

Stricken language would be deleted from and underlined language would be added to present law.
Act 726 of the Regular Session

State of Arkansas
90th General Assembly
Regular Session, 2015

As Engrossed: H3/10/15
A Bill

HOUSE BILL 1702

By: Representative D. Douglas

By: Senator B. Pierce

For An Act To Be Entitled

AN ACT TO AMEND THE PROCEDURES RELATED TO THE
ISSUANCE OF REGISTRATION AND TITLE TO MOTOR VEHICLES
ACQUIRED BY OPERATION OF LAW; TO DECLARE AN
EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE PROCEDURES RELATED TO THE
ISSUANCE OF REGISTRATION AND TITLE TO
MOTOR VEHICLES ACQUIRED BY OPERATION OF
LAW; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 27-14-907 is amended to read as follows:
27-14-907. Transfer by operation of law.

(a)(1) Whenever the title or interest of an owner in or to a registered vehicle shall pass to another by a method other than voluntary transfer, the registration of the vehicle shall expire, and the vehicle shall not be operated upon public streets or highways for more than thirty (30) days after the transfer date unless a valid registration plate is attached thereto.

(2) In the event that title has become vested in the person holding a lien or encumbrance upon the vehicle, the person may apply to the Office of Motor Vehicle for, and obtain, special plates as may be issued under this chapter to dealers and may operate any repossessed vehicle under



such special plates only for purposes of transporting it to a garage or warehouse or for purposes of demonstrating or selling it.

(b)(1) Upon any such transfer, the new owner may either secure a new registration and certificate of title, upon proper application and upon presentation of:

(A) The last certificate of title, if available;

(B) Evidence that the lien or encumbrance was previously recorded in the State of Arkansas or that the motor vehicle is physically present in the State of Arkansas; and

(C) Such instruments or documents of authority or certified copies thereof, as may be sufficient or required by law to evidence or effect a transfer of title or interest in or to chattels in such case.

(2)(A) If the motor vehicle to be registered was last registered in a jurisdiction other than Arkansas and if the name of the new owner as lienholder is not shown on the existing certificate of title, a certificate of title may not be issued to the new owner under this section. Instead, the new owner may secure a new registration and certificate of title only by obtaining an order issued by a court of competent jurisdiction directing the new registration and certificate of title.

(B) The provisions of subdivision (b)(2)(A) of this section do not apply to a motor vehicle that was last sold by a motor vehicle dealer licensed in Arkansas or another state to an Arkansas purchaser and the Arkansas purchaser failed to register the vehicle in this state. The lienholder of that vehicle may obtain a title under this section upon presentation of:

(i) The last certificate of title, if available;

(ii) A copy of the instrument creating or evidencing the lien or encumbrance that reflects the name and address of the Arkansas resident purchaser of the motor vehicle; and

(iii) Instruments or documents of authority, or copies thereof, as may be sufficient or required by law to evidence or effect a transfer of title or interest in or to the motor vehicle.

(3)(A) The provisions of subdivision (b)(2)(A) of this section do not apply to a motor vehicle to be sold by an auto auction if:

(i) The auto auction is located in Arkansas; and

(ii) The auto auction has a written agreement with

the repossessing lienholder to sell repossessed motor vehicles at the auto auction.

(B) The exception provided under this subdivision (b)(3)(A) shall not apply unless the repossessing lienholder submitted along with the application for registration for the motor vehicle an affidavit, on a form prescribed by the Office of Motor Vehicle, affirming that the motor vehicle would be offered for sale by the auto auction with whom the lienholder has made the agreement.

(C) For purposes of this section, "auto auction" means:

(i) A person who operates or provides a place of business or facilities for the wholesale exchange of motor vehicles by and between licensed motor vehicle dealers;

(ii) A motor vehicle dealer licensed to sell used motor vehicles, or selling motor vehicles using an auction format but not on consignment; and

(iii) A person who provides the facilities for or is in the business of selling motor vehicles in an auction format.

(D) The Office of Motor Vehicle may request information from the auto auction as necessary to verify the exception provided under this subdivision (b)(3)(A).

(4) The new owner, upon transferring his or her title or interest to another person, shall execute and acknowledge an assignment and warranty of title upon the certificate of title previously issued, if available, and deliver it, as well as the documents of authority or certified copies thereof, as may be sufficient or required by law to evidence the rights of the person, to the person to whom the transfer is made.

(c) The Commissioner of Motor Vehicles shall have the power to adopt regulations or rules to establish what documents or evidence are required to verify that a lien or encumbrance holder or his or her assignee has complied with this section.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the current procedure for registering motor vehicles acquired by lienholders through operation of law creates the possibility that out-of-state vehicles may be titled and registered in the State of Arkansas without being present in the state or

without the security interest against the motor vehicle being recorded in Arkansas; and that this act is immediately necessary to prevent citizens of the State of Arkansas from being defrauded by out-of-state sellers of motor vehicles. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2015.

/s/D. Douglas

APPROVED: 03/27/2015