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Advisory Committee

STATE OF CONNECTICUT



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REPORT OF ADVISORY COMMITTEE ON ADOPTION OF UNIFORM CERTIFICATE OF TITLE FOR VESSELS ACT

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A. Overview and Recommendation:

The Connecticut Law Revision Commission (the "Commission") at a meeting on December 13, 2011 undertook a review of the Uniform Certificate of Title for Vessels Act ("UCOTVA") that was drafted and approved and recommended for enactment by the National Conference of Commissioners of Uniform State Laws ("NCCUSL") in July of 2011.

The Commission review was conducted by a Commission Advisory Committee (the "Advisory Committee") co-chaired by Commission members Neal Ossen and Thomas J. Welsh. The Advisory Committee included a group of advisors selected on the basis of their expertise in commercial law and transactions, marine law and marine transactions and consumer matters, as well as representation by the affected state departments, the Department of Motor Vehicles ("DMV"), Department of Energy and Environmental Protection ("DEEP") and the Office of the Secretary of the State, as well as a liaison representative of the United States Coast Guard, the President of the Connecticut Marine Trades Association and a member of the Connecticut Bankers Association. Ms. Jenna Padula from the Legislative Commissioners' Office provided staffing for the Advisory Committee and attended the meetings. Representatives from the Office of Legislative Research also attended these meetings and received the written materials that were distributed. A list of the advisors and staff members who attended the Advisory Committee meetings is attached.

The Advisory Committee met on January 5, 2012, January 12, 2012, January 19, 2012, January 26, 2012, February 2, 2012 and by telephone conference on February 21, 2012 and reviewed the text of UCTOVA, as well as pertinent Connecticut statutes, federal regulations, the law of the surrounding states and common law and practice associated with these provisions, and the potential impact on Connecticut consumers, dealers, manufacturers and financiers. The

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Advisory Committee adopted revisions to the model UCTOVA text to incorporate revisions requested by the affected state departments, the Connecticut Marine Trades Association and financiers to conform to Connecticut practice and federal requirements and to reduce adverse impacts upon Connecticut boat owners, dealers, financiers and other affected parties.

Connecticut is one of sixteen (16) states in the United States of America with no certificate of title requirement for water vessels. All states, however, are required to adopt requirements for registering vessels operating in their waters, which requirements have been adopted in Connecticut in Part III of Chapter 268 of the Connecticut General Statutes. The states immediately surrounding Connecticut and Long Island Sound, New York, Massachusetts and Rhode Island, all have certificate of title requirements for vessels within their waters, albeit with differing requirements as to which types of vessels are subject to these laws¹. As a result of Connecticut's failure to adopt a certificate of title law for vessels, no certificate of prima facie ownership of a vessel exists for owners in Connecticut and perfection of a security interest in a vessel generally must be accomplished by filing a financing statement in the Office of the Secretary of the State under Revised Article 9 of the Uniform Commercial Code². The adoption of a certificate of title requirement in Connecticut will both make its laws and practice generally conform to that in the majority of the other states in the United States and to similar requirements for ownership and financing of motor vehicles in the State of Connecticut and nationwide.

The Advisory Committee generally recommends the adoption of a certificate of title requirement for vessels: (a) to provide certification of prima facie ownership of a vessel to owners and secured parties; (b) to conform the process for obtaining and perfecting a security interest in a Connecticut vessel to that for motor vehicles and for vessels in the majority of states of the United States; (c) to promote the purchase and sale of vessels in Connecticut and to remove a perceived disincentive for additional parties to provide sources of financing for Connecticut vessels; and (d) to provide a state titling law that the Coast Guard could potentially approve to allow a security interest perfected under that law to attain the status of a preferred ship mortgage under federal law – also promoting additional sources of financing.

In the course of its work the Advisory Committee prepared the attached draft act adapted for enactment in Connecticut. The draft includes amendments to make the uniform text conform to Connecticut law and practice and to incorporate concerns raised by the affected state departments, trade representatives and other members of the Advisory Committee.

A detailed discussion of the major issues and revisions of the Advisory Committee's proposed act from the model UCOTVA text is set forth later in this report. A brief summary of the most significant elements follows:

- Only vessels that have Connecticut as their state of principal use and that meet the existing requirements of Connecticut law for registration and numbering in the State of

¹ See New York Consolidated Laws Title 10, Article 46 §2012 (Exclusions); Massachusetts General Laws §90B:36 (Titled Motorboats; Certificates of Title); and Rhode Island Statutes §46-22.1-3 (Owner's Certificate of Title).

² Adopted in Connecticut as Article 9 of Title 42a of the Connecticut General Statutes (CGS §§42a-9-101 *et seq.*).

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Connecticut will be subject to the new Connecticut certificate of title requirements – these vessels will generally be those that are not federally documented and that either are powered by an engine or that are not powered and are 19½ feet or greater in length.

- The effective date of the proposed act will be January 1, 2015 to permit the public to become aware of these changes and to allow affected state departments time to publicize these changes and to prepare for implementation.
- The provisions of the proposed act will be phased-in by requiring certificates of title under the act only for vessels with model year 2015 and later and vessels that were formerly federally documented or are coming to Connecticut from other states with a certificate of title requirement.
- The proposed act requires that owners and insurers place a permanent “title brand” on the certificate of title for a vessel when they are aware that an event or condition has occurred that renders the vessel “hull damaged”³ and a \$1,000 fine is established for failure to comply.
- The Advisory Committee did not achieve a consensus as to whether the “hull damaged” title brand requirement was workable or should be removed from the Connecticut proposed act, so the provision remained in the proposed act for determination by the General Assembly– however an optional amendment has been included to allow the General Assembly to remove these requirements if it elects to do so while preserving such title brands from other states or as mandated by the Department of Motor Vehicles by regulation.
- Vessel certificates of title will be prima facie evidence of ownership of a vessel and perfection of security interests in vessels will be accomplished by an application to place a notation of the lien on the certificate of title – similar to the provisions for ownership and financing of motor vehicles.

Consumer representatives consulted by the Advisory Committee on the proposed act expressed the opinion that these changes did not adversely affect consumer issues and did not alter policy decisions or compromises made when Revised Article 9 was adopted in 2001.

Because of the interest in uniformity in the area of certificates of title for vessels, in general, and in avoiding fraud and promoting trade and finance of vessels in Connecticut, the Advisory Committee recommends enactment of the Uniform Certificate of Title for Vessels Act with the revisions as set forth in the attached enactment draft.

³ “Hull damaged” is a defined term in UCOTVA, generally requiring compromise to the integrity of the vessel’s hull.

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B. Overview of Vessel Certificate of Title Laws and Goals of the Review Process:

1. Overview of Uniform Certificate of Title for Vessels Act⁴:

Record ownership of vessels in the United States is governed by a composite of state and federal law. Some large commercial vessels – those that measure at least five net tons, owned by a U.S. entity, and used in coastwise trade or fisheries – must be documented with the United States Coast Guard National Vessel Documentation Center⁵. Some other vessels – those that measure at least five net tons, owned by a U.S. entity, and used solely for recreational purposes – may but need not be documented with the U.S. Coast Guard.

Documentation of a vessel with the Coast Guard is a way of identifying the owners of the vessel and is often required by marine lenders as a condition to financing. Only a federally documented vessel can be subject to a “preferred mortgage.”⁶ A preferred mortgage is a perfected lien⁷ that has priority over certain (non-preferred) maritime liens and all non-maritime liens in an *in rem* admiralty foreclosure.⁸ Federal law prohibits states from issuing a certificate of title for a federally documented vessel and requires that any certificate of title previously issued for a federally documented vessel be surrendered.⁹

Fewer than one percent of vessels in the United States are federally documented; most of the remainder are pleasure boats operated as undocumented vessels. Federal law requires that most undocumented vessels equipped with propulsion machinery be issued a number by the state in which the vessel is principally operated.¹⁰ The numbering regulations are designed to help improve boating safety and to deter, discover, and impede theft. In order to share in certain federal funds, all fifty states and the territories have established boat numbering systems that are approved as complying with the federal requirements.¹¹ Connecticut adopted its number requirement in Part III of Chapter 268 of the Connecticut General Statutes (Conn. Gen. Stat. §15-141 *et. seq.*)

Although all the states now comply with the federal regulations on the numbering of vessels, there is far less uniformity with respect to state certificate of title laws for undocumented vessels. Thirty-three states and the District of Columbia require certain undocumented vessels to be covered by a certificate of title. Sixteen states, including the State of Connecticut, have no certificate of title law for vessels. And one state, Mississippi, gives the owners of undocumented vessels the option of getting a certificate of title. Even among the states that require a certificate of title for undocumented vessels, the variation in the scope of those laws is substantial. The

⁴ Adapted from NCCUSL Prefatory Note to UCOTVA.

⁵ See 46 U.S.C. §§ 12102, 12103

⁶ 46 U.S.C. §§ 31301(6), 31321, 31322

⁷ See 46 U.S.C. § 31321(a)(1)

⁸ See 46 U.S.C. §§ 31301(5), 31325, 31326

⁹ 46 U.S.C. § 12106

¹⁰ 46 U.S.C. § 12301

¹¹ See 33 C.F.R. Part 3

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laws vary with respect to the size and type of vessels covered, the location or use of the vessel subject to the law, and many other details. Moreover, many of the state titling laws do not clearly delineate how compliance or failure to comply affects the rights of the owner and others claiming an interest in the vessel. As a result, the principal objectives of a titling law – (i) to deter and impede theft; and (ii) to facilitate ownership transfers and financing – are undermined.

Congress enacted the Vessel Identification System (VIS) in 1988 to create a central database of information, maintained by the Coast Guard, about vessels and their owners. The database is designed to be used by the public for law enforcement and other purposes relating to the ownership of vessels.¹² States are not required to make their boat numbering and titling information available to VIS, but they are encouraged to do so. This encouragement comes in a grant of preferred mortgage status to a security interest in a vessel perfected under a state titling law that satisfies applicable federal requirements and is approved by the Coast Guard.¹³ Currently, 31 states and territories are participating in the information exchange aspects of VIS¹⁴. However, no state's certificate of title law for undocumented vessels has received the requisite Coast Guard approval. One of the purposes of UCOTVA is to provide states with a model that the Coast Guard will approve.

It is worth noting that one of the purposes of VIS is to facilitate commerce in recreational vessels by permitting public access to basic information about vessels numbered and titled under state law, as well as about federally documented vessels. However, while transactional information about federally documented vessels was and remains publicly available, transactional information about state-titled vessels in the VIS database is generally not available to the public. As a result, VIS has not resolved difficulties occasionally experienced by vessel buyers and lenders in transactions involving vessels that have moved into or out of federal documentation or from one state to another. UCOTVA seeks to remedy this problem by providing uniform rules on what information states will make available to those seeking to determine the ownership of a vessel.

Connecticut does not participate in the VIS system, largely due to questions relating to restrictions on the ability of the Department of Motor Vehicles to share personal information in its records, as well as concerns about the Coast Guard's requirement that participating states collect Social Security and taxpayer identification numbers of vessel owners. The Advisory Committee draft act attached to this report amends the definition of "motor vehicle record" in Conn. Gen. Stat. §14-10(a)(2) to make clear that disclosure of vessel ownership information is not restricted, so to allow parties to conduct searches and which will not prohibit the State of Connecticut from participating in VIS in the future if it elects¹⁵ to do so.

¹² 46 U.S.C. § 12501

¹³ 46 U.S.C. § 31322(d)(1)

¹⁴ Connecticut does not currently participate in the VIS program.

¹⁵ Connecticut will also have to obtain a waiver from the United States Coast Guard from having to provide certain information, such as social security numbers and taxpayer identification numbers of vessel owners, and other information which the Connecticut proposed act does not require the state to collect. Discussions between the affected state departments and the United States Coast Guard representative occurred during the Advisory

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2. Purposes of the UCOTVA

UCOTVA is modeled somewhat on the Uniform Certificate of Title Act, but draws heavily from other sources as well. Chief among these other sources are: (i) Coast Guard regulations relating to the approval of state certificate of title laws for the purposes of the VIS; and (ii) a Model Act for Vessel Titling, proposed by the Vessel Identification Registration and Titling Committee of the National Association of State Boating Law Administrators.

The principal objectives of UCOTVA are to: (i) qualify as a state titling law that the Coast Guard will approve; (ii) facilitate transfers of ownership of a vessel; (iii) deter and impede the theft of vessels by making information about the ownership of vessels available to both government officials and those interested in acquiring an interest in a vessel; (iv) accommodate existing financing arrangements for vessels; (v) work seamlessly with the Uniform Commercial Code, most notably Articles 2 and 9; (vi) manage, to the extent possible, the complications that can arise from a vessel's transition in or out of federal documentation; (vii) provide clear rules on the consequences of compliance or noncompliance; (viii) impose minimal or no new burdens or costs on state titling offices; and (ix) protect buyers and others acquiring an interest in an undocumented vessel by requiring that the title for the vessel be branded if a casualty or sinking has caused significant damage to the vessel's hull integrity.

UCOTVA's branding rules may be its greatest innovation. Few states currently brand the title of vessels, with the result that vessels with hidden hull damage can be resold after cosmetic repairs without disclosure of the damage. This problem can be quite significant after a major hurricane or other widespread casualty. By establishing a model vessel brand, UCOTVA provides a mechanism for consumers, insurers, and lenders to receive valuable information, which in turn can prompt further investigation, help ensure that necessary repairs are made, and aid in boating safety. UCOTVA creates two processes for branding titles, one for owners of record and a supervening process for insurers. To maintain simplicity, however, the two processes each yield the same, single brand: "hull-damaged." UCOTVA encourages compliance with its branding rules by imposing an administrative penalty on owners and insurers who fail to comply.

3. Standards Employed in the Connecticut Review Process:

Co-Chair Welsh recommended that the Advisory Committee adopt the following standards for their review and for recommendations as to any deviations from the model UCOTVA text in Connecticut or recommended changes to any other statutes:

- The policy decisions made in the 2001 adoption of Revised Article 9 in Connecticut and in statutes other than UCOTVA in Connecticut (including, without limitation, in Part XI

Committee meetings however new federal regulations will likely be promulgated relating to the VIS program (in part to reflect the model UCOTVA text) in the future before any additional VIS-related action by DMV and DEEP will become appropriate.

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of Chapter XI of the General Statutes on Retail Installment Sales Financing) should be preserved whenever possible, unless the change is necessary to give effect to the adoption of UCOTVA in Connecticut and provided that any parties that were proponents for these policy decisions are advised and given the opportunity to address the proposed change.

- Changes should not be made to the model UCOTVA text unless necessary due to deviation from Connecticut law or practice, to reduce any resulting ambiguity or to preserve the policy decisions or integrate the act into the existing statutory and administrative framework in Connecticut for vessel registrations and operation of the certificates of title function by the affected state departments. Adherence to the uniform text to the greatest degree possible will advance the goal of UCOTVA in Connecticut, as noted in Section 26 of the proposed act, to “promote uniformity of the law with respect to its subject matter among states that enact it”, and thereby to permit the NCCUSL official comments and judicial decisions in other states relating to the uniform text to be persuasive authority to be cited to courts in the State of Connecticut.

In general, the Advisory Committee review and discussion employed the above standards and revised the text in the accompanying enactment draft as little as possible from that of the model UCOTVA text.

C. Significant Specific Issues and Alternatives Addressed:

The following were the most significant issues addressed in the review and revision of the UCOTVA. (Additionally there are a number of revisions not discussed below, as the Advisory Committee considers them to be technical, noncontroversial and mostly conforming changes.)

1. Scope of Act – Definition of “Vessel” and Exceptions: The model UCOTVA text prepared by NCCUSL defines a “vessel” for purposes of the act to be any watercraft used or capable of being used as a means of transportation on water with stated exceptions for seaplanes, amphibious vehicles subject to applicable motor vehicle certificate of title laws, lifeboats stationary floating structures, mechanically restricted vessels on a fixed course and governmental vessels. The model UCOTVA definition specifically excludes watercraft less than 16 feet in length or which has an engine of less than 10 horsepower. Since, unlike many states that will be enacting UCOTVA, Connecticut does not have an existing certificate of title regime for vessels, the Advisory Committee determined that the requirements for title certificates for vessels should be the same as the requirement for registering vessels operating in Connecticut waters under Conn. Gen. Stat. §15-145.¹⁶ The Advisory Committee also believes that making the title certificate requirements the same as for registration and numbering of vessels in Connecticut will

¹⁶ In addition, the United States Coast Guard liaison to the Advisory Committee stated, in response to a question from DMV and DEEP staff, that the federally mandated registration requirement should be conformed with the certificate of title requirement to comply with existing and future U.S. Coast Guard regulations for approval of a state’s titling law under 46 U.S.C. § 31322(d)(1).

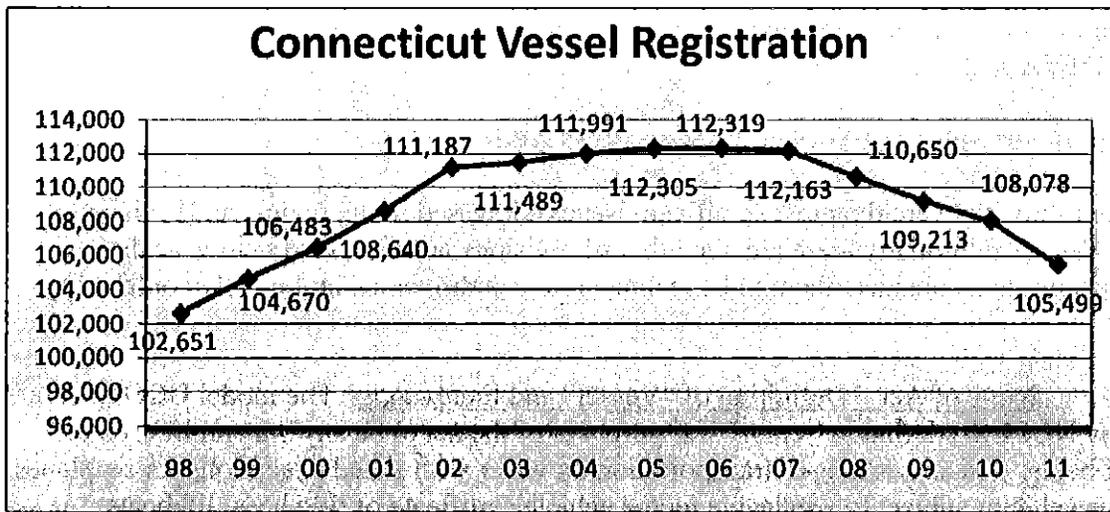
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reduce confusion on the part of the public that would ensue if the requirements for registration and title certificate differed.

Existing statutory numbering and registration requirements for vessels in the State of Connecticut provide an exception in Conn. Gen. Stat. §15-143 for vessels that are less than nineteen and one-half (19½) feet in length and that are not a ‘motorboat’ (defined in Conn. Gen. Stat. §15-151 as any watercraft fitted with propulsion machinery, whether or not it is the principal source of propulsion). The difference between the 16 foot length requirement in the UCOTVA text and the 19 ½ foot length requirement in the Connecticut numbering and registration statute, as well as the engine 10 horsepower ‘floor’ in the UCOTVA text are the principal differences in these requirements.

An analysis prepared by the Department of Energy and Environmental Protection Boating Division of the Bureau of Outdoor Recreation (the “DEEP Boating Division”) reported the numbers of vessel registrations in Connecticut over the past 13 years as set forth in the following chart.



In addition, the DEEP Boating Division further reported, based on 2011 data that the comparison of numbered and registered vessels by vessel size class was as set forth on the following table.

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Comparison of Numbered and Registered Vessels by Size Class

Vessel Size	Numbered	Registered	Difference
Not mechan	471	479	8
Under 16'	46,757	46,772	15
16' < 26'	45,522	45,612	90
26' < 40'	8,501	10,865	2,364
40' < 65'	766	1,743	977
Over 65'	15	28	13
Total	102,032	105,499	3,467

Based upon this and extrapolated data from 2011 registration information, DEEP estimated that the state would lose approximately \$259,237 in revenue from vessel registrations if the Connecticut registration statutes were changed to match the model UCOTVA text, as set forth in the following table.

Registered vessels <16' with < 10 HP*

Size	Number	Reg. Fee	Potential Revenue Loss
< 12'	11,288	\$7.50	84,660
12' < 13'	5,490	\$11.25	61,762
13' < 14'	991	\$15.00	14,865
14' < 15'	3,826	\$18.75	71,738
15' < 16'	1,165	\$22.50	26,212
Total	22,760		\$259,237

*extrapolated from incomplete data file from Sept. 2011 (total registered vessels: 105,269)

In addition the DEEP Boating Division estimated that the state would potentially lose approximately \$288,410 in federal Recreational Boating Safety funding allocation due to the reduction in the total number of registered vessels in Connecticut. Therefore the loss in revenue to the State of Connecticut resulting from conforming Connecticut's registration requirements to the definition set forth in the model UCOTVA text would total \$547,947.

Due to this significant potential revenue loss to the State of Connecticut, and no compelling reason why the Connecticut registration requirements were not suitable, the Advisory Committee recommended that the proposed certificate of title act be made to conform to the existing Connecticut standard for registration and numbering of vessels. The draft text of the act attached to this report incorporates this change from the model UCOTVA text.

As noted below, perfection of a security interest in vessels covered by a certificate of title under the proposed act would be by indicating the lien on the certificate of title, rather than by filing a

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financing statement. The Office of the Secretary of the State, however, advised the Advisory Committee that the anticipated revenue decrease from the reduction in the number of financing statements perfecting security interests in vessels would be nominal.

2. Effective Date and Phase-In of Requirements: To permit the public and the affected state departments to prepare for the implementation of the new certificate of title requirements in the proposed act, the Advisory Committee recommends that this act have an effective date of January 1, 2015.

In addition, since Connecticut has no current certificate of title requirement and over 105,000 vessels are currently registered in the State of Connecticut, the Advisory Committee determined that there would be a substantial administrative burden to require certificates of title for all existing registered vessels that have Connecticut as their state of principal use. In addition to the volume of past applications for title, determination and examination of adequate documentation of the chain of title of all existing vessels would be extremely time-consuming and expensive. Therefore, the Advisory Committee recommends that the new certificate of title requirement be phased in slowly in Connecticut. Section 6 of the attached draft act was modified from the model UCOTVA text to add an additional transition exception that only requires certificates of title for vessels that: (a) have a certificate of title previously issued by another state when Connecticut becomes the state of principal use of the vessel; (b) were previously federally documented vessels that relinquish their federal documentation; or (c) are designated by the manufacturer as model year 2015 or later. This proposed “phase-in” will not require a title inquiry relating to older Connecticut vessels since a title certificate will not be issued unless there is prior documentary evidence of title in the form of a title certificate from another state or federal documentation. This approach is also similar to the approach taken by the State of New York in the adoption of its vessel certificate of title law¹⁷ for vessels.

3. Title Branding for Hull Damaged Vessels – Optional Amendment Provided: The attached draft act generally reflects the provisions adopted by consensus of the Advisory Committee members. One policy issue, however, divided the Advisory Committee members – namely the question as to whether the State of Connecticut should adopt the provisions in UCOTVA mandating that owners and insurers place a permanent “title brand” on the certificate of title for a vessel when they are aware that an event or condition has occurred that renders the vessel “hull damaged”. This provision is contained in section 10 of the attached proposed act.

Proponents of the “hull damaged” title branding requirement noted that:

- It is reasonable for consumers to have some assurance that the seller of a vessel does not know that the integrity of the hull of the vessel has been compromised;
- The consequences of sale to a buyer of a vessel with a compromised hull were so potentially serious that the requirement should be adopted; and

¹⁷ See New York Consolidated Laws Title 10, Article 46 §2102(a)(14) excluding vessels designated by the manufacturer as being a 1986 or earlier model year vessel.

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- An administrative fine of one thousand dollars (\$1,000.00) is the mandated penalty in the proposed act so an owner should not incur additional liability under Connecticut law for negligence or breach of this statutory duty.

Opponents of the “hull damaged” title branding provision noted that:

- This requirement is new with UCOTVA and no other state has adopted this requirement or this definition of “hull damaged”;
- The adoption of a title certificate requirement in Connecticut is a large step in itself and should not be accompanied with being the first state in the United States to adopt this requirement;
- The President of the Connecticut Marine Trades Association and a licensed vessel surveyor stated that it might not be possible for a surveyor to identify damage that would trigger this requirement so an owner may not be able to know whether the hull’s integrity has been compromised; and
- Owners becoming aware of a collision or similar event during their ownership might be compelled to permanently brand the title of the vessel as “hull damaged”, with a resulting substantial diminution in the vessel’s value, even though there is no demonstrable evidence that the hull’s integrity is compromised – to avoid the fine and potential future litigation for negligence or other legal theories.

The opponents of the “hull damaged” title branding requirement recommended that either: (i) this requirement should be deleted (while preserving any such title brands on certificates of vessels coming into Connecticut from other states in the future) until more experience is obtained on this requirement in other states; or (ii) the definition of “hull damaged” in section 2(a)(14) should be amended to refer to a well defined legal definition, such as the use of the terms “total loss” or “total constructive loss” in the context of branding of motor vehicle titles¹⁸. The Co-Chairs of the Advisory Committee were reluctant to draft substantial non-uniform revisions to this new provision without a consensus of the Advisory Committee – in part since a definition that is different from that in the model UCOTVA text would not be entitled to the benefit of case law and interpretations that might be adopted in the future relating to the UCOTVA text.

Since the Advisory Committee was unable to achieve a consensus to remove the title branding requirement from the Connecticut act, the original UCOTVA title branding requirement was left in the attached draft act. The Advisory Committee, however, recognized that this is a policy decision that should be made by the General Assembly in the consideration and adoption of the proposed act. To assist the General Assembly in the event the policy decision was made to remove this requirement, the Advisory Committee prepared a draft optional amendment to the

¹⁸ See *e.g.*, Conn. Gen. Stat. §14-16c, relating to required marking on certificates of title upon declaration by insurer of total loss and Regulations of Connecticut State Agencies §14-174-3 requiring the brand “UNREPAIRABLE” and the stamped legend “SALVAGE PARTS ONLY” on the certificate of title when a motor vehicle has been declared a total loss or constructive total loss by an insurance company.

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proposed act that removes the title branding requirement, which optional amendment is attached to this Report. Since the removal of the “hull damaged” title branding requirement in the proposed act is fairly complicated, because it must preserve any such brands that are contained on certificates of title for vessels from other states and other legends or brands that might be required by the Department of Motor Vehicles by regulation, the attached Advisory Committee optional amendment was necessary in the event the General Assembly decides to remove this requirement.

4. Perfection of Security Interests In Vessels: Pursuant to Conn. Gen. Stat. §42a-9-311(a)(2), perfection of a security interest in a vessel that is covered by a certificate of title is governed by the certificate of title law – which requires that the security interest be indicated on the certificate of title. Article 9 of the Uniform Commercial Code (“UCC”) also makes clear that compliance with the requirements of the certificate of title law by notation on the certificate is the equivalent of filing a financing statement under Article 9 of the UCC¹⁹. These provisions are similar to those for perfection of security interests in motor vehicles covered by a certificate of title under Conn. Gen. Stat. §14-185.

Since the State of Connecticut does not currently have a certificate of title requirement for vessels, perfection of a security interest in Connecticut vessels that are not federally documented is generally accomplished, under current Connecticut law, by filing a financing statement in the Office of the Secretary of the State. After the January 1, 2015 effective date of the proposed act perfection of security interests in covered vessels would be accomplished by delivering a properly completed application to the Department of Motor Vehicles with the filing fees for the notation of the security interest on the certificate of title for the vessel.²⁰ The savings clause in section 28 of the proposed act would preserve the effectiveness of security interests perfected before this effective date until the earlier of January 1, 2018 or any earlier lapse of perfection of the security interest under the current law.

The model UCOTVA text appears to allow permissive issuance of a certificate of title for vessels excluded from the operation of the proposed act under section 6(b). As a consequence, however, of the “phase-in” in Connecticut of the vessel certificate of title requirements recommended by the Advisory Committee above, the Advisory Committee revised section 15(g)(2) of the model UCOTVA text to make clear that vessels for which a certificate is not required may not be perfected by notation on a certificate of title for the vessel, since issuance of a certificate of title for such vessels is not permitted. Therefore under the proposed act security interests in these excluded vessels must be perfected under current law (i.e. filing of a financing statement to the extent required by Article 9 of the UCC).

Conn. Gen. Stat. §14-185, relating to perfection of security interests in motor vehicles covered by a certificate of title, provides that a security interest in such a motor vehicle is perfected as of the day the security interest first attached if the application for notation of the

¹⁹ Codified in Connecticut in Conn. Gen. Stat. §42a-9-311(b).

²⁰ As noted above, the Office of the Secretary of the State advised the Advisory Committee that the reduction of revenue from loss of such filings is expected to be nominal.

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security interest on the certificate of title is delivered to the Department of Motor Vehicles within 20 days thereafter. The NCCUSL legislative guide for the adoption of Revised Article 9 of the UCC recommended that states adopting Revised Article 9 remove these relation-back provisions from their certificate of title laws to avoid confusion, since Article 9 provides its own 20-day relation-back period for purchase money security interests²¹. When the State of Connecticut adopted Revised Article 9 in 2001 it did not eliminate this 20-day relation-back provision in Conn. Gen. Stat. §14-185. The Advisory Committee discussed this provision and, in light of a recent case decided by the United States Court of Appeal for the 10th Circuit²², decided not to include a non-uniform 20-day relation-back provision in section 15 of the proposed act (unlike Conn. Gen. Stat. §14-185). The Advisory Committee discussed whether the 20-day relation-back provision in Conn. Gen. Stat. §14-185 should also be deleted – however, since this revision was beyond the mandate of the Advisory Committee and since no representatives of any affected interest groups relating motor vehicle financing were present or notified of this change the Advisory Committee declined to make this change in the proposed act. The Advisory Committee suggests, however, that the Department of Motor Vehicles consider proposing an amendment to Conn. Gen. Stat. §14-185 to delete this 20-day relation-back provision.

5. Transfer of Ownership or Termination of Security Interest With and Without Certificate of Title: The proposed act provides statutory provisions to allow the Department of Motor Vehicles to transfer the ownership of a vessel and to issue a new certificate of title, after the applicant delivers the original certificate of title to the DMV: (a) upon enforcement of a security interest by a secured party after a default (section 19); and (b) by operation of law pursuant to law or a judicial order (section 20). These provisions are relatively non-controversial.

Section 21 of the model UCOTVA text and the proposed act, also provides a process for parties to request the Department of Motor Vehicles to change the ownership of a vessel or to terminate a security interest of record when they are not in possession of the original certificate of title. This section of the proposed act provides for safeguards to protect the rights of innocent parties that have an interest that might be affected – by requiring that notice be sent to all parties shown in the DMV's records as having an interest in the vessel with proof provided to the DMV that not less than 45 days have passed with no objection having been received from any of these parties. In addition, the proposed act provides for a notation on the certificate of title that it has been issued pursuant to this process and provides for a 1-year period in which a party may show that the transfer was not proper, after which a party may request the notation be removed from the certificate of title. The act also requires the DMV to require a bond in an amount equal to twice the value of any vessel having a value of \$5,000.00 or more during this one year period to provide security for payment of damages to any injured party.

6. DMV Records Requirements: Sections 11 and 25 of the model UCOTVA text and the proposed act impose certain requirements on the Department of Motor Vehicles to

²¹ Adopted in Connecticut in Conn. Gen. Stat. §42a-9-324.

²² See *In re Roser*, 613 F.3d 1240 (10th Cir., 2010).

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preserve copies of documents and to maintain and index and permits searches and disclosure of records relating to vessel certificates of title and applications. Section 25 (b) of the proposed act also requires the Department of Motor Vehicles to maintain information regarding security interests in vessels for at least ten (10) years after DMV receives notice that a security agreement has been terminated. The Department of Motor Vehicles advised the Advisory Committee that its new computerized system should be able to accommodate these functions. The Advisory Committee amended the proposed act to eliminate certain mandatory response periods (generally of three (3) days) in the model UCOTVA as unnecessary and provided in section 28(d)(1) of the proposed act that any search of DMV records not fail to reflect information relating to vessel certificates of title that was filed with the DMV more than ten (10) calendar days previously. The Department of Motor Vehicles indicated that these revisions in the proposed act were satisfactory.

7. Commissioner Rules and Regulations and Penalty Provisions: Sections 29 through 34 in the proposed act were added to the model UCOTVA text to integrate the provisions with the operations of the Department of Motor Vehicles.

Section 29 of the proposed act specifies fees for the various functions to be performed by the DMV that are consistent with the fees charged for similar functions for motor vehicle certificates of title. Additional fee provisions were added to provide for new applications created under the proposed act for vessel certificates of title that are not provided for motor vehicles.²³

Section 30 of the proposed act permits the Commissioner of the Department of Motor Vehicles to conduct investigations, establish rules and to promulgate regulations to implement the vessel certificate of title functions in the proposed act. The Commissioner is specifically authorized to adopt regulations for the placement of additional “indications” on vessel certificates of title concerning the condition of or status of title to any vessel. This provision also requires the DMV to place an indication on a certificate of title stating that the vessel may be subject to security interests not shown on the certificate when this state becomes the state of principal use for a vessel from one of the other states that does not have a certificate of title requirement.²⁴

Sections 31 and 32 of the proposed act provide a general right of administrative appeal relating to any adverse decision by the Department of Motor Vehicles under the proposed act and allows further appeal to the Superior Court – similar to the provisions of the motor vehicle certificate of title statutes.²⁵

²³ *i.e.* for filing a termination statement relating to a security interest pursuant to section 16 of the proposed act, for filing a secured party’s transfer statement pursuant to section 19 of the proposed act, for filing a transfer-by-law statement pursuant to section 20 of the proposed act and for filing an application for transfer of ownership or termination of a security interest without a certificate of title pursuant to section 21 of the proposed act.

²⁴ This will give notice to potential purchasers and secured parties that they cannot rely solely on the certificate of title and must do additional research. This indication is permitted to give notice to these parties in compliance with the provisions of UCC Article 9 in Conn. Gen. Stat. §42a-9-337.

²⁵ *i.e.* Conn. Gen. Stat. §§14-194 and 14-195

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The criminal penalties in section 33 of the proposed act are based upon the penalties for similar wrongful conduct relating to motor vehicle certificates of title set forth in Conn. Gen. Stat. §§14-196 and 14-200.

8. Amendment of DMV Privacy Restrictions: The model UCOTVA text and the proposed act adopt the concept that a potential purchaser or secured party should be able to perform a search of the records of the Department of Motor Vehicles relating to ownership and interests in a vessel. Motor vehicle records maintained by the DMV, however, are required to be confidential pursuant to Conn. Gen. Stat. §14-10. To make it clear that records relating to certificates of title for vessels may be disclosed, section 34 of the proposed act amends the definition of “motor vehicle record” in Conn. Gen. Stat. §14-10(a)(2) to expressly exclude from that definition the records maintained by the DMV relating to vessel certificates of title under the proposed act.

9. Court Consideration of Official Comments to UCOTVA: Uniform acts prepared by NCCUSL are accompanied by official comments that explain the intent and relationship of the text. This text is useful to practitioners and the courts to promote uniformity of the law with respect to its subject matter among states that enact it as set forth in section 26 of the model UCOTVA text and the proposed act. Since the provisions of Conn. Gen. Stat. §1-2z might be construed to prohibit Connecticut courts from considering the NCCUSL official comments to the uniform law when interpreting the proposed act, section 26 of the proposed act was amended to specifically permit courts of this state to consider the official comments to ascertain the meaning and effect of the proposed act.

Based upon the substantial work and analysis by the Advisory Committee and staff and the discussions and comments by the various experts and constituencies included in the review process, the Advisory Committee recommends enactment of the Uniform Certificate of Title for Vessels Act with the modifications as set forth in the attached proposed draft.

CONNECTICUT LAW REVISION COMMISSION

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**CONNECTICUT LAW REVISION COMMISSION
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February 22, 2012**

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February 22, 2012

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STATE OF CONNECTICUT

**UNIFORM CERTIFICATE OF TITLE
FOR VESSELS ACT**

Proposed Act

Approved by the

CONNECTICUT LAW REVISION COMMISSION

On

FEBRUARY 22, 2012

NOTE: All Sections Are Effective as of January 1, 2015.

Sec. 1. Short Title. This act may be cited as the Uniform Certificate of Title for Vessels Act.

Sec. 2. Definitions.

(a) In this act:

(1) "Barge" means a vessel that is not self-propelled or fitted for propulsion by sail, paddle, oar, or similar device.

(2) "Builder's certificate" means a certificate of the facts of build of a vessel described in 46 C.F.R. Section 67.99, as amended.

(3) "Buyer" means a person that buys or contracts to buy a vessel.

(4) "Cancel", with respect to a certificate of title, means to make the certificate ineffective.

(5) "Certificate of origin" means a record created by a manufacturer or importer as the manufacturer's or importer's proof of identity of a vessel. The term includes a manufacturer's certificate or statement of origin and an importer's certificate or statement of origin. The term does not include a builder's certificate.

(6) "Certificate of title" means a record, created by the office under this [act] or by a governmental agency of another jurisdiction under the law of that jurisdiction, that is designated as a certificate of title by the office or agency and is evidence of ownership of a vessel.

(7) "Commissioner" means the Commissioner of Motor Vehicles.

(8) "Dealer" means a person, including a manufacturer, in the business of selling vessels.

(9) "Documented vessel" means a vessel covered by a certificate of documentation issued pursuant to 46 U.S.C. Section 12105, as amended. The term does not include a foreign-documented vessel.

(10) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(11) "Electronic certificate of title" means a certificate of title consisting of information that is stored solely in an electronic medium and is retrievable in perceivable form.

(12) "Foreign-documented vessel" means a vessel the ownership of which is recorded in a registry maintained by a country other than the United States which identifies each person that has an ownership interest in a vessel and includes a unique alphanumeric designation for the vessel.

(13) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(14) "Hull damaged" means compromised with respect to the integrity of a vessel's hull by a collision, allision, lightning strike, fire, explosion, running aground, or similar occurrence, or the sinking of a vessel in a manner that creates a significant risk to the integrity of the vessel's hull.

(15) "Hull identification number" means the alphanumeric designation assigned to a vessel pursuant to 33 C.F.R. Part 181, as amended.

(16) "Lien creditor", with respect to a vessel, means:

(A) a creditor that has acquired a lien on the vessel by attachment, levy, or the like;

(B) an assignee for benefit of creditors from the time of assignment;

(C) a trustee in bankruptcy from the date of the filing of the petition; or

(D) a receiver in equity from the time of appointment.

(17) "Office" means the Department of Motor Vehicles.

(18) "Owner" means a person that has legal title to a vessel.

(19) "Owner of record" means the owner indicated in the files of the office or, if the files indicate more than one owner, the one first indicated.

(20) "Person" means an individual, corporation, business trust, estate, trust, statutory trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(21) "Purchase" means to take by sale, lease, mortgage, pledge, consensual lien, security interest, gift, or any other voluntary transaction that creates an interest in a vessel.

(22) "Purchaser" means a person that takes by purchase.

(23) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(24) "Secured party", with respect to a vessel, means a person:

(A) in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) that is a consignor under Article 9 of title 42a; or

(C) that holds a security interest arising under section 42a-2-401, 42a-2-505, 42a-2-711(3), or 42a-2A-724(d)].

(25) "Secured party of record" means the secured party whose name is indicated as the name of the secured party in the files of the office or, if the files indicate more than one

secured party, the one first indicated.

(26) "Security interest" means an interest in a vessel which secures payment or performance of an obligation if the interest is created by contract or arises under section 42a-2-401, 42a-2-505, 42a-2-711(3), or 42a-2A-724(d). The term includes any interest of a consignor in a vessel in a transaction that is subject to Article 9 of title 42a. The term does not include the special property interest of a buyer of a vessel on identification of that vessel to a contract for sale under section 42a-2-401, but a buyer also may acquire a security interest by complying with Article 9 of title 42a. Except as otherwise provided in section 42a-2-505, the right of a seller or lessor of a vessel under Article 2 of title 42a or Article 2A of title 42a to retain or acquire possession of the vessel is not a security interest, but a seller or lessor also may acquire a security interest by complying with Article 9 of title 42a. The retention or reservation of title by a seller of a vessel notwithstanding shipment or delivery to the buyer under section 42a-2-401 is limited in effect to a reservation of a security interest. Whether a transaction in the form of a lease creates a security interest is determined by section 42a-1-203].

(27) "Sign" means, with present intent to authenticate or adopt a record, to:

(A) make or adopt a tangible symbol; or

(B) attach to or logically associate with the record an electronic symbol, sound, or process.

(28) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(29) "State of principal use" means the state on whose waters a vessel is or will be used, operated, navigated, or employed more than on the waters of any other state during a

calendar year.

(30) "Title brand" means a designation of previous damage, use, or condition that must be indicated on a certificate of title.

(31) "Transfer of ownership" means a voluntary or involuntary conveyance of an interest in a vessel.

(32) "Vessel" means any watercraft used or capable of being used as a means of transportation on water, except:

(A) a seaplane;

(B) an amphibious vehicle for which a certificate of title is issued pursuant to chapter 247 or a similar statute of another state;

(C) watercraft less than 19 ½ feet in length and propelled solely by sail, paddle, or oar;

(D) watercraft that operate only on a permanently fixed, manufactured course and the movement of which is restricted to or guided by means of a mechanical device to which the watercraft is attached or by which the watercraft is controlled;

(E) a stationary floating structure that:

(i) does not have and is not designed to have a mode of propulsion of its own;

(ii) is dependent for utilities upon a continuous utility hookup to a source originating on shore; and

(iii) has no sewage facilities or has a permanent, continuous hookup to a shoreside sewage system;

(F) watercraft owned by the United States, a state, or a foreign

government or a political subdivision of any of them; and

(G) watercraft used solely as a lifeboat on another watercraft.

(33) "Vessel number" means the alphanumeric designation for a vessel issued pursuant to 46 U.S.C. Section 12301, as amended and part III of chapter 268.

(34) "Written certificate of title" means a certificate of title consisting of information inscribed on a tangible medium.

(b) The following definitions and terms also apply to this act:

- (1) "Agreement", section 42a-1-201(b)(3).
- (2) "Buyer in ordinary course of business", section 42a-1-201(b)(9).
- (3) "Consumer goods", section 42a-9-102(a)(23).
- (4) "Debtor", section 42a-9-102(a)(28).
- (5) "Knowledge", section 42a-1-202.
- (6) "Lease", section 42a-2A-103(1)(j).
- (6) "Lessor", section 42a-2A-103(1)(p).
- (8) "Notice", section 42a-1-202.
- (9) "Representative", section 42a-1-201(b)(33).
- (10) "Sale", section 42a-2-106(1).
- (11) "Security agreement", section 42a-9-102(a)(73).
- (12) "Seller", section 42a-2-103(1)(c).
- (13) "Send", section 42a-1-201(b)(36).
- (14) "Value", section 42a-1-204.

(c) The definitions in subsections (a) and (b) do not apply to any state or federal law governing licensing, numbering, or registration if the same term is used in that law.

Sec 3. Applicability. Subject to section 28 of this act, this act applies to any transaction, certificate of title, or record relating to a vessel, even if the transaction, certificate of title, or record was entered into or created before the effective date of this act.

Sec. 4. Supplemental Principles Of Law And Equity. Unless displaced by a provision of this [act], the principles of law and equity supplement its provisions.

Sec. 5. Law Governing Vessel Covered By Certificate Of Title.

(a) The local law of the jurisdiction under whose certificate of title a vessel is covered governs all issues relating to the certificate from the time the vessel becomes covered by the certificate until the vessel becomes covered by another certificate or becomes a documented vessel, even if no other relationship exists between the jurisdiction and the vessel or its owner.

(b) A vessel becomes covered by a certificate of title when an application for the certificate and all applicable fees are delivered to the office in accordance with this act or to the governmental agency that creates a certificate in another jurisdiction in accordance with the law of that jurisdiction.

Sec. 6. Certificate Of Title Required.

(a) Except as otherwise provided in subsections (b) and (c), the owner of a vessel for which this state is the state of principal use shall deliver to the office an application for a certificate of title for the vessel, with all applicable fees, not later than 20 days after the later of:

- (1) the date of a transfer of ownership; or
- (2) the date this state becomes the state of principal use.

(b) An application for a certificate of title is not required, and a certificate of title under this act shall not be created, for:

- (1) a documented vessel;
 - (2) a foreign-documented vessel;
 - (3) a barge;
 - (4) a vessel before delivery if the vessel is under construction or completed pursuant to contract;
 - (5) a vessel held by a dealer for sale or lease; or
 - (6) a vessel designated by the manufacturer as being a two thousand fourteen or earlier model year vessel and any vessel manufactured prior to January first, two thousand fifteen for which the manufacturer has not designated a model year, other than the following vessels:
 - (A) a vessel for which a certificate of title has been issued by another state when this state has become the state of principal use for the vessel; or
 - (B) a vessel having this state as the state of principal use that was a documented vessel or a foreign-documented vessel when it becomes no longer a documented vessel or a foreign-documented vessel.
- (c) The office may not issue, transfer, or renew a certificate of number for a vessel issued pursuant to the requirements of 46 U.S.C. Section 12301, as amended, unless the office has created a certificate of title for the vessel or an application for a certificate for the vessel and all applicable fees have been delivered to the office.

Sec. 7. Application For Certificate Of Title.

- (a) Except as otherwise provided in sections 10, 15, 19, 20, 21, and 22 of this act, only an owner may apply for a certificate of title.
- (b) An application for a certificate of title shall be in such form that the office prescribes and must be signed by the applicant and contain:

(1) the applicant's name, the street address of the applicant's principal residence, and, if different, the applicant's mailing address;

(2) the name and mailing address of each other owner of the vessel;

(3) the hull identification number for the vessel or, if none, an application to the Department of Energy and Environmental Protection for the issuance of a hull identification number for the vessel;

(4) the vessel number for the vessel or, if none issued by the office, an application for a vessel number;

(5) a description of the vessel as required by the office, which must include:

(A) the official number for the vessel, if any, assigned by the United States Coast Guard;

(B) the name of the manufacturer, builder, or maker;

(C) the model year or the year in which the manufacture or build of the vessel was completed;

(D) the overall length of the vessel;

(E) the vessel type;

(F) the hull material;

(G) the propulsion type;

(H) the engine drive type, if any; and

(I) the fuel type, if any;

(6) an indication of all security interests in the vessel known to the applicant and the name and mailing address of each secured party;

(7) a statement that the vessel is not a documented vessel or a foreign-

documented vessel;

(8) any title brand known to the applicant and, if known, the jurisdiction under whose law the title brand was created;

(9) if the applicant knows that the vessel is hull damaged, a statement that the vessel is hull damaged;

(10) if the application is made in connection with a transfer of ownership, the transferor's name, street address, and, if different, mailing address, the sales price, if any, and the date of the transfer;

(11) if the vessel previously was registered or titled in another jurisdiction, a statement identifying each jurisdiction known to the applicant in which the vessel was registered or titled; and

(12) any further information the office reasonably requires to identify the vessel and to enable the office to determine whether the owner is entitled to a certificate of title and the existence or nonexistence of security interests in the vessel.

(c) In addition to the information required by subsection (b), an application for a certificate of title may contain an electronic communication address of the owner, transferor, or secured party.

(d) Except as otherwise provided in section 19, 20, 21, or 22 of this act, an application for a certificate of title must be accompanied by:

(1) a certificate of title signed by the owner shown on the certificate and which:

(A) identifies the applicant as the owner of the vessel; or

(B) is accompanied by a record that identifies the applicant as the owner;

or

(2) if there is no certificate of title:

(A) if the vessel was a documented vessel, a record issued by the United States Coast Guard which shows the vessel is no longer a documented vessel and identifies the applicant as the owner;

(B) if the vessel was a foreign-documented vessel, a record issued by the foreign country which shows the vessel is no longer a foreign-documented vessel and identifies the applicant as the owner; or

(C) in all other cases, a certificate of origin, bill of sale, or other record that to the satisfaction of the office identifies the applicant as the owner.

(e) A record submitted in connection with an application is part of the application. The office shall maintain the record in its files.

(f) The office may require that an application for a certificate of title be accompanied by payment or evidence of payment of any or all fees and taxes payable by the applicant under law of this state other than this act in connection with the application or the acquisition or use of the vessel.

Sec. 8. Creation And Cancellation Of Certificate Of Title.

(a) Unless an application for a certificate of title is rejected under subsection (c) or (d), the office shall create a certificate for the vessel in accordance with subsection (b) after delivery to it of an application that complies with Section 7.

(b) If the office creates electronic certificates of title, the office shall create an electronic certificate unless in the application the secured party of record or, if none, the owner of record, requests that the office create a written certificate.

(c) Except as otherwise provided in subsection (d), the office may reject an application

for a certificate of title only if:

- (1) the application does not comply with Section 7;
 - (2) the application does not contain documentation sufficient for the office to determine whether the applicant is entitled to a certificate;
 - (3) there is a reasonable basis for concluding that the application is fraudulent or issuance of a certificate would facilitate a fraudulent or illegal act; or
 - (4) the application does not comply with the law of this state other than this act.
- (d) The office shall reject an application for a certificate of title for a vessel that appears from the application to be a documented vessel or a foreign-documented vessel.
- (e) The office may cancel a certificate of title created by it only if the office:
- (1) could have rejected the application for the certificate under subsection (c);
 - (2) is required to cancel the certificate under another provision of this act; or
 - (3) receives satisfactory evidence that the vessel is a documented vessel or a foreign-documented vessel.

Sec. 9. Content Of Certificate Of Title.

- (a) A certificate of title must contain:
- (1) the date the certificate was created;
 - (2) the name of the owner of record and, if not all owners are listed, an indication that there are additional owners indicated in the files of the office;
 - (3) the mailing address of the owner of record;
 - (4) the hull identification number;
 - (5) the information listed in section 7(b)(6) of this act;
 - (6) except as otherwise provided in Section 15(b) of this act, the name and

mailing address of the secured party of record, if any, and if not all secured parties are listed, an indication that there are other security interests indicated in the files of the office;

(7) all title brands indicated in the files of the office covering the vessel, including brands indicated on a certificate created by a governmental agency of another jurisdiction and delivered to the office; and

(8) any other data the office prescribes.

(b) This act does not preclude the office from noting on a certificate of title the name and mailing address of a secured party that is not a secured party of record.

(c) For each title brand indicated on a certificate of title, the certificate must identify the jurisdiction under whose law the title brand was created or the jurisdiction that created the certificate on which the title brand was indicated. If the meaning of a title brand is not easily ascertainable or cannot be accommodated on the certificate, the certificate may state: "Previously branded in (insert the jurisdiction under whose law the title brand was created or whose certificate of title previously indicated the title brand)."

(d) If the files of the office indicate that a vessel previously was registered or titled in a foreign country, the office shall indicate on the certificate of title that the vessel was registered or titled in that country.

(e) A written certificate of title must contain a form that all owners indicated on the certificate may sign to evidence consent to a transfer of an ownership interest to another person. The form must include a certification, signed under penalty of false statement, that the statements made are true and correct to the best of each owner's knowledge, information, and belief.

(f) A written certificate of title must contain a form for the owner of record to indicate, in connection with a transfer of an ownership interest, that the vessel is hull damaged.

Sec. 10. Title Brand.

(a) Unless subsection (c) applies, at or before the time the owner of record transfers an ownership interest in a hull-damaged vessel that is covered by a certificate of title created by the office, if the damage occurred while that person was an owner of the vessel and the person has notice of the damage at the time of the transfer, the owner shall:

(1) deliver to the office an application for a new certificate that complies with Section 7 and includes the title brand designation "Hull Damaged"; or

(2) indicate on the certificate in the place designated for that purpose that the vessel is hull damaged and deliver the certificate to the transferee.

(b) After delivery to the office of the application under subsection (a)(1) or the certificate of title under subsection (a)(2), the office shall create a new certificate that indicates that the vessel is branded "Hull Damaged".

(c) Before an insurer transfers an ownership interest in a hull-damaged vessel that is covered by a certificate of title created by the office, the insurer shall deliver to the office an application for a new certificate that complies with section 6 of this act and includes the title brand designation "Hull Damaged". After delivery of the application to the office, the office shall create a new certificate that indicates that the vessel is branded "Hull Damaged".

(d) The commissioner may, after notice and opportunity for a hearing, in accordance with the provisions of chapter 54 of the general statutes, impose a civil penalty of not more than one thousand dollars for each failure to comply on (1) any owner of record that fails to comply with subsection (a), (2) a person that solicits or colludes in a failure by an owner of record to comply with subsection (a), or (3) an insurer that fails to comply with subsection (c).

Sec. 11. Maintenance Of And Access To Files.

(a) For each record relating to a certificate of title submitted to the office, the office shall:

(1) maintain the hull identification number and all the information submitted with the application pursuant to section 7(b) of this act to which the record relates, including the date and time the record was delivered to the office;

(2) maintain the files for public inspection; and

(3) index the files of the office as required by subsection (b).

(b) The office shall maintain in its files the information contained in all certificates of title created under this act. The information in the files of the office must be searchable by the hull identification number of the vessel, the vessel number, the name of the owner of record, and any other method used by the office.

(c) The office shall maintain in its files, for each vessel for which it has created a certificate of title, all title brands known to the office, the name of each secured party known to the office, the name of each person known to the office to be claiming an ownership interest, and all stolen-property reports the office has received.

(d) Upon request, for safety, security, or law-enforcement purposes, the office shall provide to federal, state, or local government the information in its files relating to any vessel for which the office has issued a certificate of title.

(e) Except as otherwise provided by the law of this state other than this act, the information required under Section 9 is a public record.

Sec. 12. Action Required On Creation Of Certificate Of Title.

(a) On creation of a written certificate of title, the office promptly shall send the

certificate to the secured party of record or, if none, to the owner of record, at the address indicated for that person in the files of the office. On creation of an electronic certificate of title, the office promptly shall send a record evidencing the certificate to the owner of record and, if there is one, to the secured party of record, at the address indicated for that person in the files of the office. The office may send the record to the person's mailing address or, if indicated in the files of the office, an electronic address.

(b) If the office creates a written certificate of title, any electronic certificate of title for the vessel is canceled and replaced by the written certificate. The office shall maintain in the files of the office the date and time of cancellation.

(c) Before the office creates an electronic certificate of title, any written certificate for the vessel must be surrendered to the office. If the office creates an electronic certificate, the office shall destroy or otherwise cancel the written certificate for the vessel which has been surrendered to the office and maintain in the files of the office the date and time of destruction or other cancellation. If a written certificate being canceled is not destroyed, the office shall indicate on the face of the certificate that it has been canceled.

Sec. 13. Effect Of Certificate Of Title. A certificate of title is prima facie evidence of the accuracy of the information in the record that constitutes the certificate. In any criminal proceeding, a certified copy of a certificate of title shall be prima facie evidence as to the ownership of a vessel.

Sec. 14. Effect Of Possession Of Certificate Of Title; Judicial Process. Possession of a certificate of title does not by itself provide a right to obtain possession of a vessel. Garnishment, attachment, levy, replevin, or other judicial process against the certificate is not effective to determine possessory rights to the vessel. This act does not prohibit enforcement

under law of this state other than this act of a security interest in, levy on, or foreclosure of a statutory or common-law lien on a vessel. Absence of an indication of a statutory or common-law lien on a certificate does not invalidate the lien.

Sec. 15. Perfection Of Security Interest.

(a) Except as otherwise provided in this section or section 28 of this act, a security interest in a vessel may be perfected only by delivery to the office of an application for a certificate of title that identifies the secured party and otherwise complies with Section 7. The security interest is perfected on the later of delivery to the office of the application and all applicable fees or attachment of the security interest under section 42a-9-203 of the general statutes.

(b) If the interest of a person named as owner, lessor, consignee, or bailor in an application for a certificate of title delivered to the office is a security interest, the application sufficiently identifies the person as a secured party. Identification on the application for a certificate of a person as owner, lessor, consignee, or bailor is not by itself a factor in determining whether the person's interest is a security interest.

(c) If the office has created a certificate of title for a vessel, a security interest in the vessel may be perfected by delivery to the office of an application, in such form the office may require, to have the security interest added to the certificate. The application must be signed by an owner of the vessel or by the secured party and must include:

- (1) the name of the owner of record;
- (2) the name and mailing address of the secured party;
- (3) the hull identification number for the vessel; and
- (4) if the office has created a written certificate of title for the vessel, the

certificate.

(d) A security interest perfected under subsection (c) is perfected on the later of delivery to the office of the application and all applicable fees or attachment of the security interest under section 42a-9-203 of the general statutes.

(e) On delivery of an application that complies with subsection (c) and payment of all applicable fees, the office shall create a new certificate of title pursuant to section 8 of this act and deliver the new certificate or a record evidencing an electronic certificate pursuant to section 12(a) of this act. The office shall maintain in the files of the office the date and time of delivery of the application to the office.

(f) If a secured party assigns a perfected security interest in a vessel, the receipt by the office of a statement providing the name of the assignee as secured party is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor. A purchaser of a vessel subject to a security interest which obtains a release from the secured party indicated in the files of the office or on the certificate takes free of the security interest and of the rights of a transferee unless the transfer is indicated in the files of the office or on the certificate.

(g) This section does not apply to a security interest:

(1) created in a vessel by a person during any period in which the vessel is inventory held for sale or lease by the person or is leased by the person as lessor if the person is in the business of selling vessels;

(2) in a barge or any other vessel for which a certificate of title is not permitted under this act; or

(3) in a vessel before delivery if the vessel is under construction, or completed,

pursuant to contract and for which no application for a certificate has been delivered to the office.

(h) This subsection applies if a certificate of documentation for a documented vessel is deleted or canceled. If a security interest in the vessel was valid immediately before deletion or cancellation against a third party as a result of compliance with 42 U.S.C. Section 31321, the security interest is and remains perfected until the earlier of four months after cancellation of the certificate or the time the security interest becomes perfected under this act.

(i) A security interest in a vessel arising under section 42a-2-401, 42a-2-505, 42a-2-711(3), or 42a-2A-724(d) of the general statutes is perfected when it attaches but becomes unperfected when the debtor obtains possession of the vessel, unless before the debtor obtains possession the security interest is perfected pursuant to subsection (a) or (c).

(j) A security interest in a vessel as proceeds of other collateral is perfected to the extent provided in section 42a-9-315 of the general statutes.

(k) A security interest in a vessel perfected under the law of another jurisdiction is perfected to the extent provided in section 42a-9-316(d) of the general statutes.

Sec. 16. Termination Statement.

(a) A secured party indicated in the files of the office as having a security interest in a vessel shall deliver a termination statement to the office in such form as the office prescribes, and, on the debtor's request, to the debtor, by the earlier of:

(1) 20 days after the secured party receives a signed demand from an owner for a termination statement and there is no obligation secured by the vessel subject to the security interest and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vessel.

(2) if the vessel is consumer goods, 30 days after there is no obligation secured by the vessel and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vessel; or

(b) If a written certificate of title has been created and delivered to a secured party and a termination statement is required under subsection (a), the secured party, not later than the date required by subsection (a), shall deliver the certificate to the debtor or to the office with the statement. If the certificate is lost, stolen, mutilated, destroyed, or is otherwise unavailable or illegible, the secured party shall deliver with the statement, not later than the date required by subsection (a), an application for a replacement certificate meeting the requirements of section 22 of this act.

(c) On delivery to the office of a termination statement authorized by the secured party, the security interest to which the statement relates ceases to be perfected. If the security interest to which the statement relates was indicated on the certificate of title, the office shall create a new certificate and deliver the new certificate or a record evidencing an electronic certificate. The office shall maintain in its files the date and time of delivery to the office of the statement.

(d) A secured party that fails to comply with this section is liable for any loss that the secured party had reason to know might result from its failure to comply and which could not reasonably have been prevented and for the cost of an application for a certificate of title under section 7 or 22 of this act.

(e) The commissioner may require a secured party indicated in the files of the office as having a security interest in a vessel to electronically transmit to the office a termination statement evidencing release of its security interest in a vessel.

Sec. 17. Transfer Of Ownership.

(a) On voluntary transfer of an ownership interest in a vessel covered by a certificate of title, the following rules apply:

(1) If the certificate is a written certificate of title and the transferor's interest is noted on the certificate, the transferor promptly shall sign the certificate and deliver it to the transferee. If the transferor does not have possession of the certificate, the person in possession of the certificate has a duty to facilitate the transferor's compliance with this subdivision (1). A secured party does not have a duty to facilitate the transferor's compliance with this subdivision (1) if the proposed transfer is prohibited by the security agreement.

(2) If the certificate of title is an electronic certificate of title, the transferor promptly shall sign and deliver to the transferee a record evidencing the transfer of ownership to the transferee.

(3) The transferee has a right enforceable by specific performance to require the transferor comply with subdivisions (1) or (2) of this subsection (a).

(b) The creation of a certificate of title identifying the transferee as owner of record satisfies subsection (a).

(c) A failure to comply with subsection (a) or to apply for a new certificate of title does not render a transfer of ownership of a vessel ineffective between the parties. Except as otherwise provided in section 18, 19, 23(a), or 24 of this act, a transfer of ownership without compliance with subsection (a) is not effective against another person claiming an interest in the vessel.

(d) A transferor that complies with subsection (a) is not liable as owner of the vessel for an event occurring after the transfer, regardless of whether the transferee applies for a new

certificate of title.

Sec. 18. Effect Of Missing Or Incorrect Information. Except as otherwise provided in section 42a-9-337 of the general statutes, a certificate of title or other record required or authorized by this act is effective even if it contains incorrect information or does not contain required information.

Sec. 19. Transfer Of Ownership By Secured Party's Transfer Statement.

(a) In this section, "secured party's transfer statement" means a record signed by the secured party of record stating:

(1) that there has been a default on an obligation to the secured party of record secured by the vessel;

(2) the secured party of record is exercising or has exercised post-default remedies with respect to the vessel;

(3) by reason of the exercise, the secured party of record has the right to transfer the ownership interest of an owner, and the name of the owner;

(4) the name and last-known mailing address of the owner of record and the secured party of record;

(5) the name of the transferee;

(6) other information required by section 7(b) of this act; and

(7) one of the following:

(A) the certificate of title is an electronic certificate;

(B) the secured party does not have possession of the written certificate of title created in the name of the owner of record; or

(C) the secured party is delivering the written certificate of title to the

office with the secured party's transfer statement.

(b) Unless the office rejects a secured party's transfer statement for a reason stated in section 8(c) of this act, after delivery to the office of the statement and payment of fees and taxes payable under the law of this state other than this act in connection with the statement or the acquisition or use of the vessel, the office shall:

- (1) accept the statement;
- (2) amend the files of the office to reflect the transfer; and
- (3) if the name of the owner whose ownership interest is being transferred is

indicated on the certificate of title:

(A) cancel the certificate even if the certificate has not been delivered to the office;

(B) create a new certificate indicating the transferee as owner; and

(C) deliver the new certificate or a record evidencing an electronic certificate.

(c) An application under subsection (a) or the creation of a certificate of title under subsection (b) is not by itself a disposition of the vessel and does not by itself relieve the secured party of its duties under Article 9 of title 42a of the general statutes.

Sec. 20. Transfer By Operation Of Law.

(a) In this section:

(1) "By operation of law" means pursuant to a law or judicial order affecting ownership of a vessel:

(A) because of death, divorce or other family law proceeding, merger, consolidation, dissolution, or bankruptcy;

(B) through the exercise of the rights of a lien creditor or a person having a lien created by statute or rule of law; or

(C) through other legal process.

(2) "Transfer-by-law statement" means a record signed by a transferee stating that by operation of law the transferee has acquired or has the right to acquire an ownership interest in a vessel.

(b) A transfer-by-law statement must contain:

(1) the name and last known mailing address of the owner of record and the transferee and the other information required by section 7(b) of this act;

(2) documentation sufficient to establish the transferee's ownership interest or right to acquire the ownership interest;

(3) a statement that:

(A) the certificate of title is an electronic certificate of title;

(B) the transferee does not have possession of the written certificate of title created in the name of the owner of record; or

(C) the transferee is delivering the written certificate to the office with the transfer-by-law statement; and

(4) except for a transfer described in subsection (a)(1)(A), evidence that notification of the transfer and the intent to file the transfer-by-law statement has been sent to all persons indicated in the files of the office as having an interest, including a security interest, in the vessel.

(c) Unless the office rejects a transfer-by-law statement for a reason stated in section 8(c) of this act or because the statement does not include documentation satisfactory to the office as

to the transferee's ownership interest or right to acquire the ownership interest, after delivery to the office of the statement and payment of fees and taxes payable under the law of this state other than this act in connection with the statement or with the acquisition or use of the vessel, the office shall:

- (1) accept the statement;
- (2) amend the files of the office to reflect the transfer; and
- (3) if the name of the owner whose ownership interest is being transferred is

indicated on the certificate of title:

(A) cancel the certificate even if the certificate has not been delivered to the office;

(B) create a new certificate indicating the transferee as owner;

(C) indicate on the new certificate any security interest indicated on the canceled certificate, unless a court order provides otherwise; and

(D) deliver the new certificate or a record evidencing an electronic certificate.

(d) This section does not apply to a transfer of an interest in a vessel by a secured party under Part 6 of Article 9 of title 42a.

Sec. 21. Application For Transfer Of Ownership Or Termination Of Security Interest Without Certificate Of Title.

(a) Except as otherwise provided in section 19 or 20 of this act, if the office receives, unaccompanied by a signed certificate of title, an application for a new certificate that includes an indication of a transfer of ownership or a termination statement, the office may create a new certificate under this section only if:

(1) all other requirements under sections 7 and 8 of this act are met;

(2) the applicant provides an affidavit stating facts showing the applicant is entitled to a transfer of ownership or termination statement;

(3) the applicant provides the office with satisfactory evidence in such form as the office prescribes that notification of the application has been sent to the owner of record and all persons indicated in the files of the office as having an interest, including a security interest, in the vessel, at least forty-five days have passed since the notification was sent, and the office has not received an objection from any of those persons; and

(4) the applicant submits any other information required by the office as evidence of the applicant's ownership or right to terminate the security interest, and the office has no credible information indicating theft, fraud, or an undisclosed or unsatisfied security interest, lien, or other claim to an interest in the vessel.

(b) The office shall indicate in a certificate of title created under subsection (a) that the certificate was created without submission of a signed certificate or termination statement. Unless credible information indicating theft, fraud, or an undisclosed or unsatisfied security interest, lien, or other claim to an interest in the vessel is delivered to the office not later than one year after creation of the certificate, on request in a form and manner required by the office, the office shall remove the indication from the certificate.

(c) Unless the office determines that the value of a vessel is less than five thousand dollars, before the office creates a certificate of title under subsection (a), the office may require the applicant to post a bond or provide an equivalent source of indemnity or security. The bond, indemnity, or other security shall be in an amount equal to twice the value of the vessel as determined by the office. The bond, indemnity, or other security must be in a form required by

the office and provide for indemnification of any owner, purchaser, or other claimant for any expense, loss, delay, or damage, including reasonable attorney's fees and costs, but not including incidental or consequential damages, resulting from creation or amendment of the certificate.

(d) Unless the office receives a claim for indemnity not later than one year after creation of a certificate of title under subsection (a), on request in a form and manner required by the office, the office shall release any bond, indemnity, or other security.

Sec. 22. Replacement Certificate Of Title.

(a) If a written certificate of title is lost, stolen, mutilated, destroyed, or otherwise becomes unavailable or illegible, the secured party of record or, if no secured party is indicated in the files of the office, the owner of record may apply for and, by furnishing information satisfactory to the office, obtain a replacement certificate in the name of the owner of record.

(b) An applicant for a replacement certificate of title must sign the application, and, except as otherwise permitted by the office, the application must comply with section 7 of this act. The application must include the existing certificate unless the certificate is lost, stolen, mutilated, destroyed, or otherwise unavailable.

(c) A replacement certificate of title created by the office must comply with section 9 of this act and indicate on the face of the certificate that it is a replacement certificate.

(d) If a person receiving a replacement certificate of title subsequently obtains possession of the original written certificate, the person promptly shall destroy the original certificate of title.

Sec. 23. Rights Of Purchaser Other Than Secured Party.

(a) A buyer in ordinary course of business has the protections afforded by sections 42a-2-403(2) and 42a-9-320(a) of the general statutes even if an existing certificate of title was not

signed and delivered to the buyer or a new certificate listing the buyer as owner of record was not created.

(b) Except as otherwise provided in sections 17 and 24 of this act, the rights of a purchaser of a vessel which is not a buyer in ordinary course of business or a lien creditor are governed by the Uniform Commercial Code.

Sec. 24. Rights Of Secured Party.

(a) Subject to subsection (b), the effect of perfection and nonperfection of a security interest and the priority of a perfected or unperfected security interest with respect to the rights of a purchaser or creditor, including a lien creditor, is governed by the Uniform Commercial Code.

(b) If, while a security interest in a vessel is perfected by any method under this act, the office creates a certificate of title that does not indicate that the vessel is subject to the security interest or contain a statement that it may be subject to security interests not indicated on the certificate:

(1) a buyer of the vessel, other than a person in the business of selling or leasing vessels of that kind, takes free of the security interest if the buyer, acting in good faith and without knowledge of the security interest, gives value and receives possession of the vessel; and

(2) the security interest is subordinate to a conflicting security interest in the vessel that is perfected under section 15 of this act after creation of the certificate and without the conflicting secured party's knowledge of the security interest.

Sec. 25. Duties And Operation Of Office.

(a) The office shall retain the evidence used by the office to determine the accuracy of the information in its files relating to the current ownership of a vessel and the information on the certificate of title.

(b) The office shall retain in its files all information received by the office regarding a security interest in a vessel for at least ten years after the office receives a termination statement regarding the security interest. The information must be accessible by the hull identification number for the vessel and any other methods provided by the office.

(c) If a person submits a record to the office, or submits information that is accepted by the office, and requests an acknowledgment of the filing or submission, the office shall send to the person an acknowledgment showing the hull identification number of the vessel to which the record or submission relates, the information in the filed record or submission, and the date and time the record was received or the submission accepted. A request under this section must contain the hull identification number and be delivered by means authorized by the office.

(d) The office shall send or otherwise make available in a record the following information to any person that requests it and pays all applicable fees:

(1) whether the files of the office indicate, as of a date and time specified by the office, but not a date earlier than ten calendar days before the office received the request, any certificate of title, security interest, termination statement, or title brand that relates to a vessel:

(A) identified by a hull identification number designated in the request;

(B) identified by a vessel number designated in the request; or

(C) owned by a person designated in the request;

(2) with respect to the vessel:

(A) the name and address of any owner as indicated in the files of the office or on the certificate of title;

(B) the name and address of any secured party as indicated in the files of the office or on the certificate, and the effective date of the information; and

(C) a copy of any termination statement indicated in the files of the office and the effective date of the termination statement; and

(3) with respect to the vessel, a copy of any certificate of origin, secured party transfer statement, transfer-by-law statement under section 20 of this act, and other evidence of previous or current transfers of ownership.

(e) In responding to a request under this section, the office may provide the requested information in any medium. However, on request and upon payment of all applicable fees, the office shall communicate the requested information by issuing its written document.

Sec. 26. Uniformity Of Application And Construction. In applying and construing this act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it. The official comments promulgated by the National Conference of Commissioners of Uniform State Laws relating to the uniform act upon which this act is based may be considered by the courts of this state to ascertain the meaning and effect of this act.

Sec. 27. Relation To Electronic Signatures In Global And National Commerce Act. This act modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001, et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b).

Sec. 28. Savings Clause.

(a) The rights, duties, and interests flowing from a transaction, certificate of title, or record relating to a vessel which was validly entered into or created before January 1, 2015 and would be subject to this act if it had been entered into or created on or after January 1, 2015,

remain valid on and after January 1, 2015.

(b) This act does not affect an action or proceeding commenced before January 1, 2015.

(c) Except as otherwise provided in subsection (d), a security interest that is enforceable immediately before January 1, 2015 and would have priority over the rights of a person that becomes a lien creditor at that time is a perfected security interest under this act.

(d) A security interest in a vessel for which a certificate of title is required under this act that is perfected immediately before January 1, 2015 remains perfected until the earlier of:

(1) the time perfection would have ceased under the law under which the security interest was perfected; or

(2) January 1, 2018.

(e) This act does not affect the priority of a security interest in a vessel if immediately before January 1, 2015 the security interest is enforceable and perfected, and that priority is established.

Sec. 29. Fees. (a) The office shall be paid the following fees: (1) For filing an application for a certificate of title, twenty-five dollars; (2) for each security interest noted upon a certificate of title or maintained in the electronic title file pursuant to subsection (b) of section 15 of this act, ten dollars; (3) for each record copy search, twenty dollars; (4) for each assignment of a security interest noted upon a certificate of title or maintained in the electronic title file, ten dollars; (5) for an application for a duplicate certificate of title, twenty-five dollars, provided such fee shall not be required for any such duplicate certificate of title; (6) for filing a notice of security interest, ten dollars; (7) for filing a termination statement relating to a security interest pursuant to section 16 of this act, ten dollars; (8) for filing a secured party's transfer statement pursuant to section 19 of this act, twenty-five dollars; (9) for filing a transfer-by-law statement

pursuant to section 20 of this act, twenty-five dollars; (10) for filing an application for transfer of ownership or termination of a security interest without a certificate of title pursuant to section 21 of this act, twenty-five dollars; (11) for a certificate of search of the records of the office for each name or hull identification number searched against, twenty dollars; (12) for filing an assignment of security interest, ten dollars; (13) for search of a vessel certificate of title record, requested by a person other than the owner of record of such vessel, twenty dollars; and (14) for a certified copy of any documentation, information, or other record maintained or created by the office, twenty dollars.

(b) If an application, certificate of title or other document required to be mailed or delivered to the office under any provision of this act is not delivered to the office within ten days from the time it is required to be mailed or delivered, the office shall collect, as a penalty, an amount equal to the fee required for the transaction.

(c) Vessels leased to an agency of this state and vessels owned by the state, an agency of the state, or a municipality, as defined in section 7-245, shall be exempt from the fees imposed by this section.

Sec. 30. Powers and Duties of Commissioner. (a) The commissioner shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests and all other notices and forms necessary to carry out the provisions of this act.

(b) The commissioner may: (1) Make necessary investigations to procure information required to carry out the provisions of this act; and (2) adopt and enforce reasonable rules to carry out the provisions of this act.

(c) The commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to provide for the implementation of any of the provisions of

this act and for the placement of additional indications on any certificate of title concerning the condition of or status of title to any vessel. An indication shall be placed on a certificate of title stating that the vessel may be subject to security interests not shown on the certificate when: (1) this state becomes the state of principal use of the vessel from another state; (2) the vessel was not a documented or foreign-documented vessel immediately prior to the application for the certificate of title; and (3) the immediately previous state of principal use of the vessel did not issue, or does not have a requirement for, a certificate of title for the vessel. Such regulations, as may be adopted by the commissioner, shall provide for an opportunity for a hearing, in accordance with the provisions of chapter 54 of the general statutes and section 31 of this act, for any person aggrieved by any action, omission to act or decision of the commissioner or of the office made pursuant to this subsection.

Sec. 31. Hearing. A person aggrieved by an action, omission to act or decision of the commissioner or of the office under this act is entitled, upon request, to a hearing in accordance with the provisions of chapter 54.

Sec. 32. Appeal. A person aggrieved by an action, omission to act or decision of the commissioner or of the office under this act may appeal therefrom in accordance with the provisions of section 4-183 of the general statutes, except venue for such appeal shall be in the judicial district of New Britain.

Sec. 33. Penalties. (a) A person who, with fraudulent intent: (1) Alters, forges or counterfeits a certificate of title; (2) alters or forges an assignment of a certificate of title, or an assignment or release of a security interest or a termination statement, on a certificate of title or a form the office prescribes; (3) has possession of or uses a certificate of title knowing it to have been altered, forged or counterfeited; or (4) uses a false or fictitious name or address; or makes a

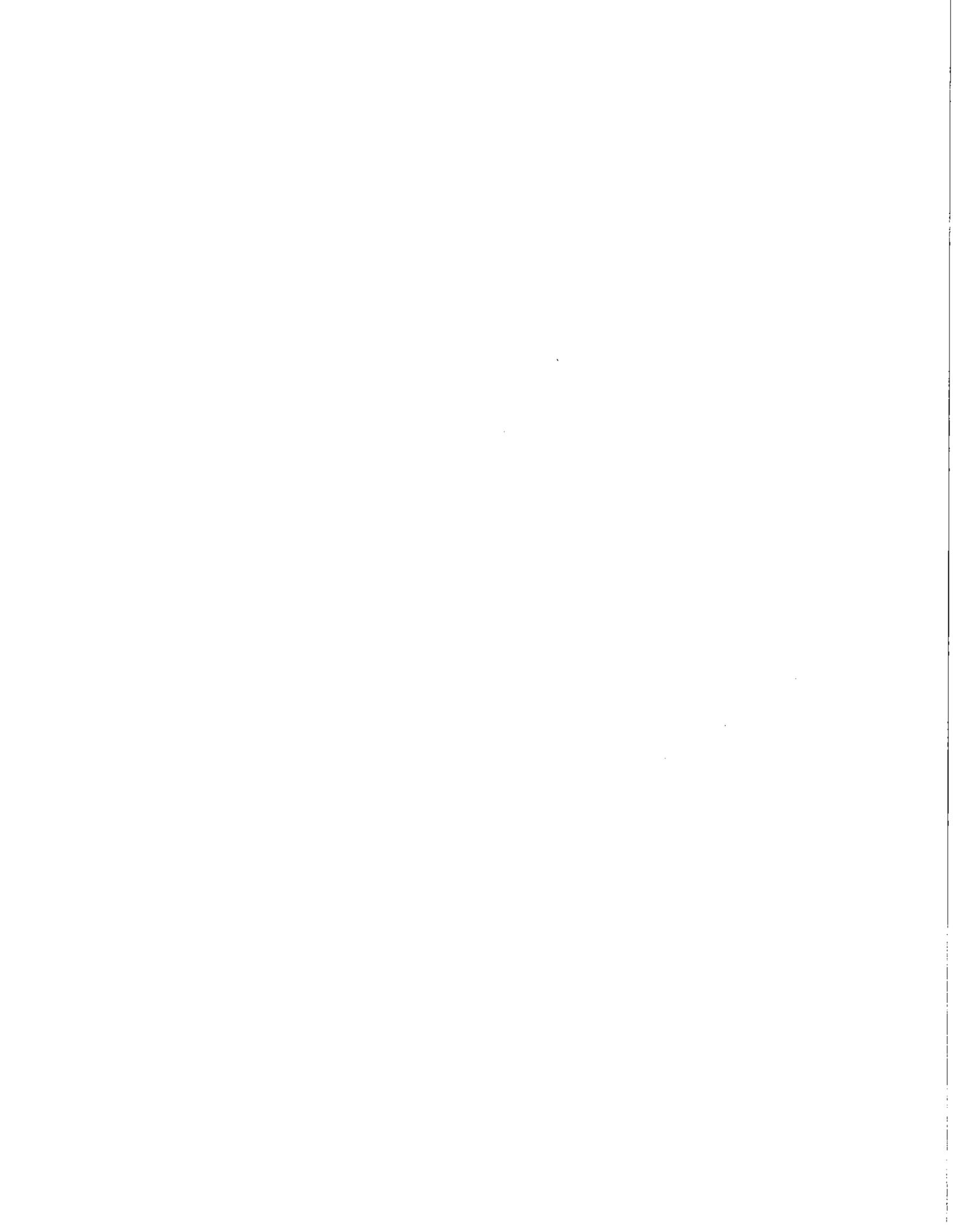
material false statement, or fails to disclose a security interest, or conceals any other material fact, in an application for a certificate of title, shall be fined not less than five hundred dollars or more than one thousand dollars or be imprisoned not less than one year or more than five years or be both fined and imprisoned.

(b) A person who: (1) With fraudulent intent, permits another, not entitled thereto, to use or have possession of a certificate of title; (2) wilfully fails to mail or deliver a certificate of title or application therefor to the office within ten days after the time required by this chapter; (3) wilfully fails to deliver to his transferee a certificate of title within ten days after the time required by this chapter; or (4) wilfully violates any provision of this act, except as provided in subsection (a) of this section, shall be fined not more than one thousand dollars or imprisoned not more than two years, or both.

(c) The penal provisions of this act in no way repeal or modify any existing provision of criminal law or provisions relating to stolen, recovered, unclaimed or abandoned vessels or to false reports of thefts or conversion of vessels, but are additional and supplementary thereto.

Sec. 34. Subdivision (2) of subsection (a) of section 14-10 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2015*):

(2) "Motor vehicle record" means any record that pertains to an operator's license, learner's permit, identity card, registration, certificate of title or other document issued by the Department of Motor Vehicles, but specifically excepting any record relating to vessels and certificates of title for vessels, as provided in subsection (e) of section 11 of this act.



**CONNECTICUT LAW REVISION COMMISSION
REPORT OF ADVISORY COMMITTEE ON
ADOPTION OF
UNIFORM CERTIFICATE OF TITLE FOR VESSELS ACT**

**OPTIONAL AMENDMENT TO DELETE OBLIGATION OF VESSEL OWNER
TO OBTAIN CERTIFICATE OF TITLE WITH "HULL DAMAGED" TITLE
BRAND WHILE PRESERVING FOREIGN STATE BRANDS AND SIMILAR
INDICATIONS REQUIRED BY THE COMMISSIONER OF MOTOR
VEHICLES**

1. Amend subdivision 30 of subsection (a) of section 2 of the bill as follows:

(30) "Title brand" means a designation of previous damage, use, or condition that is set forth on a certificate of title issued by another state or other statement which must be indicated on a certificate of title pursuant to this act or regulations as may be adopted by the commissioner pursuant to section 30 of this act.
2. Delete subdivision 10 of subsection (b) of section 7 of the bill and renumber subdivisions 11, 12 and 13 of said subsection as subdivisions 10, 11, and 12, respectively.
3. Delete subsection (f) of section 9 of the bill.
4. Delete section 10 of the bill.

