

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**

A Bill

HOUSE BILL

4 **By: House Committee on Public Transportation**

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 27-14-409 TO PROVIDE
9 PERSONS WHO CANNOT PRESENT A PROPERLY ASSIGNED CERTIFICATE
10 OF TITLE FOR A MOTOR VEHICLE AT TIME OF REGISTRATION WITH
11 A MEANS OF REGISTERING THE MOTOR VEHICLE BY PROVIDING THE
12 OFFICE OF MOTOR VEHICLE A BOND INDEMNIFYING PRIOR OWNERS,
13 LIENHOLDERS AND SUBSEQUENT PURCHASERS FOR VALUE AGAINST
14 EXPENSE, LOSS OR DAMAGE BY REASON OF UNDISCLOSED INTERESTS
15 OR DEFECT IN TITLE; AND FOR OTHER PURPOSES."

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Subtitle

18 "AN ACT TO PROVIDE A BONDED TITLE PROVISION FOR
19 REGISTERING MOTOR VEHICLES IN ARKANSAS."

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

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23 SECTION 1. Arkansas Code § 27-14-409 is hereby amended to read as
24 follows:

25 "27-14-409. Processing of applications.

26 (a) The office shall examine and determine the genuineness, regularity,
27 and legality of every application for registration of a vehicle, for a
28 certificate of title therefor, and of any other application lawfully made to
29 the office.

30 (b) The office may, in all cases, make investigation as may be deemed
31 necessary or require additional information and shall reject any such
32 application if not satisfied of the genuineness, regularity, or legality
33 thereof, or the truth of any statement contained therein, when authorized by
34 law.

35 (c) If the office is not satisfied as to the ownership of a vehicle or

1 that there are no undisclosed security interests in it, may accept the
 2 application but shall as a condition of issuing a certificate of title,
 3 require the applicant to file with the office a bond in the form prescribed by
 4 the office. The bond shall be in an amount equal to one and one-half (1-1/2)
 5 times the value of the vehicle as determined by the office. The bond shall be
 6 conditioned to indemnify any prior owner and lienholder and any subsequent
 7 purchaser of the vehicle or person acquiring any security interest in it, and
 8 their respective successors in interest, heirs or assigns, against any
 9 expense, loss or damage, including reasonable attorney's fees, by reason of
 10 the issuance of the certificate of title of the vehicle or on account of any
 11 defect in or undisclosed security interest upon the right, title and interest
 12 of the applicant in and to the vehicle. Any such interested person has a right
 13 of action to recover on the bond for any breach of its conditions, but the
 14 aggregate liability of the surety to all persons shall not exceed the amount
 15 of the bond. The bond, and any deposit accompanying it, shall be returned at
 16 the end of three (3) years or prior thereto if the vehicle is no longer
 17 registered in this state and the currently valid certificate of title is
 18 surrendered to the office, unless the office has been notified of the pendency
 19 of an action to recover on the bond."

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21 SECTION 2. All provisions of this act of general and permanent nature
 22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 3. If any provisions of this act or the application thereof to
 26 any person or circumstance is held invalid, the invalidity shall not affect
 27 other provisions or applications of the act which can be given effect without
 28 the invalid provisions or application, and to this end the provisions of this
 29 act are declared to be severable.

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31 SECTION 4. All laws and parts of laws in conflict with this act are
 32 hereby repealed.

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