

Repossessions Laws in Rhode Island

Current Through August 2024



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RI Repossession Act

§ 6-51-1 Legislative findings.

The general assembly finds and declares that:

(a) Rhode Island consumers who have purchased, through an extension of credit, or leased an automobile may fall behind on payments during difficult economic or emotional times and should be allowed to cure a default on the loan or lease within the time provided under this chapter.

(b) If the consumer is unable to cure such a default and the lessor or secured party repossesses the automobile, the repossession cannot take place on the property owned or rented by the consumer without their consent except as provided by this chapter or by judicial action. In the event of repossession a consumer is allowed to redeem the automobile within the time provided by this chapter.

(c) The lessor or secured party who holds title to the automobile shall be allowed to dispose of the automobile after repossession in order to recover the fair market value of the vehicle and expenses from the repossession according to the provisions of this chapter and any other applicable laws of this state.

History of Section.

(P.L. 2007, ch. 296, § 1; P.L. 2008, ch. 115, § 1; P.L. 2008, ch. 217, § 1.)

§ 6-51-2 Definitions.

For purposes of this chapter:

(a) "**Automobile**" means any self-propelled, motored device in, upon or by which any person is, or may be, transported or drawn upon a highway and is used or brought for use primarily for personal, family or household purposes and shall include:

(1) An automobile as defined by subsection 31-1-3(d);

(2) A motorcycle as defined by subsection 31-1-3(j);

(3) A suburban vehicle as defined by subsection 31-1-3(u).

(b) "**Automobile lease agreement**" means the bargain, with respect to the lease, of the lessor and the consumer in fact as found in their language and the term includes a sublease agreement.

(c) "**Automobile loan agreement**" means a transaction that creates or provides for a security interest in an automobile in which:

(i) an individual incurs an obligation primarily for personal, family, or household purposes;

(ii) a security interest secures the obligation; and

(iii) the automobile is held or acquired primarily for personal, family, or household purposes.

(d) "**Consumer**" means any natural person:

(1) in an automobile lease agreement who acquires, applies for, or is offered the right

to possession and use of goods under an automobile lease and includes a legal representative of, fiduciary for, or successor in interest to, an individual who is a lessee, but does not include a guarantor on a consumer lease; or

(2) in an automobile loan agreement with respect to an obligation secured by a security interest in the automobile:

- (i) owes payment or other performance of the obligation;
- (ii) has provided property other than the collateral to secure payment or other performance of the obligation; or
- (iii) is otherwise accountable in whole or part for payment or other performance of the obligation and the term does not include issuers or nominated persons under a letter of credit.

(e) "**Lessor**" means a person or business who transfers the right to possession and use of an automobile under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

(f) "**Secured party**" means a person or business that holds a security interest arising under an automobile loan agreement.

History of Section.
(P.L. 2007, ch. 296, § 1.)

[§ 6-51-3 Default, notice, right to cure, reinstatement.](#)

(a) The default provisions of a consumer automobile lease or automobile loan agreement are enforceable only to the extent that:

- (1) The consumer does not make one or more payments required by the lease or loan agreement; or

(2) The lessor or secured party establishes that the prospect of payment, performance or realization of the lessor's or secured party's interest in the automobile is significantly impaired.

(b) After a default under an automobile lease or loan agreement by the consumer the lessor or secured party may not accelerate, take judicial action to collect, or repossess the automobile until the lessor or secured party gives the consumer the notice required by this section and the consumer does not cure the default in the time allowed under this section. A lessor or secured party may initiate a procedure to cure by sending to the consumer, at any time after the consumer has been in default for ten (10) days, a notice of the right to cure the default. Said notice shall be delivered via certified mail, return receipt requested, or via first class mail, at the consumer's address last known to the lessor or secured party. The time when notice is given shall be deemed to be upon actual delivery of the notice to the consumer or three (3) business days following the mailing of the notice to the consumer at the consumer's address last known to the lessor or secured party.

(c) The notice shall be in writing and shall conspicuously state the rights of the consumer upon default in substantially the following form:

The heading shall read:

"Rights of Defaulting consumer under Rhode Island General Laws."

The body of the notice shall read:

"You may cure your default in (describe automobile lease or loan agreement in a manner enabling the consumer to identify it) by paying to (name and address of lessor or secured party) (amount due) before (date which is at least twenty-one (21) days

after notice is delivered). If you pay this amount within the time allowed you are no longer in default and may continue with the automobile (lease or loan) agreement as though no default has occurred.

If you do not cure your default by the date stated above, the lessor or secured party may sue you to obtain a judgment for the amount of the debt and may take possession of the automobile.

If the lessor or secured party takes possession of the automobile, you may get it back by paying the full amount of your debt plus any reasonable expenses incurred by the lessor or secured party if you make the required payment within twenty (20) days after the lessor or secured party takes possession.

If (the secured party) sells the vehicle repossessed from the consumer for an amount exceeding the amount outstanding on the automobile (loan) agreement including reasonable expenses related to judicial action and or repossession, the excess funds shall be returned promptly to the defaulting consumer.

You have the right to cure a default only once in any twelve (12) month period during the period of the automobile (lease or loan) agreement. If you default again within the next twelve (12) months in making your payments, we may exercise our rights without sending you another right to cure notice. If you have questions, telephone (name of lessor or secured party) at (phone number)."

(d) Within the period for cure stated in the notice under this section, the consumer may cure the default by tendering the amount of all unpaid sums due at the time of tender, including any unpaid delinquency or default charges, but without additional security deposit or prepayment of period payments not yet due. Cure restores the rights of the lessor or secured party and consumer under

the automobile loan or lease agreement as if the default had not occurred.

(e) A consumer has the right to cure only once in any twelve (12) month period during the period of the automobile lease or loan agreement.

History of Section.

(P.L. 2007, ch. 296, § 1; P.L. 2008, ch. 115, § 1; P.L. 2008, ch. 217, § 1; P.L. 2009, ch. 310, § 2.)

§ 6-51-4 Repossession of automobile as a result of default under a loan or lease agreement.

(a) Subject to the provisions of § 6-50-3, of this chapter, a lessor or secured party under a consumer automobile lease or loan agreement may take possession of the automobile. In taking possession the lessor or secured party under a consumer automobile lease or loan agreement may proceed without prior hearing pursuant to § 6-50-3, and only if the possession can be obtained without a breach of peace and, unless the consumer consents to an entry, at the time of such entry, without entry upon property owned by, or rented to the consumer, except as provided for in chapter 39-12.1.

(b) Any lessor or secured party obtaining possession of an automobile under the provisions of this chapter shall notify the police department of the city or town in which such possession occurred pursuant to § 6A-9-609(B)(2).

(c) The consumer under an automobile lease or loan agreement may redeem the automobile from the lessor or secured party and have the automobile lease or loan agreement reinstated at any time within twenty (20) days of the lessor's or secured party's taking possession of the automobile, or thereafter until the lessor or secured party

has either disposed of the automobile, entered into a contract for its disposition, or gained the right to retain the automobile.

(d) The lessor or secured party may after gaining possession of the automobile sell or otherwise dispose of the automobile after the twenty (20) day redemption period provided for in subsection (c) of this section.

History of Section.
(P.L. 2007, ch. 296, § 1.)

§ 6-51-5 Statute of limitations.

An action for default under an automobile lease or loan agreement, including breach of warranty or indemnity, must be commenced within two (2) years after the cause of action accrued. By the original lease or loan agreement the parties may reduce the period of limitation to not less than one year.

History of Section.
(P.L. 2007, ch. 296, § 1.)

RI UCC on Repossessions (RIGL§ 6A-9-609)

Uniform Commercial Code

Chapter 9 - Secured Transactions

Part 6 - Default

Subpart 1 - Default and Enforcement of Security Interest

§ 6A-9-609. Secured party's right to take possession after default.

(a) Possession; rendering equipment unusable; disposition on debtor's premises. After default, a secured party:

(1) May take possession of the collateral; and

(2) Without removal, may render equipment unusable and dispose of collateral on a debtor's premises under § 6A-9-610.

(b) Judicial and nonjudicial process. A secured party may proceed under subsection (a):

(1) Pursuant to judicial process; or

(2) Without judicial process, if it proceeds without breach of the peace; provided however, in the case of repossession of any motor vehicle without knowledge of the retail buyer, the local police department shall be notified of such repossession within one hour after obtaining such possession. In the absence of a local police department or if the local police department cannot be reached for notification, the state police shall be promptly notified of such repossession.

(c) Assembly of collateral. If so agreed, and in any event after default, a secured party may require the debtor to assemble the collateral and make it available to the secured party at a place to be designated by the secured party which is reasonably convenient to both parties.

History of Section.
(P.L. 2000, ch. 182, § 6; P.L. 2000, ch. 420, § 6.)