

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1576

S.P. 554

In Senate, April 26, 2005

**An Act To Amend the Motor Vehicle Laws Relating to the
Assignment of Security Interests**

(EMERGENCY)

Reference to the Committee on Transportation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator SAVAGE of Knox.

2 **Emergency preamble.** Whereas, acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** current Maine law requires assignees of motor
vehicle liens to file new title applications with the Secretary
of State within 30 days after the assignment of the lien; and

8
10 **Whereas,** this statutory provision has had an unintended
adverse effect on finance companies that purchase Maine motor
vehicle contracts and, as a result, on the financing options that
dealers can make available to consumers; and

14 **Whereas,** this legislation exempts assignees from filing new
title applications as long as the lienholder of record continues
to accept payments from and service the contract for the
consumer; and

18
20 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

24 **Be it enacted by the People of the State of Maine as follows:**

26 **Sec. 1. 29-A MRSA §704, sub-§1,** as amended by PL 2001, c. 671,
28 §15, is further amended to read:

30 **1. Assignment.** A lienholder may assign a security interest
to a person other than the owner without affecting the interest
32 of the owner or the validity of the security interest. -A- Except
as provided in subsection 5, a lienholder who assigns a security
34 interest to a person other than the owner must provide notice of
the assignment to the Secretary of State within 30 days of the
36 assignment. The notice must include the name, address and
telephone number of the assignee, the name of the owner and the
38 certificate of salvage, certificate of lien or certificate of
title number. Failure to provide notice to the Secretary of
40 State as required by this subsection is a civil violation for
which the Secretary of State may assess a civil penalty of not
42 more than \$500 per violation.

44 **Sec. 2. 29-A MRSA §704, sub-§4,** as amended by PL 2001, c. 671,
46 §15, is further amended to read:

48 **4. Endorsement.** ~~Beginning--August--1,--2002~~ Except as
provided in subsection 5, the assignee must, in order to perfect
the assignment, have a certificate of title, certificate of
50 salvage or certificate of lien issued with the assignee named as

lienholder, by delivering to the Secretary of State within 30
2 days of the assignment the certificate and an assignment by the
lienholder named in the certificate in the form the Secretary of
4 State prescribes, together with an application and the required
fee.

6
8 **Sec. 3. 29-A MRSA §704, sub-§5** is enacted to read:

10 5. Exceptions. The notice requirement described in
12 subsection 1 and the filing requirement described in subsection 4
14 do not apply to an assignment of a security interest by a
16 lienholder if the lienholder retains the obligation to perform
18 servicing functions in connection with the security interest. As
20 used in this subsection, "servicing functions" includes, without
22 limitation, the obligations to release the lien upon satisfaction
24 of the security interest as provided in section 705, to furnish
26 information as provided in section 706 and to respond to a
28 request for information concerning the security interest from the
30 Secretary of State.

32 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

SUMMARY

This bill provides an exemption to the requirements that a
lienholder who assigns a security interest in a motor vehicle
must notify the Secretary of State and have a certificate of
title issued with the assignee named as lienholder for a
lienholder who assigns a security interest if the lienholder
retains the obligation to perform servicing functions in
connection with the security interest.