

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

# A Bill

HOUSE BILL 1702

5 By: Representative D. Douglas  
6 By: Senator B. Pierce  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE PROCEDURES RELATED TO THE  
10 ISSUANCE OF REGISTRATION AND TITLE TO MOTOR VEHICLES  
11 ACQUIRED BY OPERATION OF LAW; TO DECLARE AN  
12 EMERGENCY; AND FOR OTHER PURPOSES.  
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## Subtitle

15 TO AMEND THE PROCEDURES RELATED TO THE  
16 ISSUANCE OF REGISTRATION AND TITLE TO  
17 MOTOR VEHICLES ACQUIRED BY OPERATION OF  
18 LAW; TO DECLARE AN EMERGENCY; AND FOR  
19 OTHER PURPOSES.  
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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25 SECTION 1. Arkansas Code § 27-14-907 is amended to read as follows:  
26 27-14-907. Transfer by operation of law.

27 (a)(1) Whenever the title or interest of an owner in or to a  
28 registered vehicle shall pass to another by a method other than voluntary  
29 transfer, the registration of the vehicle shall expire, and the vehicle shall  
30 not be operated upon public streets or highways for more than thirty (30)  
31 days after the transfer date unless a valid registration plate is attached  
32 thereto.

33 (2) In the event that title has become vested in the person  
34 holding a lien or encumbrance upon the vehicle, the person may apply to the  
35 Office of Motor Vehicle for, and obtain, special plates as may be issued  
36 under this chapter to dealers and may operate any repossessed vehicle under



1 such special plates only for purposes of transporting it to a garage or  
 2 warehouse or for purposes of demonstrating or selling it.

3 (b)(1) Upon any such transfer, the new owner may either secure a new  
 4 registration and certificate of title, upon proper application and upon  
 5 presentation of:

6 (A) The last certificate of title, if available;

7 (B) Evidence that the lien or encumbrance was previously  
 8 recorded in the State of Arkansas or that the motor vehicle is physically  
 9 present in the State of Arkansas; and

10 (C) Such instruments or documents of authority or  
 11 certified copies thereof, as may be sufficient or required by law to evidence  
 12 or effect a transfer of title or interest in or to chattels in such case.

13 (2)(A) If the motor vehicle to be registered was last registered  
 14 in a jurisdiction other than Arkansas and if the name of the new owner as  
 15 lienholder is not shown on the existing certificate of title, a certificate  
 16 of title may not be issued to the new owner under this section. Instead, the  
 17 new owner may secure a new registration and certificate of title only by  
 18 obtaining an order issued by a court of competent jurisdiction directing the  
 19 new registration and certificate of title.

20 (B) The provisions of subdivision (b)(2)(A) of this  
 21 section do not apply to a motor vehicle that was last sold by a motor vehicle  
 22 dealer licensed in Arkansas or another state to an Arkansas purchaser and the  
 23 Arkansas purchaser failed to register the vehicle in this state. The  
 24 lienholder of that vehicle may obtain a title under this section upon  
 25 presentation of:

26 (i) The last certificate of title, if available;

27 (ii) A copy of the instrument creating and  
 28 evidencing the lien or encumbrance that reflects the name and address of the  
 29 Arkansas resident purchaser of the motor vehicle; and

30 (iii) Instruments or documents of authority, or  
 31 copies thereof, as may be sufficient or required by law to evidence or effect  
 32 a transfer of title or interest in or to the motor vehicle.

33 (3)(A) The provisions of subdivision (b)(2)(A) of this section  
 34 do not apply to a motor vehicle to be sold by an auto auction if:

35 (i) The auto auction is located in Arkansas; and

36 (ii) The auto auction has a written agreement with

1 the repossessing lienholder to sell repossessed motor vehicles at the auto  
2 auction.

3 (B) The exception provided under this subdivision  
4 (b)(3)(A) shall not apply unless the repossessing lienholder submitted along  
5 with the application for registration for the motor vehicle an affidavit, on  
6 a form prescribed by the Office of Motor Vehicle, affirming that the motor  
7 vehicle would be sold by the auto auction with whom the lienholder has made  
8 the agreement.

9 (C) For purposes of this section, "auto auction" means:

10 (i) A person who operates or provides a place of  
11 business or facilities for the wholesale exchange of motor vehicles by and  
12 between licensed motor vehicle dealers;

13 (ii) A motor vehicle dealer licensed to sell used  
14 motor vehicles, or selling motor vehicles using an auction format but not on  
15 consignment; and

16 (iii) A person who provides the facilities for or is  
17 in the business of selling motor vehicles in an auction format.

18 (D) The Office of Motor Vehicle may request information  
19 from the auto auction as necessary to verify the exception provided under  
20 this subdivision (b)(3)(A).

21 (4) The new owner, upon transferring his or her title or  
22 interest to another person, shall execute and acknowledge an assignment and  
23 warranty of title upon the certificate of title previously issued, if  
24 available, and deliver it, as well as the documents of authority or certified  
25 copies thereof, as may be sufficient or required by law to evidence the  
26 rights of the person, to the person to whom the transfer is made.

27 (c) The Commissioner of Motor Vehicles shall have the power to adopt  
28 regulations or rules to establish what documents or evidence are required to  
29 verify that a lien or encumbrance holder or his or her assignee has complied  
30 with this section.

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32 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that the current procedure for  
34 registering motor vehicles acquired by lienholders through operation of law  
35 creates the possibility that out-of-state vehicles may be titled and  
36 registered in the State of Arkansas without being present in the state or

1 without the security interest against the motor vehicle being recorded in  
2 Arkansas; and that this act is immediately necessary to prevent citizens of  
3 the State of Arkansas from being defrauded by out-of-state sellers of motor  
4 vehicles. Therefore, an emergency is declared to exist, and this act being  
5 immediately necessary for the preservation of the public peace, health, and  
6 safety shall become effective on July 1, 2015.

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