

Stricken language would be deleted from and underlined language would be added to present law.

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