



Ohio Revised Code

Section 1334.04 Seller to establish surety bond or establish trust account.

Effective: September 10, 1991

Legislation: House Bill 151 - 119th General Assembly

(A) If, pursuant to division (H) of section 1334.03 of the Revised Code, a seller is required to obtain a surety bond or establish a trust account, the bond or trust account required shall be in favor of the state for the benefit of any purchaser who is damaged by a violation of, or by the seller's breach of an agreement subject to, sections 1334.01 to 1334.15 of the Revised Code. The surety bond shall be issued by a surety company authorized to do business in this state. A trust account shall be established and maintained in this state.

(B) Any person claiming against the bond or trust account may maintain an action against the seller and the surety or trustee, except that the surety or trustee shall be liable only for actual damages. The aggregate liability of the surety or trustee to all purchasers shall not exceed the amount of the bond or trust account.

(C) A seller shall establish the bond or trust account in an amount of not less than fifty thousand dollars at the commencement of business for the first six months. By the tenth day of the seller's seventh month in business, the bond or trust account shall be adjusted so that it is in an amount equal to the total amount of the initial payments and promissory notes required by all agreements the seller has entered into in this state during the previous six months, in connection with which the seller has represented that there is a buy-back arrangement or that the purchaser's initial payment or promissory note is secured in any manner. Thereafter, the amount shall be similarly adjusted semiannually, no later than the tenth day of the first month of the seller's fiscal year and no later than the tenth day of the seventh month of the seller's fiscal year. A seller may reduce the amount of the bond or trust account by the amount of the initial payment or promissory note required by any agreement under which the term of a buy-back or security arrangement has expired. In no event shall the amount of the bond or trust account be less than ten thousand dollars.