

§ 58-70-20. Bond requirement.

(a) As a condition precedent to the issuance of any permit under this Article, every applicant for a permit shall file with the Commissioner a bond in favor of the State of North Carolina that is executed by a surety company licensed to transact surety business in this State. The bond shall be maintained in force during the permit period, continuous in form, and remain in effect until all moneys collected have been accounted for. The bond shall expressly provide that the bond is for the benefit of any person, firm or corporation for whom the collection agency engages in the collection of accounts. The bond shall be in the amount of ten thousand dollars (\$10,000) for the initial permit. The amount of the bond for any renewal permit shall be no less than ten thousand dollars (\$10,000), nor more than thirty thousand dollars (\$30,000), and shall be computed as follows: The total collections paid directly to the collection agency less commissions earned by the collection agency on those collections for the calendar year ending immediately prior to the date of application, multiplied by one-sixth.

(b) A person required by this section to maintain a bond may, in lieu of that bond, deposit with the Commissioner the equivalent amount in cash, in certificates of deposit issued by banks organized under the laws of the State of North Carolina, or any national bank having its principal office in North Carolina, or securities, which shall be held in accordance with Article 5 of this Chapter. Securities may only be obligations of the United States or of federal agencies listed in G.S. 147-69.1(c)(2) guaranteed by the United States, obligations of the State of North Carolina, or obligations of a city or county of this State. Any proposed deposit of an obligation of a city or county of this State is subject to the prior approval of the Commissioner.

(c) In addition to the requirements of subsections (a) and (b) of this section, as a condition precedent to the issuance of any permit under this Article, every nonresident applicant for a permit shall file with the Commissioner a bond in the amount of ten thousand dollars (\$10,000) in favor of the Department that is executed by a surety company licensed to transact surety business in this State. The bond shall be maintained in force during the permit period, be continuous in form, and remain in effect until terminated by the Commissioner. The bond shall expressly provide that the bond is for the purpose of reimbursing the Department for expenses incurred in visiting and examining a nonresident collection agency in connection with a federal bankruptcy or State receivership proceeding in which the collection agency is the subject of the proceeding. (1943, c. 170; 1959, c. 1194, s. 3; 1979, c. 835; 1991, c. 212, s. 4; 2001-269, s. 1.3; 2016-107, s. 6.)