

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1902

By: Representative Givens

For An Act To Be Entitled

"AN ACT TO AMEND TITLE 23, CHAPTER 112, SUBCHAPTER 4 OF THE ARKANSAS CODE OF 1987 TO PROHIBIT AUTOMOBILE DEALERS FROM INCREASING THE DOWNPAYMENT REQUIRED TO PURCHASE A MOTOR VEHICLE ONCE THE VEHICLE HAS BEEN DELIVERED TO THE PROSPECTIVE PURCHASER; TO PRESCRIBE A PENALTY THEREFOR; AND FOR OTHER PURPOSES."

WHEREAS, some motor vehicle dealers use a deceptive system of negotiations that places a prospective purchaser in custody of a vehicle "subject to financing" with the specific intent of "jacking up" or "bumping" the agreed on down payment, or selling price, after the prospective purchaser has become accustomed to the vehicle and is reluctant to return the vehicle to the dealer; and

WHEREAS, the prospective purchaser is unable to pay an additional down payment.

NOW THEREFORE

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

SECTION 1. Title 23, Chapter 112, Subchapter 4 of the Arkansas Code of 1987 is hereby amended by adding a new section to read as follows:

"23-112-408. (a) It shall be unlawful for a motor vehicle dealer or a motor vehicle salesman to increase the down payment required to purchase the vehicle or the amount owed by the purchaser under the transaction once the vehicle has been delivered by the dealer to the purchaser and is removed from the premises of the dealer by the purchaser; whether or not the financing has been approved.

(b) A motor vehicle dealer or a motor vehicle salesman shall not deliver the vehicle "conditionally"; or "subject to approval of financing". Once

delivery of a motor vehicle to the purchaser has occurred and the vehicle leaves the dealer's premises with permission of the dealer, it shall be considered a final sale.

(c) When any dealer or salesman shall be found to have violated subsection (a) or (b) of this section, the vehicle which was the subject of the transaction shall be forfeited to the purchaser, and shall become the property of the purchaser, free and clear of all liens."

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

SECTION 3. All laws and parts of laws in conflict with this act are hereby repealed.