

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 87th General Assembly
3 Regular Session, 2009

A Bill

HOUSE BILL 1602

4
5 By: Representative Williams
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For An Act To Be Entitled

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9 AN ACT CONCERNING THE TIME PERIOD THAT CAR
10 DEALERS ARE REQUIRED TO PAY OFF EXISTING LIENS OR
11 ENCUMBRANCES ON VEHICLES; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 CONCERNING THE TIME PERIOD THAT CAR
15 DEALERS ARE REQUIRED TO PAY OFF EXISTING
16 LIENS OR ENCUMBRANCES ON VEHICLES.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code Title 27, Chapter 14, Subchapter 9 is amended
22 to add an additional section to read as follows:

23 27-14-917. Time requirements for payment of lien or encumbrance.

24 (a) As used in this section:

25 (1) "Customer" means a person who trades in or otherwise
26 provides a vehicle to a motor vehicle dealer for resale;

27 (2) "Motor vehicle dealer" means a motor vehicle dealer as
28 defined in § 23-112-103 or a used motor vehicle dealer as defined in § 23-
29 112-103; and

30 (3) "Subsequent purchaser" means a person who buys the vehicle
31 that was provided to the motor vehicle dealer as a trade-in or for resale by
32 the customer.

33 (b)(1) If a motor vehicle dealer takes possession of a vehicle for
34 purposes of resale and there is an outstanding lien or encumbrance on the
35 vehicle, the motor vehicle dealer shall in good faith tender full payment on
36 the outstanding lien or encumbrance within ten (10) business days after the



1 motor vehicle dealer takes possession of the vehicle from the customer.

2 (2) This time period may be shortened if the customer and the
3 motor vehicle dealer agree to a shorter time period.

4 (c)(1) If the motor vehicle dealer fails to act in good faith in
5 tendering full payment for the outstanding lien or encumbrance within ten
6 (10) business days or within the time period agreed to by the motor vehicle
7 dealer and the customer under subdivision (b)(2) of this section, the
8 customer shall have an absolute right to cancel the contract for sale between
9 the customer and the motor vehicle dealer.

10 (2) If the contract for sale is cancelled pursuant to (c)(1),
11 the motor vehicle dealer shall be responsible for late fees, finance charges,
12 or any financial penalty that is required to be made by the customer as part
13 of the existing lien or encumbrance.

14 (d) If the motor vehicle dealer sells the vehicle to a subsequent
15 purchaser without first tendering full payment for the outstanding lien or
16 encumbrance, the subsequent purchaser who buys the vehicle subject to the
17 existing lien or encumbrance shall have an absolute right to cancel the
18 contract for sale between the subsequent purchaser and the motor vehicle
19 dealer.

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