



House of Representatives

General Assembly

File No. 582

February Session, 2014

House Bill No. 5216

House of Representatives, April 16, 2014

The Committee on Judiciary reported through REP. FOX, G. of the 146th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ADOPTING THE UNIFORM CERTIFICATE OF TITLE FOR VESSELS ACT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2016*) Sections 1 to 32,
2 inclusive, of this act may be cited as the Uniform Certificate of Title for
3 Vessels Act.

4 Sec. 2. (NEW) (*Effective January 1, 2016*) As used in sections 1 to 32,
5 inclusive, of this act:

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

8 (2) "Builder's certificate" means a certificate of the facts of build of a
9 vessel described in 46 CFR 67.99;

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

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

12 certificate of title ineffective;

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

18 (6) "Certificate of title" means a record, created by the Department of
19 Motor Vehicles pursuant to section 8 of this act or by a governmental
20 agency of another jurisdiction under the law of that jurisdiction, that is
21 designated as a certificate of title by the department or such agency
22 and is evidence of ownership of a vessel;

23 (7) "Commissioner" means the Commissioner of Motor Vehicles;

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

26 (9) "Department" means the Department of Motor Vehicles;

27 (10) "Documented vessel" means a vessel covered by a certificate of
28 documentation issued pursuant to 46 USC 12105. "Documented vessel"
29 does not include a foreign-documented vessel;

30 (11) "Electronic" means relating to technology having electrical,
31 digital, magnetic, wireless, optical, electromagnetic or similar
32 capabilities;

33 (12) "Electronic certificate of title" means a certificate of title
34 consisting of information that is stored solely in an electronic medium
35 and is retrievable in perceivable form;

36 (13) "Foreign-documented vessel" means a vessel the ownership of
37 which is recorded in a registry maintained by a country other than the
38 United States that identifies each person that has an ownership interest
39 in such vessel and includes a unique alphanumeric designation for the
40 vessel;

41 (14) "Good faith" means honesty in fact and the observance of
42 reasonable commercial standards of fair dealing;

43 (15) "Hull identification number" means the alphanumeric
44 designation assigned to a vessel pursuant to 33 CFR 181, as amended;

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

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

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

49 (C) A trustee in bankruptcy from the date of the filing of the
50 petition; or

51 (D) A receiver in equity from the time of appointment;

52 (17) "Owner" means a person with legal title to a vessel;

53 (18) "Owner of record" means the owner indicated in the files of the
54 department or, if the files indicate more than one owner, the owner
55 first indicated;

56 (19) "Person" means an individual; corporation; business trust;
57 estate; trust; statutory trust; partnership; limited liability company;
58 association; joint venture; public corporation; government or
59 governmental subdivision, agency or instrumentality; or any other
60 legal or commercial entity;

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

64 (21) "Purchaser" means a person that takes by purchase;

65 (22) "Record" means information inscribed on a tangible medium or
66 stored in an electronic or other medium that is retrievable in
67 perceivable form;

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

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

72 (B) Who is a consignor under article 9 of title 42a of the general
73 statutes; or

74 (C) Who holds a security interest arising under section 42a-2-401,
75 section 42a-2-505, subdivision (3) of section 42a-2-711 or subsection (d)
76 of section 42a-2A-724 of the general statutes;

77 (24) "Secured party of record" means the secured party whose name
78 is indicated as the name of the secured party in the files of the
79 department or, if the files indicate more than one secured party, the
80 one first indicated;

81 (25) "Security interest" means an interest in a vessel that secures
82 payment or performance of an obligation if the interest is created by
83 contract or arises pursuant to section 42a-2-401, section 42a-2-505,
84 subdivision (3) of section 42a-2-711 or subsection (d) of section 42a-2A-
85 724 of the general statutes, including, but not limited to, any interest of
86 a consignor in a vessel in a transaction that is subject to article 9 of title
87 42a of the general statutes. "Security interest" does not include the
88 special property interest of a buyer of a vessel on identification of that
89 vessel to a contract for sale pursuant to section 42a-2-401 of the general
90 statutes, but a buyer may also acquire a security interest by complying
91 with article 9 of title 42a of the general statutes. Except as otherwise
92 provided in section 42a-2-505 of the general statutes, the right of a
93 seller or lessor of a vessel under article 2 of title 42a of the general
94 statutes or article 2A of title 42a of the general statutes to retain or
95 acquire possession of the vessel is not a security interest, but a seller or
96 lessor also may acquire a security interest by complying with article 9
97 of title 42a of the general statutes. The retention or reservation of title
98 by a seller of a vessel notwithstanding shipment or delivery to the
99 buyer under section 42a-2-401 of the general statutes is limited in effect

100 to a reservation of a security interest. Whether a transaction in the form
101 of a lease creates a security interest is determined by section 42a-1-203
102 of the general statutes;

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

105 (A) Make or adopt a tangible symbol; or

106 (B) Attach to or logically associate with the record an electronic
107 symbol, sound or process;

108 (27) "State" means a state of the United States, the District of
109 Columbia, Puerto Rico, the United States Virgin Islands, or any
110 territory or insular possession subject to the jurisdiction of the United
111 States;

112 (28) "State of principal use" means the state on whose waters a
113 vessel is or will be used, operated, navigated or employed more than
114 on the waters of any other state during a calendar year;

115 (29) "Title brand" means a designation of previous damage, use or
116 condition that is set forth on a certificate of title issued by another state
117 or other statement which shall be indicated on a certificate of title in
118 accordance with the provisions of section 9 of this act and any
119 regulations adopted by the Commissioner of Motor Vehicles under
120 section 29 of this act;

121 (30) "Transfer of ownership" means a voluntary or involuntary
122 conveyance of an interest in a vessel;

123 (31) "Vessel" means every description of watercraft, other than a
124 seaplane on water, used or capable of being used as a means of
125 transportation on water;

126 (32) "Vessel number" means the alphanumeric designation for a
127 vessel issued pursuant to 46 USC 12301 and chapter 268 of the general
128 statutes;

129 (33) "Written certificate of title" means a certificate of title consisting
130 of information inscribed on a tangible medium;

131 (34) "Agreement" has the same meaning as provided in subdivision
132 (3) of subsection (b) of section 42a-1-201 of the general statutes;

133 (35) "Buyer in ordinary course of business" has the same meaning as
134 provided in subdivision (9) of subsection (b) of section 42a-1-201 of the
135 general statutes;

136 (36) "Consumer goods" has the same meaning as provided in
137 subdivision (23) of subsection (a) of section 42a-9-102 of the general
138 statutes;

139 (37) "Debtor" has the same meaning as provided in subdivision (28)
140 of subsection (a) of section 42a-9-102 of the general statutes;

141 (38) "Knowledge" has the same meaning as provided in section 42a-
142 1-202 of the general statutes;

143 (39) "Lease" has the same meaning as provided in subdivision (17)
144 of subsection (a) of section 42a-2A-102 of the general statutes;

145 (40) "Lessor" has the same meaning as provided in subdivision (23)
146 of subsection (a) of section 42a-2A-102 of the general statutes;

147 (41) "Notice" has the same meaning as provided in section 42a-1-202
148 of the general statutes;

149 (42) "Sale" has the same meaning as provided in subdivision (1) of
150 section 42a-2-106 of the general statutes;

151 (43) "Security agreement" has the same meaning as provided in
152 subdivision (74) of subsection (a) of section 42a-9-102 of the general
153 statutes;

154 (44) "Seller" has the same meaning as provided in subdivision (1) of
155 section 42a-2-103 of the general statutes;

156 (45) "Send" has the same meaning as provided in subdivision (36) of
157 subsection (b) of section 42a-1-201 of the general statutes; and

158 (46) "Value" has the same meaning as provided in section 42a-1-204
159 of the general statutes.

160 Sec. 3. (NEW) (*Effective January 1, 2016*) Subject to section 27 of this
161 act, the provisions of sections 1 to 32, inclusive, of this act shall apply
162 to any transaction, certificate of title or record relating to a vessel, even
163 if the transaction, certificate of title or record was entered into or
164 created before January 1, 2016.

165 Sec. 4. (NEW) (*Effective January 1, 2016*) Unless displaced by a
166 provision of sections 1 to 32, inclusive, of this act, the principles of law
167 and equity supplement said sections.

168 Sec. 5. (NEW) (*Effective January 1, 2016*) (a) The local law of the
169 jurisdiction under whose certificate of title a vessel is covered governs
170 all issues relating to the certificate of title from the time the vessel
171 becomes covered by the certificate of title until the vessel becomes
172 covered by another certificate of title or becomes a documented vessel,
173 even if no other relationship exists between the jurisdiction and the
174 vessel or its owner.

175 (b) A vessel becomes covered by a certificate of title when an
176 application for the certificate of title and the applicable fee are
177 delivered to the Department of Motor Vehicles in accordance with
178 sections 6 and 7 of this act or to the governmental agency that creates a
179 certificate of title in another jurisdiction in accordance with the law of
180 that jurisdiction.

181 Sec. 6. (NEW) (*Effective January 1, 2016*) (a) Except as otherwise
182 provided in subsections (b), (c) and (d) of this section, the owner of a
183 vessel for which this state is the state of principal use shall deliver to
184 the Department of Motor Vehicles an application for a certificate of
185 title for the vessel, with the applicable fee, not later than twenty days
186 after the later of:

- 187 (1) The date of a transfer of ownership; or
- 188 (2) The date this state becomes the state of principal use.
- 189 (b) An application for a certificate of title is not required and shall
190 not be accepted, and no certificate of title shall be issued, for:
- 191 (1) A documented vessel;
- 192 (2) A foreign-documented vessel;
- 193 (3) A barge;
- 194 (4) An amphibious vehicle for which a certificate of title is issued
195 pursuant to chapter 247 of the general statutes or a similar statute of
196 another state;
- 197 (5) A vessel, other than a motorboat, as defined in section 15-141 of
198 the general statutes, less than nineteen and one-half feet in length;
- 199 (6) A vessel propelled solely by paddle or oar;
- 200 (7) A vessel that operates only on a permanently fixed,
201 manufactured course and the movement of which is restricted to or
202 guided by means of a mechanical device to which the watercraft is
203 attached or by which the watercraft is controlled;
- 204 (8) A vessel owned by the United States, a foreign government or a
205 state, or a political subdivision thereof, which is used in the
206 performance of governmental functions;
- 207 (9) A vessel used solely as a lifeboat on another watercraft;
- 208 (10) A vessel before delivery if the vessel is under construction or
209 completed pursuant to contract;
- 210 (11) A vessel held by a dealer for sale or lease;
- 211 (12) A stationary floating structure that:

212 (A) Does not have and is not designed to have a mode of propulsion
213 of its own;

214 (B) Is dependent for utilities upon a continuous utility hookup to a
215 source originating on shore; and

216 (C) Has no sewage facilities or has a permanent, continuous hookup
217 to a shoreside sewage system;

218 (13) A vessel designated by the manufacturer as having a model
219 year of 2016 or earlier, and any vessel manufactured or assembled
220 prior to January 1, 2017, for which the manufacturer or assembler has
221 not designated a model year; or

222 (14) A vessel for which a certificate of title has been issued by
223 another state when this state has become the state of principal use for
224 the vessel if one or more of the exceptions enumerated in this
225 subsection apply to such vessel.

226 (c) The exceptions in subsection (b) of this section shall not apply to
227 a vessel for which this state is the state of principal use that was a
228 documented vessel or a foreign documented vessel when it becomes
229 no longer a documented vessel or a foreign documented vessel.

230 (d) The department may not issue, transfer or renew a certificate of
231 title for a vessel issued pursuant to the requirements of 46 USC 12301,
232 unless the department has created a certificate of title for the vessel or
233 an application for a certificate of title for the vessel and the applicable
234 fee has been delivered to the department.

235 Sec. 7. (NEW) (*Effective January 1, 2016*) (a) Except as otherwise
236 provided in sections 14 and 18 to 21, inclusive, of this act, only an
237 owner may apply for a certificate of title.

238 (b) An application for a certificate of title shall be on a form that the
239 Commissioner of Motor Vehicles prescribes, be signed by the applicant
240 and contain:

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

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

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

248 (4) The vessel number for the vessel or, if none has been issued by
249 the Department of Motor Vehicles, an application for a vessel number;

250 (5) A description of the vessel as required by the Department of
251 Motor Vehicles, which shall include:

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

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

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

257 (D) The overall length of the vessel;

258 (E) The vessel type;

259 (F) The hull material;

260 (G) The propulsion type;

261 (H) The engine drive type, if any; and

262 (I) The fuel type, if any;

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

265 (7) A statement that the vessel is not a documented vessel or a

266 foreign-documented vessel;

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

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

272 (10) If the vessel previously was registered or titled in another
273 jurisdiction, a statement identifying each jurisdiction known to the
274 applicant in which the vessel was registered or titled; and

275 (11) Any further information the commissioner reasonably requires
276 to identify the vessel and to enable the commissioner to determine
277 whether the owner is entitled to a certificate of title and the existence
278 or nonexistence of security interests in the vessel.

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

282 (d) Except as otherwise provided in sections 18 to 21, inclusive, of
283 this act, an application for a certificate of title shall be accompanied by:

284 (1) A certificate of title signed by the owner shown on the certificate
285 of title that:

286 (A) Identifies the applicant as the owner of the vessel; or

287 (B) Is accompanied by a record that identifies the applicant as the
288 owner; or

289 (2) If there is no certificate of title:

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

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

296 (C) In all other cases, a certificate of origin, bill of sale or other
297 record that to the satisfaction of the department identifies the applicant
298 as the owner.

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

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

306 Sec. 8. (NEW) (*Effective January 1, 2016*) (a) Unless an application for
307 a certificate of title is rejected pursuant to subsection (c) or (d) of this
308 section, the Department of Motor Vehicles shall create a certificate of
309 title for the vessel in accordance with subsection (b) of this section after
310 delivery of an application to the department that complies with section
311 7 of this act.

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

316 (c) Except as otherwise provided in subsection (d) of this section, the
317 department may reject an application for a certificate of title only if:

318 (1) The application does not comply with section 7 of this act;

319 (2) The application does not contain documentation sufficient for
320 the department to determine whether the applicant is entitled to a
321 certificate of title;

322 (3) There is a reasonable basis for concluding that the application is
323 fraudulent or issuance of a certificate of title would facilitate a
324 fraudulent or illegal act; or

325 (4) The application does not comply with state law.

326 (d) The department shall reject an application for a certificate of title
327 for a vessel that appears from the application to be a documented
328 vessel or a foreign-documented vessel.

329 (e) The department may cancel a certificate of title created by the
330 department only if the department:

331 (1) Could have rejected the application for the certificate of title
332 under subsection (c) of this section;

333 (2) Is required to cancel the certificate of title pursuant to this section
334 or section 11, 18 or 19 of this act; or

335 (3) Receives satisfactory evidence that the vessel is a documented
336 vessel or a foreign-documented vessel.

337 Sec. 9. (NEW) (*Effective January 1, 2016*) (a) A certificate of title shall
338 contain:

339 (1) The date the certificate of title was created;

340 (2) The name of the owner of record and, if not all owners are listed,
341 an indication that there are additional owners indicated in the files of
342 the Department of Motor Vehicles;

343 (3) The mailing address of the owner of record;

344 (4) The hull identification number;

345 (5) The information listed in subdivision (5) of subsection (b) of
346 section 7 of this act;

347 (6) Except as otherwise provided in subsection (b) of section 14 of
348 this act, the name and mailing address of the secured party of record, if

349 any, and, if not all secured parties are listed, an indication that there
350 are other security interests indicated in the files of the department;

351 (7) All title brands indicated in the files of the department covering
352 the vessel, including, but not limited to, brands indicated on a
353 certificate of title created by a governmental agency of another
354 jurisdiction and delivered to the department; and

355 (8) Any other information the Commissioner of Motor Vehicles
356 prescribes.

357 (b) Nothing in sections 1 to 32, inclusive, of this act shall preclude
358 the department from noting on a certificate of title the name and
359 mailing address of a secured party that is not a secured party of record.

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

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

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

378 Sec. 10. (NEW) (*Effective January 1, 2016*) (a) For each record relating
379 to a certificate of title submitted to the Department of Motor Vehicles,

380 the department shall:

381 (1) Maintain the hull identification number and all the information
382 submitted with the application pursuant to subsection (b) of section 7
383 of this act to which the record relates, including the date and time the
384 record was delivered to the department;

385 (2) Maintain the files for public inspection; and

386 (3) Index the files of the department pursuant to subsection (b) of
387 this section.

388 (b) The department shall maintain in its files the information
389 contained in all certificates of title created pursuant to section 8 of this
390 act. The information in the files of the department shall be searchable
391 by the hull identification number for the vessel, the vessel number, the
392 name of the owner of record and any other method used by the
393 department.

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

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

404 (e) Except as otherwise provided by the general statutes, the
405 information required pursuant to section 9 of this act is a public record.

406 Sec. 11. (NEW) (*Effective January 1, 2016*) (a) On creation of a written
407 certificate of title, the Department of Motor Vehicles shall send the
408 certificate of title to the secured party of record or, if none, to the
409 owner of record, at the address indicated for that person in the files of

410 the department. On creation of an electronic certificate of title, the
411 department shall send a record evidencing the certificate of title to the
412 owner of record and, if there is a secured party of record, to such
413 secured party at the address indicated for that person in the files of the
414 department. The department may send the record to the person's
415 mailing address or, if indicated in the files of the department, an
416 electronic address.

417 (b) If the department creates a written certificate of title, any such
418 written certificate of title shall cancel any such electronic certificate of
419 title. The department shall maintain in its files the date and time of
420 such cancellation.

421 (c) Before the department creates an electronic certificate of title, any
422 person holding a written certificate of title shall surrender such written
423 certificate of title. If the department creates an electronic certificate of
424 title, the department shall destroy or otherwise cancel any such
425 surrendered written certificate of title and maintain in its files the date
426 and time of such destruction or other cancellation. If a written
427 certificate of title being canceled is not destroyed, the department shall
428 indicate on the face of the certificate of title that it has been canceled.

429 Sec. 12. (NEW) (*Effective January 1, 2016*) A certificate of title is prima
430 facie evidence of the accuracy of the information in the record that
431 constitutes the certificate of title. In any criminal proceeding, a certified
432 copy of a certificate of title shall be prima facie evidence as to the
433 ownership of a vessel.

434 Sec. 13. (NEW) (*Effective January 1, 2016*) Possession of a certificate of
435 title does not in and of itself provide a right to obtain possession of a
436 vessel. Garnishment, attachment, levy, replevin or other judicial
437 process against the certificate of title shall not be effective to determine
438 possessory rights to the vessel. Sections 1 to 32, inclusive, of this act do
439 not prohibit enforcement under the law of this state other than said
440 sections of a security interest in, levy on, or foreclosure of a statutory
441 or common law lien on a vessel. Absence of an indication of a statutory
442 or common law lien on a certificate of title shall not invalidate the lien.

443 Sec. 14. (NEW) (*Effective January 1, 2016*) (a) Except as otherwise
444 provided in this section or section 27 of this act, a security interest in a
445 vessel may be perfected only by delivery to the Department of Motor
446 Vehicles of an application for a certificate of title that identifies the
447 secured party and otherwise complies with section 7 of this act. The
448 security interest shall be perfected on the later of delivery to the
449 department of the application and all applicable fees or attachment of
450 the security interest under section 42a-9-203 of the general statutes.

451 (b) If the interest of a person named as owner, lessor, consignor or
452 bailor in an application for a certificate of title delivered to the
453 department is a security interest, the application sufficiently identifies
454 the person as a secured party. Identification on the application for a
455 certificate of title of a person as owner, lessor, consignor or bailor shall
456 not in and of itself be a factor in determining whether the person's
457 interest is a security interest.

458 (c) If the department has created a certificate of title for a vessel, a
459 security interest in the vessel may be perfected by delivery to the
460 department of an application, in such form as the department may
461 require, to have the security interest added to the certificate of title.
462 The application shall be signed by an owner of the vessel or by the
463 secured party and shall include:

464 (1) The name of the owner of record;

465 (2) The name and mailing address of the secured party;

466 (3) The hull identification number for the vessel; and

467 (4) If the department has created a written certificate of title for the
468 vessel, the certificate of title.

469 (d) A security interest perfected under subsection (c) of this section
470 shall be perfected on the later of delivery to the department of the
471 application and all applicable fees or attachment of the security interest
472 under section 42a-9-203 of the general statutes.

473 (e) On delivery of an application that complies with subsection (c) of
474 this section and payment of all applicable fees, the department shall
475 create a new certificate of title pursuant to section 8 of this act and
476 deliver the new certificate of title or a record evidencing an electronic
477 certificate of title pursuant to subsection (a) of section 11 of this act.
478 The department shall maintain in its files the date and time of delivery
479 of the application to the department.

480 (f) If a secured party assigns a perfected security interest in a vessel,
481 the receipt by the department of a statement providing the name of the
482 assignee as secured party shall not be required to continue the
483 perfected status of the security interest against creditors of and
484 transferees from the original debtor. A purchaser of a vessel subject to
485 a security interest which obtains a release from the secured party
486 indicated in the files of the department or on the certificate of title
487 takes free of the security interest and of the rights of a transferee unless
488 the transfer is indicated in the files of the department or on the
489 certificate of title.

490 (g) The provisions of this section shall not apply to a security
491 interest:

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

495 (2) In a barge or any other vessel for which a certificate of title is not
496 permitted under sections 1 to 32, inclusive, of this act; or

497 (3) In a vessel before delivery if the vessel is under construction, or
498 completed, pursuant to contract and for which no application for a
499 certificate of title has been delivered to the department.

500 (h) When a certificate of documentation for a documented vessel is
501 deleted or canceled, if a security interest in the vessel was valid
502 immediately before deletion or cancellation against a third party as a
503 result of compliance with 46 USC 31321, the security interest is and

504 remains perfected until the earlier of four months after deletion or
505 cancellation of the certificate or the time the security interest becomes
506 perfected under this section.

507 (i) A security interest in a vessel arising under section 42a-2-401 or
508 42a-2-505 of the general statutes, subdivision (3) of section 42a-2-711 of
509 the general statutes or subsection (d) of section 42a-2A-724 of the
510 general statutes shall be perfected when it attaches but shall become
511 unperfected when the debtor obtains possession of the vessel, unless
512 before the debtor obtains possession the security interest is perfected
513 pursuant to subsection (a) or (c) of this section.

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

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

520 Sec. 15. (NEW) (*Effective January 1, 2016*) (a) A secured party
521 indicated in the files of the Department of Motor Vehicles as having a
522 security interest in a vessel shall deliver a termination statement to the
523 department in such form as the department prescribes and, on the
524 debtor's request, to the debtor, by the earlier of:

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

530 (2) If the vessel is consumer goods, thirty days after there is no
531 obligation secured by the vessel and no commitment to make an
532 advance, incur an obligation or otherwise give value secured by the
533 vessel.

534 (b) If the department has created a written certificate of title and

535 delivered such certificate of title to a secured party and a termination
536 statement is required under subsection (a) of this section, the secured
537 party shall, not later than the date required by subsection (a) of this
538 section, deliver the certificate of title to the debtor or to the department
539 with the statement. If the certificate of title is lost, stolen, mutilated,
540 destroyed or otherwise unavailable or illegible, the secured party shall,
541 not later than the date required by subsection (a) of this section, deliver
542 with the statement an application for a replacement certificate of title
543 meeting the requirements of section 21 of this act.

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

552 (d) A secured party that fails to comply with this section shall be
553 liable for any loss that the secured party had reason to know might
554 result from its failure to comply and that could not reasonably have
555 been prevented and for the cost of an application for a certificate of
556 title under section 7 or 21 of this act.

557 (e) The Commissioner of Motor Vehicles may require a secured
558 party indicated in the files of the department as having a security
559 interest in a vessel to electronically transmit to the department a
560 termination statement evidencing release of its security interest in a
561 vessel.

562 Sec. 16. (NEW) (*Effective January 1, 2016*) (a) Upon voluntary transfer
563 of an ownership interest in a vessel covered by a certificate of title, the
564 following rules apply:

565 (1) If the certificate of title is a written certificate of title and the
566 transferor's interest is noted on the certificate of title, the transferor

567 shall sign the certificate of title and deliver it to the transferee. If the
568 transferor does not have possession of the certificate of title, the person
569 in possession of the certificate of title shall have a duty to facilitate the
570 transferor's compliance with this subdivision. A secured party shall
571 not have a duty to facilitate the transferor's compliance with this
572 subdivision if the proposed transfer is prohibited by the security
573 agreement.

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

577 (3) The transferee shall have a right enforceable by specific
578 performance to require the transferor to comply with the provisions of
579 subdivision (1) or (2) of this subsection.

580 (b) The creation of a certificate of title identifying the transferee as
581 owner of record shall satisfy subsection (a) of this section.

582 (c) Failure to comply with subsection (a) of this section or to apply
583 for a new certificate of title shall not render a transfer of ownership of a
584 vessel ineffective. Except as otherwise provided in section 17, section
585 18, subsection (a) of section 22 or section 23 of this act, a transfer of
586 ownership without compliance with subsection (a) of this section shall
587 not be effective against another person claiming an interest in the
588 vessel.

589 (d) A transferor that complies with subsection (a) of this section
590 shall not be liable as owner of the vessel for an event occurring after
591 the transfer, regardless of whether the transferee applies for a new
592 certificate of title.

593 Sec. 17. (NEW) (*Effective January 1, 2016*) Except as otherwise
594 provided in section 42a-9-337 of the general statutes, a certificate of
595 title or other record required or authorized by sections 1 to 32,
596 inclusive, of this act shall be effective even if it contains incorrect
597 information or does not contain required information.

598 Sec. 18. (NEW) (*Effective January 1, 2016*) (a) For the purposes of this
599 section, "secured party's transfer statement" means a record signed by
600 the secured party of record stating:

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

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

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

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

610 (5) The name of the transferee;

611 (6) Other information required by subsection (b) of section 7 of this
612 act; and

613 (7) One of the following:

614 (A) The certificate of title is an electronic certificate of title;

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

617 (C) The secured party is delivering the written certificate of title to
618 the Department of Motor Vehicles with the secured party's transfer
619 statement.

620 (b) Unless the department rejects a secured party's transfer
621 statement for a reason stated in subsection (c) of section 8 of this act,
622 after delivery to the department of the statement and payment of fees
623 and taxes payable under the law of this state, other than sections 1 to
624 32, inclusive, of this act, in connection with the statement or the
625 acquisition or use of the vessel, the department shall:

- 626 (1) Accept the statement;
- 627 (2) Amend the files of the department to reflect the transfer; and
- 628 (3) If the name of the owner whose ownership interest is being
629 transferred is indicated on the certificate of title:
- 630 (A) Cancel the certificate of title even if the certificate of title has not
631 been delivered to the department;
- 632 (B) Create a new certificate of title indicating the transferee as
633 owner; and
- 634 (C) Deliver the new certificate of title or a record evidencing an
635 electronic certificate of title.
- 636 (c) An application submitted under subsection (a) of this section or
637 the creation of a certificate of title under subsection (b) of this section
638 shall not in and of itself be a disposition of the vessel and shall not in
639 and of itself relieve the secured party of its duties under article 9 of
640 title 42a of the general statutes.
- 641 Sec. 19. (NEW) (*Effective January 1, 2016*) (a) For purposes of this
642 section:
- 643 (1) "By operation of law" means pursuant to a law or judicial order
644 affecting ownership of a vessel:
- 645 (A) Because of death, divorce or other family law proceeding,
646 merger, consolidation, dissolution or bankruptcy;
- 647 (B) Through the exercise of the rights of a lien creditor or a person
648 having a lien created by statute or rule of law; or
- 649 (C) Through other legal process; and
- 650 (2) "Transfer-by-law statement" means a record signed by a
651 transferee stating that by operation of law the transferee has acquired
652 or has the right to acquire an ownership interest in a vessel.

653 (b) A transfer-by-law statement shall contain:

654 (1) The name and last-known mailing address of the owner of
655 record and the transferee and the other information required pursuant
656 to subsection (b) of section 7 of this act;

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

659 (3) A statement that:

660 (A) The certificate of title is an electronic certificate of title;

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

663 (C) The transferee is delivering the written certificate of title to the
664 Department of Motor Vehicles with the transfer-by-law statement; and

665 (4) Except for a transfer described in subparagraph (A) of
666 subdivision (1) of subsection (a) of this section, evidence that
667 notification of the transfer and the intent to file the transfer-by-law
668 statement has been sent to all persons indicated in the department's
669 files as having an interest, including a security interest, in the vessel.

670 (c) Unless the department rejects a transfer-by-law statement for a
671 reason stated in subsection (c) of section 8 of this act or because the
672 statement does not include documentation satisfactory to the
673 department as to the transferee's ownership interest or right to acquire
674 the ownership interest, after delivery to the department of the
675 statement and payment of fees and taxes payable under the law of this
676 state other than sections 1 to 32, inclusive, of this act in connection with
677 the statement or with the acquisition or use of the vessel, the
678 department shall:

679 (1) Accept the statement;

680 (2) Amend its files to reflect the transfer; and

681 (3) If the name of the owner whose ownership interest is being
682 transferred is indicated on the certificate of title:

683 (A) Cancel the certificate of title even if the certificate of title has not
684 been delivered to the department;

685 (B) Create a new certificate of title indicating the transferee as
686 owner;

687 (C) Indicate on the new certificate of title any security interest
688 indicated on the canceled certificate of title, unless a court order
689 provides otherwise; and

690 (D) Deliver the new certificate of title or a record evidencing an
691 electronic certificate of title.

692 (d) The provisions of this section shall not apply to a transfer of an
693 interest in a vessel by a secured party under sections 42a-9-601 to 42a-
694 9-628, inclusive, of the general statutes.

695 Sec. 20. (NEW) (*Effective January 1, 2016*) (a) Except as otherwise
696 provided in section 18 or 19 of this act, if the Department of Motor
697 Vehicles receives, unaccompanied by a signed certificate of title, an
698 application for a new certificate of title that includes an indication of a
699 transfer of ownership or a termination statement, the department may
700 create a new certificate of title under this section only if:

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

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

705 (3) The applicant provides the department with satisfactory
706 evidence in such form as the department prescribes that notification of
707 the application has been sent to the owner of record and all persons
708 indicated in the department's files as having an interest, including a
709 security interest, in the vessel, not less than forty-five days have passed

710 since the notification was sent, and the department has not received an
711 objection from such owner or persons; and

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

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

726 (c) Unless the department determines that the value of a vessel is
727 less than five thousand dollars, before the department creates a
728 certificate of title under subsection (a) of this section, the department
729 may require the applicant to post a bond or provide an equivalent
730 source of indemnity or security. The bond, indemnity or other security
731 shall be in an amount equal to twice the value of the vessel as
732 determined by the department. The bond, indemnity or other security
733 shall be in a form required by the department and provide for
734 indemnification of any owner, purchaser or other claimant for any
735 expense, loss, delay or damage, including reasonable attorney's fees
736 and costs, but not including incidental or consequential damages,
737 resulting from creation or amendment of the certificate of title.

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

743 Sec. 21. (NEW) (*Effective January 1, 2016*) (a) If a written certificate of
744 title is lost, stolen, mutilated, destroyed or otherwise becomes
745 unavailable or illegible, the secured party of record or, if no secured
746 party is indicated in the Department of Motor Vehicle's files, the owner
747 of record may apply for and, by furnishing information satisfactory to
748 the department, obtain a replacement certificate of title in the name of
749 the owner of record.

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

755 (c) A replacement certificate of title created by the department shall
756 comply with section 9 of this act and indicate on the face of the
757 certificate of title that it is a replacement certificate of title.

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

761 Sec. 22. (NEW) (*Effective January 1, 2016*) (a) A buyer in ordinary
762 course of business shall have the protections afforded by subdivision
763 (2) of section 42a-2-403 of the general statutes and subsection (a) of
764 section 42a-9-320 of the general statutes even if an existing certificate of
765 title was not signed and delivered to the buyer or a new certificate of
766 title listing the buyer as owner of record was not created.

767 (b) Except as otherwise provided in sections 16 and 23 of this act,
768 the rights of a purchaser of a vessel who is not a buyer in ordinary
769 course of business or a lien creditor shall be governed by the
770 provisions of title 42a of the general statutes.

771 Sec. 23. (NEW) (*Effective January 1, 2016*) (a) Subject to subsection (b)
772 of this section, the effect of perfection and nonperfection of a security
773 interest and the priority of a perfected or unperfected security interest

774 with respect to the rights of a purchaser or creditor, including a lien
775 creditor, shall be governed by the provisions of title 42a of the general
776 statutes.

777 (b) If, while a security interest in a vessel is perfected by any method
778 under section 14 of this act, the Department of Motor Vehicles creates a
779 certificate of title that does not indicate that the vessel is subject to the
780 security interest or contain a statement that it may be subject to
781 security interests not indicated on the certificate of title:

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

786 (2) The security interest is subordinate to a conflicting security
787 interest in the vessel that is perfected under section 14 of this act after
788 creation of the certificate of title and without the secured party's
789 knowledge of the conflicting security interest.

790 Sec. 24. (NEW) (*Effective January 1, 2016*) (a) The Department of
791 Motor Vehicles shall retain the evidence used by the department to
792 determine the accuracy of the information in its files relating to the
793 current ownership of a vessel and the information on the certificate of
794 title.

795 (b) The department shall retain in its files all information received
796 by the department regarding a security interest in a vessel for not less
797 than ten years after the department receives a termination statement
798 regarding the security interest. The information shall be accessible by
799 the hull identification number for the vessel and any other methods
800 provided by the department.

801 (c) If a person submits a record to the department, or submits
802 information that the department accepts, and requests an
803 acknowledgment of the filing or submission, the department shall send
804 to the person an acknowledgment showing the hull identification

805 number for the vessel to which the record or submission relates, the
806 information in the filed record or submission, and the date and time
807 the record was received or the submission accepted. A request under
808 this section shall contain the hull identification number and be
809 delivered by means authorized by the department.

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

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

818 (A) Identified by a hull identification number designated in the
819 request;

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

821 (C) Owned by a person designated in the request;

822 (2) With respect to the vessel:

823 (A) The name and address of any owner as indicated in the files of
824 the department or on the certificate of title;

825 (B) The name and address of any secured party as indicated in the
826 files of the department or on the certificate of title, and the effective
827 date of the information; and

828 (C) A copy of any termination statement indicated in the files of the
829 department and the effective date of the termination statement; and

830 (3) With respect to the vessel, a copy of any certificate of origin,
831 secured party's transfer statement under section 18 of this act,
832 transfer-by-law statement under section 19 of this act and other
833 evidence of previous or current transfers of ownership.

834 (e) In responding to a request under this section, the department
835 may provide the requested information in any medium, provided on
836 request and upon payment of all applicable fees, the department shall
837 communicate the requested information by issuing the department's
838 written document.

839 Sec. 25. (NEW) (*Effective January 1, 2016*) In applying and construing
840 the provisions of sections 1 to 32, inclusive, of this act, consideration
841 shall be given to the need to promote uniformity of the law with
842 respect to its subject matter among states that enact such uniform
843 provisions.

844 Sec. 26. (NEW) (*Effective January 1, 2016*) The provisions of sections 1
845 to 32, inclusive, of this act modify, limit, and supersede the federal
846 Electronic Signatures in Global and National Commerce Act, 15 USC
847 7001, et seq., but do not modify, limit or supersede Section 101(c) of
848 said act, 15 USC 7001(c), or authorize electronic delivery of any of the
849 notices described in Section 103(b) of said act, 15 USC 7003(b).

850 Sec. 27. (NEW) (*Effective January 1, 2016*) (a) The rights, duties and
851 interests flowing from a transaction, certificate of title or record
852 relating to a vessel that was validly entered into or created before
853 January 1, 2016, and would be subject to sections 1 to 32, inclusive, of
854 this act if it had been entered into or created on or after January 1,
855 2016, remain valid on and after January 1, 2016.

856 (b) Sections 1 to 32, inclusive, of this act do not affect an action or
857 proceeding commenced before January 1, 2016.

858 (c) Except as otherwise provided in subsection (d) of this section, a
859 security interest that is enforceable immediately before January 1, 2016,
860 and would have priority over the rights of a person that becomes a lien
861 creditor at that time is a perfected security interest under sections 1 to
862 32, inclusive, of this act.

863 (d) A security interest in a vessel for which a certificate of title is
864 required under sections 1 to 32, inclusive, of this act that is perfected

865 immediately before January 1, 2016, remains perfected until the earlier
866 of:

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

869 (2) January 1, 2019.

870 (e) Sections 1 to 32, inclusive, of this act shall not affect the priority
871 of a security interest in a vessel if immediately before January 1, 2016,
872 the security interest is enforceable and perfected, and that priority is
873 established.

874 Sec. 28. (NEW) (*Effective January 1, 2016*) (a) The department shall be
875 paid the following fees: (1) For filing an application for a certificate of
876 title, twenty-five dollars; (2) for each security interest noted upon a
877 certificate of title or maintained in the electronic title file pursuant to
878 subsection (b) of section 14 of this act, ten dollars; (3) for each record
879 copy search, twenty dollars; (4) for each assignment of a security
880 interest noted upon a certificate of title or maintained in the electronic
881 title file, ten dollars; (5) for an application for a replacement certificate
882 of title, twenty-five dollars, provided such fee shall not be required for
883 any such replacement certificate of title; (6) for filing a notice of
884 security interest, ten dollars; (7) for filing a termination statement
885 relating to a security interest pursuant to section 15 of this act, ten
886 dollars; (8) for filing a secured party's transfer statement pursuant to
887 section 18 of this act, twenty-five dollars; (9) for filing a transfer-by-law
888 statement pursuant to section 19 of this act, twenty-five dollars; (10) for
889 filing an application for transfer of ownership or termination of a
890 security interest without a certificate of title pursuant to section 20 of
891 this act, twenty-five dollars; (11) for a certificate of search of the
892 records of the department for each name or hull identification number
893 searched against, twenty dollars; (12) for filing an assignment of
894 security interest, ten dollars; (13) for search of a vessel certificate of title
895 record, requested by a person other than the owner of record of such
896 vessel, twenty dollars; and (14) for a certified copy of any
897 documentation, information or other record maintained or created by

898 the department, twenty dollars.

899 (b) If an application, certificate of title or other document required to
900 be delivered to the department under any provision of sections 1 to 32,
901 inclusive, of this act is not delivered to the department within ten days
902 from the time it is required to be delivered, the department shall
903 collect, as a penalty, an amount equal to the fee required for the
904 transaction.

905 (c) Vessels leased to an agency of this state and vessels owned by
906 the state, an agency of the state or a municipality, as defined in section
907 7-245 of the general statutes, shall be exempt from the fees imposed by
908 this section.

909 Sec. 29. (NEW) (*Effective January 1, 2016*) (a) The Commissioner of
910 Motor Vehicles shall prescribe and provide suitable forms of
911 applications, certificates of title, notices of security interests and all
912 other notices and forms necessary to carry out the provisions of
913 sections 1 to 32, inclusive, of this act.

914 (b) The commissioner may: (1) Make necessary investigations to
915 procure information required to carry out the provisions of sections 1
916 to 32, inclusive, of this act; and (2) adopt and enforce reasonable rules
917 to carry out the provisions of said sections of this act.

918 (c) The commissioner may adopt regulations, in accordance with the
919 provisions of chapter 54 of the general statutes, to provide for the
920 implementation of any of the provisions of sections 1 to 32, inclusive,
921 of this act and for the placement of additional indications on any
922 certificate of title concerning the condition of or status of title to any
923 vessel. An indication shall be placed on a certificate of title stating that
924 the vessel may be subject to security interests not shown on the
925 certificate of title when: (1) This state becomes the state of principal use
926 of the vessel from another state; (2) the vessel was not a documented or
927 foreign-documented vessel immediately prior to the application for the
928 certificate of title; and (3) the immediately previous state of principal
929 use of the vessel did not issue, or does not have a requirement for, a

930 certificate of title for the vessel. Such regulations, as may be adopted
931 by the commissioner, shall provide for an opportunity for a hearing, in
932 accordance with the provisions of chapter 54 of the general statutes
933 and section 30 of this act, for any person aggrieved by any action,
934 omission to act or decision of the commissioner or of the Department
935 of Motor Vehicles made pursuant to this subsection.

936 (d) The commissioner shall adopt regulations, in accordance with
937 the provisions of chapter 54 of the general statutes, concerning the
938 inclusion of a title brand on a certificate of title for a vessel. In adopting
939 such regulations, the commissioner shall consider whether special
940 branding categories such as "hull damaged" shall be included on the
941 certificate of title for a vessel.

942 Sec. 30. (NEW) (*Effective January 1, 2016*) Any person aggrieved by
943 an action, omission to act or decision of the Commissioner of Motor
944 Vehicles or of the Department of Motor Vehicles under sections 1 to 32,
945 inclusive, of this act shall be entitled, upon request, to a hearing in
946 accordance with the provisions of chapter 54 of the general statutes.

947 Sec. 31. (NEW) (*Effective January 1, 2016*) Any person aggrieved by
948 an action, omission to act or decision of the Commissioner of Motor
949 Vehicles or of the Department of Motor Vehicles under sections 1 to 32,
950 inclusive, of this act may appeal therefrom in accordance with the
951 provisions of section 4-183 of the general statutes, except venue for
952 such appeal shall be in the judicial district of New Britain.

953 Sec. 32. (NEW) (*Effective January 1, 2016*) (a) Any person who, with
954 fraudulent intent: (1) Alters, forges or counterfeits a certificate of title;
955 (2) alters or forges an assignment of a certificate of title, or an
956 assignment or release of a security interest or a termination statement,
957 on a certificate of title or a form the Department of Motor Vehicles
958 prescribes; (3) has possession of or uses a certificate of title knowing it
959 to have been altered, forged or counterfeited; or (4) uses a false or
960 fictitious name or address, or makes a material false statement, or fails
961 to disclose a security interest, or conceals any other material fact, in an
962 application for a certificate of title, shall be fined not less than five

963 hundred dollars or more than one thousand dollars or be imprisoned
 964 not less than one year or more than five years or be both fined and
 965 imprisoned.

966 (b) Any person who: (1) With fraudulent intent, permits another
 967 person, not entitled thereto, to use or have possession of a certificate of
 968 title; (2) wilfully fails to deliver an application for a certificate of title to
 969 the department within ten days after the time required by section 6 of
 970 this act; (3) wilfully fails to deliver to such person's transferee a
 971 certificate of title within ten days after the time required by section 16
 972 of this act; or (4) wilfully violates any provision of sections 1 to 32,
 973 inclusive, of this act, other than subdivision (2) or (3) of this subsection
 974 and except as provided in subsection (a) of this section, shall be fined
 975 not more than one thousand dollars or be imprisoned not more than
 976 two years or be both fined and imprisoned.

977 Sec. 33. Subdivision (2) of subsection (a) of section 14-10 of the
 978 general statutes is repealed and the following is substituted in lieu
 979 thereof (*Effective January 1, 2016*):

980 (2) "Motor vehicle record" means any record that pertains to an
 981 operator's license, instruction permit, identity card, registration,
 982 certificate of title or any other document issued by the Department of
 983 Motor Vehicles. "Motor vehicle record" does not include any record
 984 relating to vessels and certificates of title for vessels, as provided in
 985 section 10 of this act;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	New section
Sec. 2	<i>January 1, 2016</i>	New section
Sec. 3	<i>January 1, 2016</i>	New section
Sec. 4	<i>January 1, 2016</i>	New section
Sec. 5	<i>January 1, 2016</i>	New section
Sec. 6	<i>January 1, 2016</i>	New section
Sec. 7	<i>January 1, 2016</i>	New section
Sec. 8	<i>January 1, 2016</i>	New section

Sec. 9	<i>January 1, 2016</i>	New section
Sec. 10	<i>January 1, 2016</i>	New section
Sec. 11	<i>January 1, 2016</i>	New section
Sec. 12	<i>January 1, 2016</i>	New section
Sec. 13	<i>January 1, 2016</i>	New section
Sec. 14	<i>January 1, 2016</i>	New section
Sec. 15	<i>January 1, 2016</i>	New section
Sec. 16	<i>January 1, 2016</i>	New section
Sec. 17	<i>January 1, 2016</i>	New section
Sec. 18	<i>January 1, 2016</i>	New section
Sec. 19	<i>January 1, 2016</i>	New section
Sec. 20	<i>January 1, 2016</i>	New section
Sec. 21	<i>January 1, 2016</i>	New section
Sec. 22	<i>January 1, 2016</i>	New section
Sec. 23	<i>January 1, 2016</i>	New section
Sec. 24	<i>January 1, 2016</i>	New section
Sec. 25	<i>January 1, 2016</i>	New section
Sec. 26	<i>January 1, 2016</i>	New section
Sec. 27	<i>January 1, 2016</i>	New section
Sec. 28	<i>January 1, 2016</i>	New section
Sec. 29	<i>January 1, 2016</i>	New section
Sec. 30	<i>January 1, 2016</i>	New section
Sec. 31	<i>January 1, 2016</i>	New section
Sec. 32	<i>January 1, 2016</i>	New section
Sec. 33	<i>January 1, 2016</i>	14-10(a)(2)

JUD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Motor Vehicle Dept.	TF - Cost	None	44,894
State Comptroller - Fringe Benefits ¹	TF - Cost	None	16,458
Department of Motor Vehicles	GF - Potential Revenue Gain	None	7,500
Judicial Dept.	GF - Potential Revenue Gain	None	See Below
Judicial Dept. (Probation)	GF - Cost	None	See Below

Municipal Impact: None

Explanation

The bill requires the Department of Motor Vehicles (DMV) to create a vessel title system in FY 16, and issue a certificate of title for certain vessels that are principally used on Connecticut waters. It is anticipated that DMV will need one position to handle the provisions of the bill. PA 13-184, the FY 14 and FY 15 Budget Act, provided \$30,200 in FY 15 (\$22,447 in DMV's Personal Services account in the General Fund and \$7,753 for fringe benefits) for a full time position starting January 1, 2015 for this purpose. It is anticipated this position will be annualized in FY 16.

The bill also sets various title fees for vessels with a model year of 2016 or greater, and is anticipated to result in an annual General Fund revenue gain of up to \$7,500 starting in FY 16. In FY 13, there were

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 36.66% of payroll in FY 15 and FY 16.

13,300 new vessel registrations. It is estimated that approximately 200 vessels per year will have a model year of 2016 or greater. Currently the revenue and costs from the Boating Fund are consolidated within the General Fund and administered by DMV.

The bill also includes a penalty for specified forms of fraudulent intent and could result in a potential revenue gain. The full impact is indeterminate as this is a new offense.

To the extent that offenders are prosecuted for new or expanded offenses under this bill, potential costs for incarceration or probation supervision in the community, or judicial revenue would result. On average, it costs the agency \$6,050 (including benefits) to supervise an inmate in the community as opposed to \$50,690 (including benefits) to incarcerate an offender.

The Out Years

The revenue would remain relatively constant into the future because the registration fee is set by statute. The costs associated with the position would increase subject to inflation.

Sources: Department of Motor Vehicles

OLR Bill Analysis**HB 5216*****AN ACT ADOPTING THE UNIFORM CERTIFICATE OF TITLE FOR VESSELS ACT.*****SUMMARY:**

This bill enacts the Uniform Certificate of Title for Vessels Act, which creates a certificate of title system for certain vessels that are principally used on Connecticut waters. It generally requires owners to apply to the Department of Motor Vehicles (DMV) for a certificate when a vessel's ownership changes or Connecticut becomes the vessel's state of principal use. But the bill does not apply to a number of different types of vessels, most notably those (1) with a model year of 2016 or earlier, (2) less than 19.5 feet in length unless they are motor boats, or (3) covered by federal documentation or a foreign country's registry.

The bill makes a certificate of title prima facie evidence of ownership, sets rules for perfecting security interests on certificates and indicating transfers of interests in vessels, establishes penalties for fraudulent acts related to certificates, and requires DMV to maintain certain information in indexed files for public searches. The bill also allows DMV to adopt regulations to implement the bill's provisions but requires regulations for certain subjects.

The bill also establishes the fees DMV can charge for certificate filings and searches.

EFFECTIVE DATE: January 1, 2016

§§ 5 & 6 — CERTIFICATE REQUIREMENT

The bill requires the owner of certain vessels principally used in Connecticut to apply to DMV, with the appropriate fee, for a certificate

of title within 20 days after the later of (1) transferring ownership or (2) Connecticut becoming the state on whose waters the vessel is or will be used, operated, navigated, or employed more than on the waters of any other state during a calendar year (i.e., state of principal use).

Under the bill, a vessel becomes covered by a certificate of title when an application and fee are delivered to (1) DMV or (2) the agency that creates a certificate in another jurisdiction. The law of the jurisdiction of the vessel's certificate of title governs all issues relating to the certificate from the time the certificate covers the vessel until it (1) is covered by another certificate or (2) becomes a documented vessel. This applies even if there is no relationship between the jurisdiction and the vessel or its owner.

Vessels Excluded from the Certificate Requirement

The bill prohibits issuing a certificate of title for a:

1. vessel designated by the manufacturer as having a model year of 2016 or earlier;
2. vessel, other than a motor boat, that is less than 19.5 feet in length;
3. vessel propelled solely by paddle or oar;
4. seaplane on water;
5. documented vessel (a vessel covered by a certificate of documentation issued by the U.S. Coast Guard under federal law, which applies to some large vessels and those owned by a federal entity);
6. foreign-documented vessel (a vessel recorded in another country's registry that identifies ownership interests and includes a unique alphanumeric designation for the vessel);
7. barge;

8. amphibious vehicle covered by a motor vehicle certificate of title in this or another state;
9. vessel operating only on a permanently fixed, manufactured course with movement restricted to or guided by a mechanical device that is attached to or controls the watercraft;
10. vessel owned by the U.S., a foreign government, a state, or a political subdivision and used for government functions;
11. lifeboat on another watercraft;
12. vessel before delivery if it is under construction or completed under a contract;
13. vessel held by a dealer for sale or lease;
14. stationary floating structure that (a) does not have and is not designed to have its own propulsion, (b) needs a continuous hookup to shore for utilities, and (c) does not have sewage facilities or has a permanent, continuous hookup to shore for sewage;
15. vessel manufactured or assembled before January 1, 2017, for which the manufacturer or assembler has not designated a model year; or
16. a vessel with a certificate from another state that becomes principally used in Connecticut but cannot receive a certificate in Connecticut under the bill's provisions.

These exceptions do not apply to a vessel principally used in Connecticut that was a documented or foreign-documented vessel but no longer is.

§ 7 — CERTIFICATE APPLICATION REQUIREMENTS

With exceptions specified in the bill, only an owner can apply for a certificate of title. The owner must file and sign an application form

prescribed by the DMV commissioner, containing:

1. the applicant's name, principal residential street address, and, if different, mailing address;
2. the name and mailing address of each other owner of the vessel;
3. the vessel's hull identification number or an application to the Department of Energy and Environmental Protection for one;
4. the vessel number or an application for one (existing law requires owners to register most vessels and obtain vessel registration numbers from DMV);
5. a description of the vessel as required by DMV, including (a) any official number assigned by the U.S. Coast Guard, (b) the manufacturer's, builder's, or maker's name, (c) the vessel's model year or the year its construction was completed, and (d) the vessel's overall length, type, hull material, and propulsion, engine drive, and fuel types;
6. all security interests in the vessel known to the applicant and the secured parties' names and mailing addresses;
7. a statement that the vessel is not a documented or foreign-documented vessel;
8. any title brand (a designation of previous damage, use, or condition described in a certificate) known to the applicant and the jurisdiction that created it;
9. if the application is made because of a transfer of ownership, the transferor's name, street address and, if different, mailing address, sales price, if any, and transfer date;
10. if the vessel previously was registered or titled in another jurisdiction, a statement identifying each jurisdiction known to the applicant where it was registered or titled; and

11. any further information the DMV commissioner reasonably requires to identify the vessel and determine whether the owner is entitled to a certificate and the existence of security interests.

The bill allows an application for a certificate of title to contain the owner's, transferor's, or secured party's email address.

With specific exceptions, the bill also requires the application to include a certificate of title signed by the owner shown on the certificate that (1) identifies the applicant as the owner or (2) is accompanied by a record that identifies the applicant as the owner. When there is no certificate of title, the owner must submit:

1. if the vessel was a documented vessel, a U.S. Coast Guard record showing the (a) vessel is no longer a documented vessel and (b) applicant is the owner;
2. if the vessel was a foreign-documented vessel, a record from the foreign country showing the (a) vessel is no longer a foreign-documented vessel and (b) applicant is the owner; or
3. in all other cases, a certificate of origin (a record created by a manufacturer or importer as proof of a vessel's identity, other than a builder's certificate), bill of sale, or other record that, to DMV's satisfaction, identifies the applicant as the owner.

The bill makes a record submitted in connection with an application part of the application and requires DMV to keep the record in its files.

Under the bill, DMV may also require payment or evidence of payment of any or all fees and taxes payable by the applicant under state law, other than fees paid in connection with the application or the acquisition or use of the vessel.

§ 8 — CERTIFICATE CREATION, REJECTION, OR CANCELLATION

The bill requires DMV to create a certificate for a vessel after delivery of an application that satisfies the bill's requirements. But

DMV must reject an application if the vessel is a documented or a foreign-documented vessel and it can reject an application if:

1. it does not comply with the bill or state law,
2. it does not contain sufficient documentation to determine whether the applicant is entitled to a certificate, or
3. there is a reasonable basis to conclude that the application is fraudulent or issuing a certificate would facilitate fraud or an illegal act.

The bill allows DMV to cancel (make ineffective) a certificate it created if DMV:

1. could have rejected the application under the bill's requirements,
2. must cancel it under the bill's provisions, or
3. receives satisfactory evidence that the vessel is a documented or foreign-documented vessel.

§§ 9 & 29 — CONTENTS OF CERTIFICATE

The bill requires a certificate of title to contain:

1. the date it was created;
2. the owner of record's name and mailing address and, if not all owners are listed, an indication that there are additional owners in DMV's files;
3. the hull identification number;
4. a description of the vessel including the information the owner must submit in the application;
5. except as otherwise provided in the bill, the name and mailing address of the secured party of record and, if there are unlisted secured parties, an indication that there are other security

interests in DMV's files;

6. all title brands indicated in DMV files including those from a certificate created by another jurisdiction that was delivered to DMV (the certificate must state the jurisdiction that created the title brand or the certificate containing it and, if the title brand's meaning is not readily ascertainable or it cannot be accommodated, state "previously branded in (name of jurisdiction)"); and
7. other information the DMV commissioner requires.

The bill permits DMV to note on a certificate the name and mailing address of a secured party that is not a secured party of record.

If DMV's files indicate that a vessel was previously registered or titled in a foreign country, DMV must indicate on the certificate that the vessel was registered or titled in that country.

The bill requires a written certificate of title to contain a form that (1) allows all owners indicated on the certificate to sign to consent to a transfer of an ownership interest and (2) includes 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.

Required Statement

The bill requires a certificate of title to state that the vessel may be subject to security interests not shown on the certificate when (1) Connecticut becomes the vessel's state of principal use in place of another state, (2) the vessel was not a documented or foreign-documented vessel immediately before the certificate application, and (3) the vessel's immediately previous state of principal use did not issue or does not require a certificate of title for the vessel.

§§ 8 & 11 — WRITTEN OR ELECTRONIC CERTIFICATES

The bill imposes the following rules on creating written or electronic certificates.

1. If DMV creates electronic certificates of title, it can only issue a written one if requested in an application by the (1) secured party of record (the secured party indicated in DMV's files or the first secured party indicated if there is more than one) or (2) if none, the owner of record (the owner indicated in DMV's files or the first owner indicated if there is more than one).
2. DMV must send a written certificate to the secured party of record or, if none, the owner of record, at the person's address in DMV's files.
3. DMV must send a record evidencing an electronic certificate to the owner of record and, if there is one, the secured party of record, at the person's mailing address or, if indicated, electronic address.
4. Creating a written certificate cancels an electronic certificate and DMV must maintain the date and time of cancellation in its files.
5. A person holding a written certificate must surrender it to DMV before DMV can create an electronic certificate.
6. If DMV creates an electronic certificate, it must destroy or cancel the surrendered written certificate and maintain the date and time of destruction or cancellation in its files. If a written certificate is not destroyed, DMV must indicate on the certificate's face that it has been cancelled.

§ 12 — CERTIFICATE AS EVIDENCE OF OWNERSHIP

The bill makes a certificate of title prima facie evidence of the accuracy of the information in it and a certified copy of it prima facie evidence of ownership in a criminal proceeding.

§ 17 — INACCURATE OR INCOMPLETE INFORMATION

A certificate of title or other record required or authorized by the bill is effective even if it contains incorrect information or does not contain required information, subject to the law regarding priority of

security interests in goods covered by a certificate of title.

§ 21 — REPLACEMENT CERTIFICATES

When a written certificate of title is lost, stolen, mutilated, destroyed, or becomes unavailable or illegible, the bill allows the secured party of record or, if there is none in DMV's files, the owner of record, to apply for a replacement certificate. The application must be signed and, except as otherwise permitted by DMV, meet the requirements for an original application. It must include the existing certificate unless it is unavailable.

The bill requires a replacement certificate to contain the same information as an original certificate with an indication that it is a replacement certificate. If a person receiving a replacement certificate subsequently obtains the original written certificate, he or she must destroy the original.

§§ 10 & 33 — DOCUMENTS AND INFORMATION IN DMV FILES

For each record relating to a certificate of title, the bill requires DMV to maintain (1) the hull identification number and (2) all the information submitted with the application to which the record relates, including the date and time the record was delivered to DMV. DMV must maintain the files for public inspection and index them.

DMV must maintain in its files (1) the information contained in all certificates it creates, searchable by the vessel's number, hull identification number, owner of record's name, and any other method DMV uses; (2) all title brands and names of secured parties and people claiming an ownership interest that DMV knows about; and (3) all stolen-property reports received.

The bill requires DMV to give federal, state, or local governments the information in its files relating to any vessel for which it issued a certificate, on request, for safety, security, or law-enforcement purposes.

The bill makes information in a certificate of title a public record

and allows DMV to disclose records related to vessels and their certificates of title. The law otherwise restricts DMV from disclosing personal information or permitting inspection of motor vehicle records containing personal information.

§ 24 — DMV RETENTION OF EVIDENCE AND INFORMATION

The bill requires DMV to retain:

1. the evidence used to determine the accuracy of information in its files relating to the current ownership of a vessel and the information on the certificate of title and
2. all information received regarding a security interest in a vessel for at least 10 years after receiving a termination statement for the security interest, with the information accessible by hull identification number and other methods DMV uses.

§ 24 — REQUESTS TO DMV FOR INFORMATION

The bill requires DMV to send or make available in a record certain information to anyone who requests it and pays all applicable fees. Generally, DMV must disclose whether its files include a certificate of title, security interest, termination statement, or title brand for a vessel identified by a hull identification or vessel number or owner. The information must be as of a date and time specified by DMV, but no more than 10 calendar days before receiving the request. For a request related to a vessel, DMV must provide:

1. the name and address of any owner or secured party in the files or on the certificate of title, the effective date of information related to a secured party, and a copy of any termination statement in the files and its effective date and
2. a copy of any vessel certificate of origin, secured party transfer statement, transfer-by-law statement, and other evidence of previous or current transfers of ownership.

The bill allows DMV to provide requested information in any

medium but, on request and payment of fees, must provide it in a written document.

Acknowledgment of Submissions

The bill allows a person who submits a record or information to DMV to request an acknowledgment of the submission. DMV must send an acknowledgment showing the (1) hull identification number of the vessel to which the record or submission relates, (2) information in the filed record or submission, and (3) date and time the record was received or the submission was accepted. The request must contain the hull identification number and be delivered by DMV-authorized means.

§ 28 — DMV FEES

The bill sets various DMV fees and charges, as displayed in Table 1. The bill exempts from these fees vessels (1) leased to a state agency or (2) owned by the state, a state agency, or a municipality.

Table 1: DMV Fees Created by the Bill

<i>Document or Service</i>	<i>Fee</i>
Application for certificate of title	\$25
Security interest or assignment of one noted on a certificate or maintained in the electronic title file	\$10
Record copy search	\$20
Application for a replacement certificate (but a fee for the duplicate certificate is not required)	\$25
Filing (1) notice of a security interest, (2) assignment of a security interest, or (3) termination statement relating to a security interest	\$10
Filing (1) secured party's transfer statement or (2) transfer-by-law statement	\$25
Filing application for transfer of ownership or termination of a security interest without a certificate of title	\$25
Certificate of search of DMV records, for each name or hull identification number searched	\$20
Search of a vessel certificate of title record, when requested by someone other than the vessel's owner of record	\$20
Certified copy of any document, information, or record maintained or created by DMV	\$20

The bill requires DMV to collect a penalty equal to the amount of the required fee if an application, certificate, or other document which the bill requires to be delivered to DMV is not delivered within 10 days after its due date.

§§ 29-31 — DMV PROCEEDINGS, RULES, AND REGULATIONS

The bill requires the DMV commissioner to prescribe and provide suitable forms for applications, certificates of title, notices of security interests, and all other notices and forms necessary to carry out the bill's provisions.

To carry out the bill's provisions, the commissioner can (1) conduct necessary investigations to procure required information and (2) adopt and enforce reasonable rules.

The bill requires the commissioner to adopt regulations about including title brands on certificates of title. The commissioner must consider whether special branding categories like "hull damaged" should be included. It allows the commissioner to adopt regulations to (1) implement the bill's provisions and (2) place additional indications on a certificate concerning the condition or status of a vessel's title.

These regulations must provide an opportunity for a hearing for anyone aggrieved by any DMV action, omission, or decision. Under the bill, an aggrieved person (1) is entitled to an administrative hearing on request and (2) can appeal to the Superior Court in the judicial district of New Britain after completing the administrative proceedings.

§ 14 — SECURITY INTERESTS IN VESSELS

By law, a creditor's interest (a "security interest") can attach to the debtor's property. A secured party who "perfects" his or her security interest has priority over other parties, such as a creditor who gets a judicial lien, bankruptcy trustee, and others who later take a security interest in the collateral.

Under the bill, a security interest in a vessel is generally the same as for other secured transactions. The bill specifies that it does not include the special property interest of a buyer of a vessel on identification of that vessel to a contract for sale but the buyer may also acquire a security interest by complying with the secured transaction laws. Except as provided in other law, the bill provides that a seller's or lessor's rights under the Uniform Commercial Code to retain or acquire possession of the vessel is not a security interest, but he or she may acquire a security interest by complying with the secured transactions law. The retention or reservation of title by a seller of a vessel notwithstanding shipment or delivery to the buyer under the Uniform Commercial Code's provisions is limited to a reservation of a security interest.

Under current law, a security interest in a vessel is usually perfected by filing a financing statement in the secretary of the state's office. The bill instead requires filing an application with DMV (1) for a certificate of title or (2) to add a security interest to a certificate already created by DMV.

For an application for a certificate of title, the bill specifies that identifying someone as owner, lessor, consignee, or bailor alone does not make someone a secured party.

When a DMV-issued certificate of title already exists, the bill allows DMV to set the application form for perfecting an interest but requires it to include the owner's or secured party's signature and the:

1. owner of record's name;
2. secured party's name and mailing address;
3. vessel's hull identification number; and
4. certificate, if DMV created a written one.

When Security Interest Perfected

Under the bill, perfection occurs on the later of the application's

delivery and payment of applicable fees to DMV or attachment of the security interest under the law on secured transactions.

New Certificate

On delivery of an application and payment of applicable fees, the bill requires DMV to create a new certificate and deliver it in the same way it creates an original certificate. DMV must maintain in its files the date and time of an application's delivery to the department.

Assignment

Under the bill, if a secured party assigns a perfected security interest in a vessel, DMV need not receive a statement providing the assignee's name as a secured party to continue the perfected status of the security interest against creditors of, and transferees from, the original debtor. But a purchaser who obtains a release from the secured party indicated in the DMV files or on the certificate takes the vessel free of a transferee's security interest and rights unless the transfer is indicated in DMV's files or on the certificate.

Exceptions from the Security Interest Requirements

The bill excludes from these provisions security interests in a vessel:

1. that is inventory, held for sale or lease by the person creating the interest;
2. that is leased by the person as lessor if the person is in the business of selling vessels;
3. for which a certificate of title is not permitted; or
4. 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 DMV.

Other Provisions

The bill preserves perfection of a security interest for four months or until it is perfected under the bill, whichever is sooner, when (1) a

certificate of documentation for a documented vessel is deleted or cancelled and (2) a security interest in the vessel was valid immediately before deletion or cancellation against a third party as a result of compliance with federal law.

For certain types of security interests in a vessel, the bill specifies that the interest is perfected on attachment but becomes unperfected when the debtor possesses the vessel, unless the security interest is perfected under the bill. This applies to Uniform Commercial Code provisions governing reservations of security interests after passage of title or a seller's shipment of goods and a buyer's or lessee's security interest on rejection of goods.

The bill requires provisions of other secured transactions law to apply to security interests (1) in a vessel as proceeds of other collateral or (2) perfected under the law of another jurisdiction.

§ 15 — TERMINATION STATEMENT BY SECURED PARTY

Under the bill, a security interest ceases to be perfected when a termination statement authorized by the secured party is delivered to DMV. The bill sets the following rules for these termination statements.

1. A secured party must deliver a termination statement on a DMV-prescribed form and, on the debtor's request, to the debtor within (a) 20 days after receiving a signed demand for a termination statement from an owner, when there is no obligation secured by the vessel and no commitment to make advances, incur obligations, or give value secured by the vessel or (b) if the vessel is a consumer good, 30 days after there is no obligation secured by the vessel and no commitment to make advances, incur obligations, or give value secured by the vessel.
2. When a termination statement is required and the secured party has a DMV-issued written certificate of title, the secured party must deliver the certificate to the debtor or DMV with the statement. If the certificate is lost, stolen, mutilated, destroyed,

unavailable, or illegible, the bill requires the secured party to deliver with the statement an application for a replacement certificate.

3. If the security interest was indicated on the certificate of title, DMV must create a new certificate and deliver it or a record evidencing an electronic certificate. DMV must maintain in its files the date and time the statement was delivered.
4. A secured party who does not comply with these requirements is liable for (a) any loss that the secured party had reason to know might result from failure to comply and that could not reasonably have been prevented and (b) the cost of an application for a certificate of title.

The bill allows the DMV commissioner to require a secured party to submit a termination statement electronically.

§ 27 — SECURITY INTERESTS CREATED BEFORE THE BILL'S EFFECTIVE DATE

A security interest enforceable before January 1, 2016 (the date the bill takes effect) that has priority over the rights of someone who becomes a lien creditor at that time is a perfected security interest under the bill. Under the bill, a "lien creditor" is a creditor with a lien on the vessel by attachment, levy, or similar means; an assignee for benefit of creditors from the time of assignment; a bankruptcy trustee from the date the petition is filed; or a receiver in equity from the time of appointment.

A security interest in a vessel required to have a certificate of title under the bill that is perfected before January 1, 2016 remains perfected until (1) the time perfection would end under the law that created the perfection or (2) January 1, 2019, whichever is earlier.

The bill does not affect the priority of a security interest that was enforceable and perfected and had its priority established before January 1, 2016.

§ 23 — RIGHTS OF SECURED PARTIES

The bill provides that perfection, nonperfection, and priority of a security interest with respect to a purchaser's or creditor's rights, including a lien creditor, are governed by the Uniform Commercial Code with the following exception.

If a security interest in a vessel is perfected under the bill's provisions and DMV 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 it 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 perfected under the bill's provisions after creation of the certificate and without the secured party's knowledge of the conflicting security interest.

§§ 16 & 18-20 — TRANSFERS**§ 16 — *Voluntary Transfer of Ownership Interest***

The bill sets the following rules for voluntarily transferring an ownership interest in a vessel covered by a certificate of title.

1. If the certificate of title is written and notes the transferor's interest, the transferor must sign it and deliver it to the transferee. If the transferor does not possess the certificate, the person who does must help the transferor comply with this requirement. A secured party does not have a duty to do so if the security agreement prohibits the proposed transfer.
2. If the certificate of title is electronic, the transferor must sign and deliver to the transferee a record showing the transfer of

ownership.

3. The transferee can require the transferor to perform these duties to meet these requirements.

Creating a certificate of title that identifies the transferee as the owner of record satisfies the bill's requirements.

Failing to comply with these provisions or apply for a new certificate does not make the transfer ineffective. But, except as otherwise provided by the bill, a transfer that does not comply with these provisions is not effective against another person claiming an interest in the vessel.

The bill provides that a transferor who complies with these provisions is not liable as an owner for events occurring after the transfer, regardless of whether the transferee applies for a new certificate of title.

§ 18 — Secured Party's Transfer Statement

The bill allows a secured party to file a "secured party's transfer statement" with DMV when the secured party of record (the first secured party indicated in DMV's files) has a right to transfer ownership in the vessel due to default on an obligation.

Under the bill, the secured party must sign the statement which indicates:

1. 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 and, as a result, the secured party of record has the right to transfer an owner's interest (and must state the owner's name);
3. the name and last-known mailing address of the owner of record and the secured party of record;

4. the transferee's name;
5. other information that the bill requires in an application for a certificate; and
6. either the (a) certificate of title is electronic or (b) the secured party is delivering the written certificate of title to DMV with the transfer statement or does not possess the written certificate created in the owner of record's name.

After delivery of the statement, fees, and taxes to DMV, other than under the bill, connected with the statement or the acquisition or use of the vessel, the bill requires DMV to:

1. accept the statement;
2. amend its files 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 it has not been delivered to DMV, (b) create a new certificate with the transferee as owner, and (c) deliver the new certificate or a record evidencing an electronic certificate.

The bill allows DMV to reject a secured party's transfer statement if (1) the application does not comply with the bill's or existing law's requirements, (2) the application lacks information to determine the applicant is entitled to a certificate, or (3) there is a reasonable basis to conclude that the application is fraudulent or issuance would facilitate fraud or illegal acts.

An application for or the creation of a certificate of title under these provisions does not dispose of the vessel or relieve the secured party of its duties under the law on secured transactions.

§ 19 — Transfer by Operation of Law

The bill allows a transferee to sign a "transfer-by-law statement" stating that he or she has acquired or has the right to acquire an

ownership interest in a vessel pursuant to law or judicial order (1) because of death, divorce, or other family law proceeding, merger, consolidation, dissolution, or bankruptcy; (2) by exercising the rights of a lien creditor or a person having a lien created by statute or rule of law; or (3) through some other legal process.

Under the bill, the statement must contain:

1. the name and last-known mailing address of the owner of record and transferee and other information required in an application for a certificate;
2. documentation sufficient to establish the transferee's ownership interest or right to acquire the ownership interest;
3. a statement that the (a) certificate of title is electronic or (b) transferee is delivering the written certificate to DMV with the statement or does not possess the written certificate created in the name of the owner of record; and
4. except for transfers because of death, divorce, or other family law proceeding, merger, consolidation, dissolution, or bankruptcy, evidence that notification of the transfer and the intent to file the statement has been sent to all people indicated in DMV's files as having an interest, including a security interest, in the vessel.

The bill requires DMV to accept the statement after delivery and payment of fees and taxes, except for those under the bill. DMV must also:

1. amend its files to reflect the transfer and
2. if the name of the owner whose 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 department, (b) create a new certificate indicating the transferee as owner, (c) indicate on the new certificate any security interest indicated on

the cancelled certificate, unless a court order provides otherwise, and (d) deliver the new certificate or a record evidencing an electronic certificate.

The bill allows DMV to reject a transfer-by-law statement for the same reasons it may reject a secured party's transfer statement or if the statement does not include satisfactory documentation as to the transferee's ownership interest or right to acquire the ownership interest.

The bill specifies that these provisions do not apply to a transfer of an interest in a vessel by a secured party on default.

§ 20 — Application for Transfer of Ownership or Termination of Security Interest Without Certificate

If DMV receives an application for a new certificate due to transfer of ownership or a termination statement from a secured party, without a signed certificate, the bill allows DMV to create a new certificate if the:

1. bill's requirements for creating a certificate are met;
2. applicant provides an affidavit showing he or she is entitled to a transfer of ownership or termination statement;
3. (a) applicant provides satisfactory evidence in a DMV-prescribed form that notification of the application has been sent to the owner of record and all people indicated in DMV's files as having an interest in the vessel, (b) at least 45 days have passed since notice was sent, and (c) DMV has not received an objection; and
4. applicant submits any other information DMV requires as evidence of ownership or the right to terminate a security interest and there is no credible information of theft, fraud, or an undisclosed or unsatisfied security interest, lien, or other claim to an interest in the vessel.

The bill requires DMV to indicate on a new certificate that it was created without having a signed certificate or termination statement. If DMV does not receive credible information of theft, fraud, or an undisclosed or unsatisfied claim within one year after creating the certificate, it must remove the indication from the certificate on request in a form and manner it requires.

Before creating a certificate for a vessel with a value of at least \$5,000 as determined by DMV, the bill allows DMV to require the applicant to post a bond or provide an indemnity or security equal to twice the vessel's value. The bond, indemnity, or security must be in a form required by DMV and provide for indemnification of any owner, purchaser, or claimant for any expense, loss, delay, or damage. This includes reasonable attorney's fees and costs but not incidental or consequential damages from creating or amending the certificate.

If DMV does not receive a claim within one year of creating a certificate, the bill requires it to release any bond, indemnity, or security on request in a form and manner it requires.

§§ 3-4, 13, & 25-27 — APPLICATION OF THE BILL'S PROVISIONS

The bill provides the following rules for applying its provisions.

1. The bill's provisions apply to any transaction, certificate of title, or record relating to a vessel, even if the transaction was entered into or the document was created before January 1, 2016.
2. The rights, duties, and interests from a transaction, certificate of title, or record relating to a vessel that was validly entered into or created before January 1, 2016 that would have been subject to the bill's provisions, remain valid.
3. The bill does not affect an action or proceeding begun before January 1, 2016.
4. Unless the bill's provisions provide otherwise, the principals of law and equity supplement them.

The bill specifies that:

1. possession of a certificate of title does not, by itself, provide a right to obtain possession of a vessel;
2. garnishment, attachment, levy, replevin, or other judicial process against the certificate is not effective to determine possessory rights to the vessel;
3. it does not prohibit enforcement under other law of a security interest in, levy on, or foreclosure of a lien on a vessel; and
4. absence of an indication of a lien on a certificate does not invalidate the lien.

In applying and construing the bill's provisions, the bill requires consideration of the need to promote uniformity with respect to its subject matter among states that have enacted the uniform provisions.

The bill provides that it modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (E-SIGN). But they do not (1) modify, limit, or supersede E-SIGN's provisions on consumer disclosures (such as when consumers are considered to have consented to electronic disclosures) or (2) authorize electronic delivery of specified notices that are not subject to E-SIGN.

§ 22 — BUYERS IN THE ORDINARY COURSE OF BUSINESS

A buyer in the ordinary course of business has certain protections in the Uniform Commercial Code even if (1) an existing certificate of title was not signed and delivered to the buyer or (2) a new certificate listing the buyer as owner of record was not created. The protections concern (1) goods entrusted to a merchant with power to transfer rights to a buyer in the ordinary course of business and (2) buyers in the ordinary course generally taking goods free of a security interest created by the seller even if the security interest is perfected and the buyer knows about it.

Except as otherwise provided in the bill, the bill specifies that the

rights of a vessel's purchaser, who is not a buyer in the ordinary course of business or a lien creditor, are governed by the Uniform Commercial Code.

§ 32 — PENALTIES FOR FRAUD

The bill punishes, with one to five years in prison, a fine of \$500 to \$1,000, or both, anyone 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 DMV form;
3. possesses or uses a certificate of title knowing it is altered, forged, or counterfeited; or
4. uses a false or fictitious name or address, makes a material false statement, fails to disclose a security interest, or conceals any other material fact in an application for a certificate of title.

The bill punishes, with up to two years in prison, a fine of up to \$1,000, or both, anyone who:

1. with fraudulent intent, permits someone who is not entitled to do so to use or possess a certificate of title;
2. willfully fails to deliver an application for a certificate to DMV within 10 days after the time required by the bill;
3. willfully fails to deliver to a transferee a certificate of title within 10 days after the time required by the bill; or
4. willfully violates any of the bill's provisions where the bill does not provide a criminal penalty.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 40 Nay 0 (04/02/2014)