

Stricken language would be deleted from and underlined language would be added to present law.
Act 313 of the Regular Session

State of Arkansas
93rd General Assembly
Regular Session, 2021

As Engrossed: H2/3/21
A Bill

HOUSE BILL 1255

By: Representatives Evans, Beaty Jr.

By: Senator J. Dismang

For An Act To Be Entitled

AN ACT TO REGULATE CROSS-COLLATERALIZATION CLAUSES;
AND FOR OTHER PURPOSES.

Subtitle

TO REGULATE CROSS-COLLATERALIZATION
CLAUSES.

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

SECTION 1. Arkansas Code Title 4, Chapter 56, Subchapter 1, is amended to add an additional section to read as follows:

4-56-105. Cross-collateralization clauses.

(a) As used in this section, unless the context otherwise requires, "cross-collateralization clause" means a clause that by its terms grants a security interest established under a separate security agreement, instrument, mortgage, or deed of trust to secure debt or another obligation other than that for which it was specifically incurred, including without limitation a preexisting or subsequent debt or obligation.

(b) A cross-collateralization clause that grants a security interest for a personal, family, household, or commercial purpose is valid and enforceable, whether or not the cross-collateralization clause is specific or general, lists or identifies existing debts or obligations, or secures debts incurred for the same purpose as the original debt.

(c) A cross-collateralization clause is valid and enforceable if the cross-collateralization clause meets the requirements of this section.

(d) A cross-collateralization clause in a security instrument that



does not identify the preexisting debt, value, or obligation is not invalid if the cross-collateralization clause meets the requirements of this section.

(e)(1) The failure to comply with this section shall render the cross-collateralization clause void.

(2) A cross-collateralization clause that is void shall not affect or impair the validity of the security agreement, instrument, mortgage, or deed of trust.

(f) This section applies to a security agreement, instrument, mortgage, or deed of trust executed on and after September 1, 2021.

/s/Evans

APPROVED: 3/10/21