



THE UNIFORM CERTIFICATE OF TITLE FOR VESSELS ACT

– A Summary –

The Uniform Certificate of Title for Vessels Act (UCOTVA) provides a consistent consumer protection measure for vessel owners across the United States and its territories. Currently, only two-thirds of states have a certificate of title law for boats and other vessels. A certificate of title is an official document issued by a state or municipality that identifies the owner of a vessel. This patchwork of laws across states leads to extensive fraud. For example, title for a vessel can be “washed” by moving the vessel to a jurisdiction that does not have a vessel titling statute or has a statute that does not cover the type of vessel stolen.

The Uniform Act

UCOTVA provides a uniform titling law for all states and territories. The Act requires certain vessel owners to apply for a certificate of title within 20 days of becoming an owner or within 20 days of establishing principal use of the vessel on waters in the state.

Under the Act, certificates of title are required for vessels that are:

1. Principally used in the state;
2. At least 16 feet long; and
3. Propelled by an engine of at least 10 horsepower.

UCOTVA also includes a special branding requirement to offer transparency and protection for consumers. If the integrity of a vessel’s hull was compromised, the owner or insurer must, prior to selling the vessel, either note this on the certificate or apply for a new certificate that indicates that the vessel is “hull damaged.” Failure to comply with this rule renders the offender liable for a civil or administrative penalty.

In addition, UCOTVA establishes what information must be in an application for a certificate of title; how to deal with a transfer of ownership and title; the rights of a secured party; and the rights of a purchaser other than a secured party.

UCOTVA also solves the following issues with existing titling laws for vessels:

1. *Harmonization with Article 9 of the Uniform Commercial Code.* Many states have enacted the revised version of Article 9 of the UCC but have not updated their titling law for vessels. Accordingly, it is often difficult to harmonize a state’s titling law with its laws governing sales of vessels and security interests in vessels. This leads to legal interpretation problems.
2. *Approved by U.S. Coast Guard.* As of July 6, 2022, the U.S. Coast Guard changed its regulations for certifying state titling systems for undocumented vessels. In short, states that have adopted UCOTVA can apply to the U.S. Coast Guard to certify their titling statute. Once the U.S. Coast Guard certifies the statute, and the state is participating in the Vessel

Identification System, a security interest in a vessel perfected pursuant to the statute is granted the status of a preferred ship mortgage under federal law. This effectively allows preferred ship mortgages on vessels that are not documented with the U.S. Coast Guard. A preferred ship mortgage has priority over almost all other liens on a vessel. This type of lien has priority over almost all other liens on a vessel. The only exceptions will be previously perfected preferred ship mortgages, and maritime liens for damage arising out of a maritime tort, wages of a stevedore employed by the vessel owner or the owner's representative, wages of the vessel's crew, general average, or salvage. See 46 U.S.C. §§ 31326(b)(1), 31301(5).

3. *No Current Branding of the Title of Damaged/Salvaged Vessels.* Very few states' vessel-titling laws require branding of the title of a damaged or salvaged vessel. This means buyers could unknowingly purchase a vessel that has hidden structural damage and is, therefore, unseaworthy and unsafe. This is a particular problem after a hurricane or other natural disaster in which many recreational boats are damaged. Owners and insurers often sell the damaged boats for salvage to buyers who make cosmetic repairs and then re-sell the boats without disclosure of the casualty.

UCOTVA was drafted with extensive input from boat manufacturers, dealers, state boating law administrators, and the U.S. Coast Guard.

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