

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.



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

Article – Commercial Law

12–622.

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

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

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

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

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

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

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

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

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

12–1024.

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

(2) This section does not apply to a loan to which § 3–105.1 of the Real Property Article applies.

(b) Within a reasonable time after a loan to a consumer borrower has been repaid in full and all other obligations under the agreement, note, or other evidence of the loan have been fulfilled, a credit grantor shall:

(1) (i) Indelibly mark with the word “paid” or “canceled” and return to the consumer borrower each agreement, note, or other evidence of the loan; or

(ii) Furnish the consumer borrower with a written statement that identifies the loan transaction and states that the loan has been paid in full; and

(2) Release any recorded mortgage, deed of trust, security agreement, or other lien securing the loan.

(c) (1) The release shall be:

[(1)] (I) In writing; and

[(2)] (II) Prepared at the expense of the credit grantor.

(2) IF THE RELEASE REQUIRED BY THIS SECTION PERTAINS TO A MOTOR VEHICLE, THE RELEASE SHALL BE FILED ELECTRONICALLY WITH THE MOTOR VEHICLE ADMINISTRATION ~~WITHIN 3 BUSINESS DAYS~~ IN ACCORDANCE WITH § 13–108.1 OF THE TRANSPORTATION ARTICLE WITHIN 5 BUSINESS DAYS AFTER THE CREDIT GRANTOR HAS RECEIVED FULL PAYMENT.

(d) (1) If the credit grantor does not record the release, the credit grantor shall furnish the consumer borrower with the release in a recordable form.

(2) If the credit grantor records the release, the credit grantor shall furnish the consumer borrower with a copy of the release.

(e) (1) If a fee is collected by a credit grantor for the recording of a release:

(i) The release shall be recorded by the credit grantor; and

(ii) Any portion of the fee not paid to a governmental entity for recording the release shall be refunded to the borrower.

(2) If a fee is not collected by a credit grantor for the recording of a release, the credit grantor is not obligated to record the release.

Article – Transportation

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

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

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

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

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

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

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

(c) The Administration shall adopt regulations to:

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

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.