



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
First Regular Session

House: TI DPA 10-0-1-0

HB 2292: motor vehicle dealers; sales; cancellation

Sponsor: Representative Cook, LD 7

House Engrossed

Overview

Permits a motor vehicle dealer, a purchaser and any lienholder to rescind or cancel the sale of any motor vehicle if all parties agree and outlined requirements are followed.

History

When a holder of a lien or encumbrance receives a payment in full satisfying the lien or encumbrance, the holder is required to release the lien or encumbrance and notify the owner of the vehicle at the address shown on the certificate of title or, if the holder of the lien or encumbrance has been previously notified of a sale or transfer of the vehicle, the person who is legally entitled to possession that the Arizona Department of Transportation (ADOT) has issued a certificate of title for the vehicle to.

If a holder of a lien or encumbrance who possesses the certificate of title refuses or fails to provide the certificate of title to the person who is legally entitled to possess the certificate on that person's request and within 15 business days after the holder receives payment, ADOT may impose and after the opportunity for an administrative hearing collect a civil penalty of:

- 1) \$50 if the certificate of title is surrendered within three additional business days; or
- 2) an additional \$50 for each day exceeding 18 business days that the certificate of title is not surrendered up to a maximum of \$500 for each certificate of title ([A.R.S. § 28-2134](#)).

Provisions

Motor Vehicle Sale Rescission or Cancellation

1. States that when a motor vehicle dealer and purchaser agree to rescind or cancel the sale of a motor vehicle within 30 Days of the date of the sale, the motor vehicle dealer is required to document the cancelation or rescission of the sale, and after receiving the specified documents from the applicable department, return all fees, taxes and other monies to the rightful parties in a way prescribed by ADOT. Specifies the documentation must:
 - a) Be completed and submitted to ADOT within 15 days after the date the parties agreed to cancel or rescind the sale;
 - b) Include a copy of the agreement providing for the rescission or cancelation of the sale executed by the motor vehicle dealer, purchaser and, if the purchase was financed, the lender who financed the purchase; and
 - c) Include a certificate of title if it has been issued or an attestation that the certificate of title was lost or destroyed. (Sec. 3)
2. Requires ADOT within seven days of receiving the documentation to:
 - a) rescind, cancel or revoke any application for a certificate of title or any issued certificate of title;
 - b) refund to the motor vehicle dealer any fees and taxes paid to ADOT, except for the \$4 certificate of title fee and other exempted fees; and

- c) issue a certificate of title to the motor vehicle dealer that shows the dealer as the owner and the odometer mileage reading as recorded at the time of the canceled or rescinded sale. (Sec. 3)
- 3. Specifies that a motor vehicle whose sale is canceled or rescinded may not be offered for retail sale until the motor vehicle dealer has received the certificate of title from ADOT. (Sec. 3)
- 4. Declares a rescission or cancellation of a motor vehicle sale does not negate that the motor vehicle has been the subject of a previous retail sale. (Sec. 3)
- 5. Requires the motor vehicle dealer to return all amounts received from a lienholder or prospective lienholder relating to the financing of the rescinded or canceled sale to the lienholder within three business days after the dealer and purchaser agree to rescind or cancel the sale. (Sec. 3)

Miscellaneous

- 6. States that the permanent record of a licensed wholesale motor vehicle dealer or broker may be in an electronic format. (Sec. 2)
- 7. Allows a motor vehicle dealer to give a customer an electronic contract, instead of a written contract. (Sec. 2)
- 8. Makes a technical change. (Sec. 1)