

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

# A Bill

**ACT 1013 OF 1993**  
**HOUSE BILL 1781**

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  
36 that there are no undisclosed security interests in it, may accept the

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

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

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

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

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APPROVED: 4/12/93

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