

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL DRS35174-ML-133 (03/13)

Short Title: Various Motor Vehicle Law Revisions.

(Public)

Sponsors: Senator B. Jackson (Primary Sponsor).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE REQUIRED USE OF THE ELECTRONIC LIEN SYSTEM IMPLEMENTED BY THE DIVISION OF MOTOR VEHICLES AND TO REVISE THE LAW GOVERNING WHEN A MOTOR VEHICLE DEALER THAT DOES NOT HAVE A MOTOR VEHICLE'S STATEMENT OF ORIGIN OR CERTIFICATE OF TITLE MAY TRANSFER TITLE TO THE MOTOR VEHICLE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 20-58.4A(i) reads as rewritten:

"(i) **Mandatory Participation.** – ~~Beginning July 1, 2016, all~~ All individuals and lienholders ~~who are normally engaged in the business or practice of financing motor vehicles, and~~ who conduct at least five transactions ~~annually~~, annually shall utilize the electronic lien system implemented in subsection (a) of this section to record information concerning the perfection and release of a security interest in a vehicle. No lien on a motor vehicle shall be noted on the certificate of title or otherwise perfected by the Division unless the electronic lien system is utilized by the lienholder in accordance with this section."

**SECTION 2.** G.S. 20-72(b) reads as rewritten:

"(b) In order to assign or transfer title or interest in any motor vehicle registered under the provisions of this Article, the owner shall execute in the presence of a person authorized to administer oaths an assignment and warranty of title on the reverse of the certificate of title in form approved by the Division, including in such assignment the name and address of the transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed and the motor vehicle delivered to the transferee. The provisions of this section shall not apply to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to G.S. 20-109.1(e1).

When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also transfer title to another by certifying in writing in a sworn statement to the Division ~~that~~ that, to the best of the dealer's knowledge and information, all prior perfected liens on the vehicle have been paid and that the motor vehicle dealer, despite having used reasonable diligence, ~~is~~ was unable to obtain the vehicle's statement of origin or certificate of ~~title~~ title on or prior to the date the dealer sold or transferred the vehicle because the statement of origin or certificate of title was (i) not delivered to the dealer or (ii) lost or misplaced by the dealer. The Division is authorized to develop a form for this purpose. In the absence of a form developed by the Division, a dealer may use any form that satisfies the requirements of this subsection.



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1 provided that, within a reasonable time of obtaining or receiving the form, the dealer submits  
2 the completed form and certificate of title to the Division. ~~The filing of a false sworn~~  
3 ~~certification with the Division pursuant to this paragraph shall constitute~~It is a Class H  
4 ~~felony.~~felony to knowingly and intentionally file a false sworn certification in accordance with  
5 this subsection. A dealer principal, owner, or manager of a motor vehicle dealership shall only  
6 be liable for a violation under this subsection for the actions or conduct of a dealership  
7 employee if the dealer principal, owner, or manager had actual knowledge of the falsity of the  
8 application at the time the application was submitted to the Division.

9 Any person transferring title or interest in a motor vehicle shall deliver the certificate of  
10 title duly assigned in accordance with the foregoing provision to the transferee at the time of  
11 delivering the vehicle, except that where a security interest is obtained in the motor vehicle  
12 from the transferee in payment of the purchase price or otherwise, the transferor shall deliver  
13 the certificate of title to the lienholder and the lienholder shall forward the certificate of title  
14 together with the transferee's application for new title and necessary fees to the Division within  
15 20 days. Any person who delivers or accepts a certificate of title assigned in blank shall be  
16 guilty of a Class 2 misdemeanor.

17 The title to a salvage vehicle shall be forwarded to the Division as provided in G.S.  
18 20-109.1, except with respect to the title of any salvage vehicle transferred pursuant to G.S.  
19 20-109.1(b)(2) or G.S. 20-109.1(e1)."

20 **SECTION 3.** Section 1 of this act becomes effective July 1, 2017. The remainder  
21 of this act is effective when it becomes law.