as a partner, an individual who is an owner or partner in another dealership that is no longer required to pay a bond. In these situations, the business, corporate and trading names are completely different as well as the ownership structure. The only thing that the new and existing dealership have in common is a particular individual is a partner in both.

Oftentimes, within a very short period of time of opening the new dealership (sometimes the very next day), staff will receive an application to change the listed partners. This list no longer includes the individual who owned the dealership that was used to receive an exemption from the bonding requirement.

I am seeking confirmation that in order to receive the bond exemption, the corporate structure and corporate name of the dealerships must be the same. Further, in order to maintain that exemption, at least one officer shall be in common with both dealerships for at least three years.

Board meeting: March 13, 2000