

SENATE BILL 778

I4, R7

0lr2137
CF HB 1033

By: **Senator Ready**

Introduced and read first time: February 3, 2020

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2020

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws – Liens – Electronic Recording**

3 FOR the purpose of requiring certain persons to record certain information related to motor
4 vehicle liens with the Motor Vehicle Administration electronically within a certain
5 period of time; requiring, rather than authorizing, the Administration to develop and
6 implement an electronic system for recording and releasing security interests;
7 authorizing the Administration to make certain information available electronically;
8 authorizing certain parties to submit electronic lien information to the
9 Administration on behalf of certain other parties; authorizing the Administration to
10 adopt regulations to facilitate electronic reporting of motor vehicle liens; making
11 certain conforming changes; providing for a delayed effective date; and generally
12 relating to the electronic recording of motor vehicle liens.

13 BY repealing and reenacting, with amendments,
14 Article – Commercial Law
15 Section 12–622 and 12–1024
16 Annotated Code of Maryland
17 (2013 Replacement Volume and 2019 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Transportation
20 Section 13–108.1 and 13–610
21 Annotated Code of Maryland
22 (2012 Replacement Volume and 2019 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 12–622.

5 (a) (1) After the buyer has paid all sums due under an agreement, the holder
6 shall deliver or mail to the buyer at his last known address, within 15 days after the holder
7 receives a written request from the buyer:

8 [(1)] (I) A signed statement which describes the goods and states that all
9 payments due or to become due under the agreement are paid in full;

10 [(2)] (II) Good and sufficient instruments to release all security interests
11 in the goods and collateral security owned by the buyer; and

12 [(3)] (III) Good and sufficient assignments and instruments necessary to
13 vest the buyer with complete evidence of title.

14 (2) **IF THE RELEASE REQUIRED BY THIS SUBSECTION PERTAINS TO A**
15 **MOTOR VEHICLE, THE RELEASE SHALL BE FILED ELECTRONICALLY WITH THE**
16 **MOTOR VEHICLE ADMINISTRATION ~~WITHIN 3 BUSINESS DAYS~~ IN ACCORDANCE**
17 **WITH § 13–108.1 OF THE TRANSPORTATION ARTICLE WITHIN 5 BUSINESS DAYS**
18 **AFTER THE HOLDER HAS RECEIVED FULL PAYMENT.**

19 (b) After the buyer has paid all sums due under an agreement, the holder shall
20 deliver or mail to each surety for the buyer and to each person who is the owner of collateral
21 security, within 15 days after the holder receives a request from the buyer, surety, or other
22 person:

23 (1) A signed statement which shows that the suretyship is completely
24 discharged; and

25 (2) Good and sufficient instruments to release any collateral security
26 owned by that person.

27 (c) If the holder fails to comply with the requirements of this section, he shall
28 forfeit \$10 to the buyer and is liable for damages.

29 12–1024.

30 (a) (1) Except as provided in paragraph (2) of this subsection, this section
31 applies only to a loan made by a credit grantor to a consumer borrower.

1 13–108.1.

2 (a) Notwithstanding any other provision of this title, the Administration may
3 develop and implement an electronic system for the issuance of certificates of title and
4 **SHALL DEVELOP AND IMPLEMENT AN ELECTRONIC SYSTEM FOR** the recording and
5 releasing of security interests.

6 (b) The electronic system [may provide for]:

7 (1) [Recording] **MAY PROVIDE FOR RECORDING** titling and registration
8 data without the issuance of a certificate of title; and

9 (2) [Recording] **SHALL PROVIDE FOR RECORDING** and releasing liens
10 without the issuance of a security interest filing.

11 (c) The electronic system may provide for the electronic transmission of [vehicle]:

12 (1) **VEHICLE** data to and from service providers, as defined in § 13–610 of
13 this title; **AND**

14 (2) **PUBLICLY AVAILABLE ELECTRONIC VEHICLE RECORDS.**

15 (d) (1) **THIS SUBSECTION DOES NOT APPLY TO A LIENHOLDER THAT IS**
16 **NOT REGULARLY ENGAGED IN THE BUSINESS OR PRACTICE OF FINANCING MOTOR**
17 **VEHICLES.**

18 (2) **A MOTOR VEHICLE LIENHOLDER SHALL FILE ELECTRONICALLY**
19 **WITH THE ADMINISTRATION:**

20 (I) **EACH OF ITS LIENS; AND**

21 (II) **WHEN A LIEN IS PAID IN FULL, THE LIEN RELEASE.**

22 (E) The Administration shall adopt regulations to govern the electronic
23 transmission of [titling and registration information] **RECORDS AS** authorized **OR**
24 **REQUIRED** under this section.

25 13–610.

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) “Fleet” means 10 or more vehicles.

28 (3) “Qualified owner” means a person, partnership, firm, or corporation, or
29 an individual agent of a person, partnership, firm, or corporation, authorized by the

1 Administration to transmit electronically proper titling and registration information and
2 fees to the Administration.

3 (4) "Service provider" means a dealer or title service agent licensed under
4 Title 15 of this article or a qualified owner of a fleet.

5 (b) Subject to the approval of the Administration, a service provider may:

6 (1) Issue permanent registration plates to the transferee or renew the
7 registration of a vehicle if the service provider has electronically transmitted the proper
8 titling and registration information to the Administration, or an agent designated by the
9 Administration; [and]

10 (2) Charge the transferee or the registered owner of the vehicle a fee for
11 the actual cost to the service provider of the electronic transmission service described in
12 item (1) of this subsection; AND

13 (3) **ELECTRONICALLY SUBMIT A SECURITY INTEREST FILING WITH**
14 **THE ADMINISTRATION ON BEHALF OF A REGISTERED OWNER OR LIENHOLDER.**

15 (c) The Administration shall adopt regulations to:

16 (1) Govern the electronic transmission of titling [and registration],
17 **REGISTRATION, AND SECURITY INTEREST** information authorized under this section;
18 and

19 (2) Determine the appropriate level of the fee that may be charged by
20 service providers for the electronic transmission service.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 January 1, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.