



# SENATE BILL 411: Various Motor Vehicle Law Revisions.

2017-2018 General Assembly

<b>Committee:</b>	Senate Transportation. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	April 24, 2017
<b>Introduced by:</b>	Sen. B. Jackson	<b>Prepared by:</b>	Wendy Ray
<b>Analysis of:</b>	PCS to First Edition S411-CSSU-19		Staff Attorney

**OVERVIEW:** *Senate Bill 411 would make the following changes to motor vehicle titling laws:*

- *Require all individuals and lienholders who conduct at least five transactions a year to use the electronic lien system and prohibit the Division of Motor Vehicles from noting a lien on the title unless the system is used.*
- *Allow a motor vehicle dealer to transfer title to a vehicle without the vehicle's statement of origin or certificate of title if the dealer has not received it yet or it was lost or misplaced, provided the dealer delivers the title to the Division no later than 45 days after the sale of the vehicle.*
- *Provide that if the dealer fails to deliver the title to the Division within 45 days, the purchaser has the option to rescind the sale and collect the full price of the vehicle plus liquidated damages.*

**CURRENT LAW:** In 2013, the General Assembly passed legislation requiring the Division of Motor Vehicles to implement a Statewide electronic lien system to process the notification and release of security interests and certificate of title data. Under G.S. 20-58.4A(i), all individuals and lienholders normally engaged in the business of financing motor vehicles and who conduct at least five transactions a year were required to use the system by July 1, 2015. The mandatory participation date was subsequently delayed to July 1, 2016, but it is still limited to those who are normally engaged in the business of financing motor vehicles and conduct at least five transactions a year.

Under G.S. 20-72, a person generally must have a certificate of title for a motor vehicle in order to transfer it. G.S. 20-72(b) allows a motor vehicle dealer to transfer a title to another when a certificate of title or statement of origin is not available by providing a sworn statement to the Division that all prior perfected liens have been paid and that the dealer is unable to obtain the certificate of title or statement of origin. It is a Class H felony to file a false sworn certification.

**BILL ANALYSIS:** Senate Bill 411 would make mandatory participation in the electronic lien system applicable to all individuals and lienholders who conduct at least five transactions a year, regardless of whether they are normally engaged in the practice of financing motor vehicles. It would also provide that no lien shall be noted on the certificate of title unless the electronic system is used.

The bill would also amend G.S. 20-72(b) by allowing a dealer to transfer title on a vehicle without the statement of origin or certificate of title if the dealer provides a sworn statement that the dealer does not have the certificate of title or statement of origin yet or it has been lost or misplaced. The bill would also make clear that a dealer is only liable for filing a false statement if it is done knowingly.

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The bill would also provide that if the dealer transfers the title when the existing certificate of title is unavailable, the title must be delivered to the Division no later than 45 days after the sale of the vehicle. Failure to do so would give the purchaser of the vehicle the option to rescind the purchase transaction and collect the full purchase price of the vehicle plus liquidated damages of \$1,000 or 5% of the vehicle price, whichever is greater.

**EFFECTIVE DATE:** The provision requiring expanded use of the electronic lien system would become effective July 1, 2017. The remainder of the act would be effective when it becomes law.