

UNIFORM CERTIFICATE OF TITLE ACT *

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UNIFORM CERTIFICATE OF TITLE ACT

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UNIFORM CERTIFICATE OF TITLE ACT

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UNIFORM CERTIFICATE OF TITLE ACT

SECTION 1. SHORT TITLE. This [act] may be cited as the Uniform Certificate of Title Act.

SECTION 2. SUPPLEMENTAL PRINCIPLES OF LAW AND EQUITY. Unless displaced by this [act], the principles of law and equity supplement its provisions.

SECTION 3. DEFINITIONS.

(a) In this [act]:

(1) “Buyer” means a person that buys or contracts to buy goods.

(2) “Buyer in ordinary course of business” means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in ordinary course if the sale comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller’s own usual or customary practices. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods under a pre-existing contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under [Uniform Commercial Code Article 2] may be a buyer in ordinary course of business. The term does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt. A buyer in ordinary course of business does not lose that status solely because a certificate of title was not executed to the buyer.

(3) “Cancel,” with respect to a certificate of title or a certificate of origin, means to make the certificate ineffective.

(4) “Certificate of origin” means a record created by a manufacturer or importer as the manufacturer’s or importer’s proof of identity of a vehicle.

(5) “Certificate of title,” except in the phrases “certificate of title created by a governmental agency of any state” and “certificate of title created by a governmental agency of any jurisdiction,” means a record, created by the office and designated as a certificate of title by it, that is evidence of ownership of a vehicle.

(6) “Create” means to bring a record into existence by making or authorizing the record.

(7) “Deliver” means voluntarily to give possession of a record or to transmit it, by any reasonable means, properly addressed and with the cost of delivery provided.

(8) “Electronic” means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(9) “Electronic certificate of origin” means a certificate of origin consisting of information that is stored solely in an electronic medium and is retrievable in perceivable form.

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

(11) “Execute” means to sign and deliver a record on, attached to, accompanying, or logically associated with a certificate of title or certificate of origin to transfer

ownership of the vehicle covered by the certificate.

(12) “Good faith” means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(13) “Importer” means a person authorized by a manufacturer to bring into and distribute in the United States new vehicles manufactured outside the United States.

(14) “Lessee in ordinary course of business” means a person that leases goods in good faith, without knowledge that the lease violates the rights of another person, and in ordinary course of business from a person, other than a pawnbroker, in the business of selling or leasing goods of that kind. A person leases in ordinary course if the lease to the person comports with the usual or customary practices in the kind of business in which the lessor is engaged or with the lessor’s own usual and customary practices. A lessee in ordinary course of business may lease for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or a certificate of title covering goods under a preexisting lease contract. Only a lessee that takes possession of the goods or has a right to recover the goods from the lessor under [Uniform Commercial Code Article 2A] may be a lessee in ordinary course of business. A person that acquires goods in bulk or as security for or in total or partial satisfaction of a money debt is not a lessee in ordinary course of business.

(15) “Lien creditor” means:

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

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

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

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

(16) “Manufacturer” means a person that manufactures, fabricates, assembles, or completes new vehicles.

(17) “Office” means [insert name of relevant department or agency in enacting state].

(18) “Owner” means a person that has legal title to a vehicle.

(19) “Owner of record” means the owner of a vehicle as indicated in the files of the office.

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

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

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

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

(24) “Secured party” means:

(A) a person in whose favor a security interest is created or

provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that is a consignor under [Uniform Commercial Code Article 9];

(C) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(D) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest is created or provided for; or

(E) a person that holds a security interest arising under [Uniform Commercial Code Section 2-401, 2-505, 2-711(3), or 2A-508(5)].

(25) “Secured party of record” means the secured party whose name is provided as the name of the secured party or a representative of the secured party in a security-interest statement that has been received by the office or, if more than one are indicated, the first indicated in the files of the office.

(26) “Security interest” means an interest in a vehicle that secures payment or performance of an obligation. The term includes any interest of a consignor in a vehicle in a transaction that is subject to [Uniform Commercial Code Article 9]. The term does not include the special property interest of a buyer of a vehicle on identification of that vehicle to a contract for sale under [Uniform Commercial Code Section 2-401], but a buyer may also acquire a security interest by complying with [Uniform Commercial Code Article 9]. Except as otherwise provided in [Uniform Commercial Code Section 2-505], the right of a seller or lessor of a vehicle under [Uniform Commercial Code Article 2 or 2A] to retain or acquire possession of

the vehicle is not a security interest, but a seller or lessor may also acquire a security interest by complying with [Uniform Commercial Code Article 9]. The retention or reservation of title by a seller of a vehicle notwithstanding shipment or delivery to the buyer under [Uniform Commercial Code Section 2-401] is limited in effect to a reservation of a security interest. Whether a transaction in the form of a lease creates a security interest is determined pursuant to law other than this [act].

(27) “Security-interest statement” means a record created by a secured party which indicates a security interest.

(28) “Sign” means, with present intent to authenticate or adopt a record, to:

(A) make or adopt a tangible symbol; or

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

(29) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, a federally recognized Indian tribe, or any territory or insular possession subject to the jurisdiction of the United States.

(30) “Termination statement” means a record created by a secured party pursuant to Section 27 which:

(A) identifies the security-interest statement to which it relates;

and

(B) indicates that it is a termination statement or that the identified security-interest statement is not effective.

(31) “Title brand” means a designation of previous damage, use, or condition that [this [act] or] law other than this [act] requires to be indicated on a certificate of title or a certificate of origin created by a governmental agency of any jurisdiction.

(32) “Transfer” means to convey, voluntarily or involuntarily, an interest in a vehicle.

(33) “Transferee” means a person that takes by transfer.

(34) “Vehicle” means goods that are any type of motorized, wheeled device of a type in, upon, or by which an individual or property is customarily transported on a road or highway, or a commercial, recreational, travel, or other trailer customarily transported on a road or highway. The term does not include:

(A) an item of specialized mobile equipment not designed primarily for transportation of individuals or property on a road or highway;

(B) an implement of husbandry; [or]

(C) a wheelchair or similar device designed for use by an individual having a physical impairment[, or

(D) a manufactured home].

[Legislative note: *The enacting state should compare this definition of “Vehicle” with existing state law to determine if adjustments are needed to conform to other law.*]

(35) “Written certificate of origin” means a certificate of origin consisting of information inscribed on a tangible medium.

(36) “Written certificate of title” means a certificate of title consisting of information inscribed on a tangible medium.

(b) The following definitions in other laws apply to this [act]:

- (1) “Agreement,” [UCC Section 1-201(b)(3)].
- (2) “Collateral,” [UCC Section 9-102(a)(12)].
- (3) “Debtor,” [UCC Section 9-102(a)(28)].
- (4) “Lease,” [UCC Section 2A-103(a)(j)].
- (5) “Lessee,” [UCC Section 2A-103(1)(n)].
- (6) “Lessor,” [UCC Section 2A-103(a)(p)].
- (7) “Manufactured home” [UCC Section 9-102(a)(53)].
- (8) “Merchant,” [UCC Section 2-104(1)].
- (9) “Notice; Knowledge,” [UCC Section 1-202].
- (10) “Representative,” [UCC Section 1-201(b)(33)].
- (11) “Sale,” [UCC Section 2-106(1)].
- (12) “Security agreement,” [UCC Section 9-102(a)(73)].
- (13) “Seller,” [UCC Section 2-103(1)(o)].
- (14) “Send,” [UCC Section 1-201(b)(36)].
- (15) “Value,” [UCC Section 1-204].

Legislative Note: *If a state has not enacted the 2002 uniform text of Articles 1, 2, and 2A, the references to Articles 1, 2, and 2A, section numbers should be adjusted as needed to reflect state law.*

SECTION 4. LAW GOVERNING VEHICLE COVERED BY CERTIFICATE OF TITLE OR CERTIFICATE OF ORIGIN.

(a) In this section, “certificate of title” means a certificate of title created by a government agency of any state.

(b) The local law of the state under whose certificate of title a vehicle is covered governs all issues relating to the certificate of title, from the time the vehicle becomes covered by the certificate of title until the vehicle ceases to be covered by the certificate of title, even if there is no other relationship between the state and the vehicle or its owner.

(c) A vehicle becomes covered by a certificate of title when an application for a certificate of title and the fee are received by the office in accordance with this [act] or when an application for a certificate of title and the fee are received in another state pursuant to the law of that state.

(d) A vehicle ceases to be covered by a certificate of title at the earlier of the time the certificate of title ceases to be effective under the law of the state pursuant to which it was created, or the time the vehicle becomes covered subsequently by another certificate of title.

(e) If a vehicle is not covered by a certificate of title but a certificate of origin has been created for the vehicle:

(1) if the parties to the certificate of origin have chosen the law of a jurisdiction, the law of that jurisdiction applies to the certificate of origin, even if there is no other relationship between that jurisdiction and the vehicle or its owner; and

(2) in the absence of an agreement effective under paragraph (1), the rights and obligations of the parties are determined by the law that would apply under this state's choice-of-law principles.

SECTION 5. EXCLUSIONS. Unless the vehicle is covered by a certificate of title, this [act] does not apply to a vehicle owned by the United States, a state, or a foreign government, or a political subdivision thereof.

SECTION 6. VEHICLE IDENTIFICATION NUMBER, MAKE, AND MODEL

YEAR. For a vehicle covered by a certificate of title, the office shall indicate in its files the vehicle identification number, make, and model year, if any, assigned by its chassis manufacturer or importer. If a vehicle identification number, make, or model year has not been assigned, the office shall assign a vehicle identification number, make, or model year and indicate the assignment in its files.

SECTION 7. EXECUTION OF CERTIFICATE OF ORIGIN.

(a) If a manufacturer or importer creates or is authorized or required to create a certificate of origin for a vehicle, upon transfer of ownership of the vehicle, the manufacturer or importer shall execute a certificate of origin to the transferee or deliver a signed certificate of origin to the office. Each succeeding transferor shall execute to the next transferee or sign and deliver to the office all certificates of origin covering the vehicle which are known to the transferor.

(b) Unless a certificate of title created by a governmental agency of any jurisdiction is delivered to the buyer, if a written certificate of origin or equivalent evidence of ownership is required by the office to obtain a certificate of title, a buyer may require that the buyer's transferor execute to the buyer a written certificate of origin or provide equivalent evidence of ownership sufficient to satisfy the requirements of the office.

SECTION 8. CANCELLATION AND REPLACEMENT OF CERTIFICATE OF ORIGIN.

(a) If a written certificate of origin is created to replace an electronic certificate of origin, the electronic certificate of origin is canceled and replaced by the written certificate of

origin.

(b) If an electronic certificate of origin is created to replace a written certificate of origin, the written certificate of origin must be canceled.

SECTION 9. APPLICATION FOR CERTIFICATE OF TITLE.

(a) Except as otherwise provided in Sections 21 and 22, only the owner of a vehicle may make application for a certificate of title covering the vehicle.

(b) An application for a certificate of title must be signed by the applicant and must contain:

(1) the applicant's name, street address, and, if different, address for receiving communications by regular U.S. mail;

(2) the vehicle identification number;

(3) a description of the vehicle including, as required by the office, the make, model, model year, and body type;

(4) an indication of all security interests in the vehicle known to the applicant and, if the application includes a direction to terminate a security-interest statement, the information required for sufficiency of a security-interest statement under Section 25(a) and the secured party's name and address for receiving communications;

(5) any title brand known to the applicant and, if known, the jurisdiction whose governmental agency created the title brand;

(6) if required under law other than this [act] to be provided by the transferor upon transfer of ownership of the vehicle, a signed record disclosing the vehicle's odometer reading; and

(7) if the application is made in connection with a transfer of ownership, the transferor's name, physical address and, if different, address for receiving communications by regular mail, and the sales price if any, and the date of the transfer.

(c) In addition to the information required in subsection (b), an application for a certificate of title may contain electronic communication addresses of the owner and the transferor.

(d) Except as otherwise provided in Section 21, 22 or 23, if an application for a certificate of title includes an indication of a transfer of ownership, the application must be accompanied by all existing certificates of origin and any certificate of title created by a governmental agency of any jurisdiction covering the vehicle, which have been executed to the applicant or are known to the applicant. Except as otherwise provided in Section 23, if an application includes a direction to terminate a security-interest statement, the application must be accompanied by a termination statement.

(e) Except as otherwise provided in Section 24, if an application for a certificate of title does not include an indication of a transfer of ownership or a direction to terminate a security-interest statement, the application must be accompanied by all existing certificates of origin and any certificate of title created by a governmental agency of any jurisdiction covering the vehicle, which are known to the applicant and evidencing the applicant as owner of the vehicle.

(f) If the applicant does not know of any existing certificate of origin or certificate of title created by a governmental agency of any jurisdiction covering the vehicle, the applicant shall include in the application for a certificate of title all existing records and other information

of the vehicle's ownership known to the applicant. Information submitted under this subsection is part of the application for the certificate of title and must be indicated in the files of the office.

(g) The office may require that an application for a certificate of title or a security-interest statement be accompanied by payment of any tax or fee payable by the applicant under the law of this state in connection with the acquisition or use of a vehicle or evidence of payment of the tax or fee.

SECTION 10. CREATION AND CANCELLATION OF CERTIFICATE OF TITLE.

(a) Unless an application for a certificate of title is rejected under subsection (c), the office shall create a certificate of title upon receipt of an application that complies with Section 9 and payment of all taxes and fees.

(b) Upon request of the secured party of record, the office shall create a written certificate of title or, if the office is authorized to do so, an electronic certificate of title. If no security interest is indicated in the files of the office, the owner of record may have the office create a written certificate of title or, if the office is authorized to do so, an electronic certificate of title. If no request is made by an owner of record or secured party, the office may create a written certificate of title or, if authorized to do so, an electronic certificate of title.

(c) The office may reject an application for a certificate of title only if:

- (1) the application does not comply with Section 9;
- (2) there is a reasonable basis for concluding that the application is fraudulent or would facilitate a fraudulent or illegal act; or
- (3) the application does not comply with law of this state other than this

[act].

(d) If the office has created a certificate of title, it may cancel the certificate of title only if it could have rejected the application under subsection (c). [The office shall provide an opportunity for a hearing at which the applicant and any other interested party may present evidence in support of or opposition to the cancellation. The office shall serve the notice of the opportunity in person or send it by regular mail to the applicant, the owner of record, and all secured parties indicated in the files of the office. If the applicant or any other interested party requests a hearing within [10] days after receiving the notice, the office shall hold the hearing within [20] days after receiving the request].

SECTION 11. CONTENTS OF CERTIFICATE OF TITLE.

(a) A certificate of title must contain:

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

(2) except as otherwise provided in Section 26(b), the name and address of any secured party of record and an indication of whether there are additional security interests indicated in the files of the office or on a record created by a governmental agency of any jurisdiction and submitted to the office;

(3) all title brands covering the vehicles, including brands previously indicated on a certificate of origin or certificate of title created by a governmental agency of any jurisdiction, which are known to the office; and

(4) any other information required under Section (9)(b).

(b) An indication of a title brand on a certificate of title may consist of an abbreviation, but not a symbol, and must identify the jurisdiction that created the title brand or

the jurisdiction that created a certificate of title created by a governmental agency of any jurisdiction that indicated the title brand. If the meaning of a title brand is not easily ascertainable or cannot be accommodated on the certificate of title, the certificate of title may state: “Previously branded in [the jurisdiction that created the title brand or whose certificate of title previously indicated the title brand].”

(c) If a vehicle was previously registered in a jurisdiction outside the United States, the office shall indicate on the certificate of title that the vehicle was registered in that jurisdiction.

(d) A certificate of title must contain a form that the owner may sign in order to execute the certificate.

SECTION 12. EFFECT OF POSSESSION OF CERTIFICATE OF TITLE OR CERTIFICATE OF ORIGIN; AND JUDICIAL PROCESS. A certificate of title created by a governmental agency of any jurisdiction or a certificate of origin does not by itself provide a means to obtain possession of a vehicle. Garnishment, attachment, levy, replevin, or other judicial process against the certificate of title or a certificate of origin is not effective to determine possessory rights with respect to the vehicle. However, this [act] does not prohibit enforcement of a security interest in, levy on, or foreclosure of a statutory or common-law lien on a vehicle under law of this state other than this [act]. The absence of an indication of a statutory or common-law lien on a certificate of title does not invalidate the lien.

SECTION 13. OTHER INFORMATION.

(a) The office may accept a submission of information relating to a vehicle for indication in the files of the office, even if the requirements for a certificate of title, an

application for a certificate of title, a security-interest statement, or a termination statement have not been met.

(b) A submission of information under this section must, to the extent practicable, include the information required under Section 9 for an application for a certificate of title.

(c) The office may require the submission of information relating to a vehicle required for payment of taxes or for issuance or renewal of license tags.

(d) The office may require a person submitting information under this section to provide a bond in a form and amount determined by the office. A bond must provide for indemnification of any secured party or other interested party against any expense, loss, or damage resulting from indication of the information in the files of the office.

(e) A submission of information under this section and its indication in the files of the office is not a certificate of title, an application for a certificate of title, a security-interest statement, or a termination statement and does not provide a basis for transferring or determining ownership of a vehicle or the effectiveness of a security-interest statement.

SECTION 14. MAINTENANCE OF AND ACCESS TO FILES.

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

(1) pursuant to Section 6, ascertain or assign the vehicle identification number, make, and model year of the vehicle to which the record relates;

(2) indicate in the files of the office the vehicle identification number, make, and model year of the vehicle to which the record relates and the information in the record,

including the date [and time] the record was delivered to the office;

(3) subject to subsection (d), maintain the file for public inspection; and

(4) index the files of the office so as to be accessible as required by

subsection (b).

(b) The office shall indicate in the files of the office the information contained in all certificates of title created under this [act]. The files of the office must be accessible by the vehicle identification number for the vehicle covered by the certificate and any other indexing method used by the office.

(c) The files of the office maintained under this section must indicate all title brands and include stolen-property reports and security-interest statements relating to the vehicle and the name or names of any secured party and claimant to ownership, known to the office.

[(d) Except as otherwise provided by law of this state other than this [act], the information required under Section 11 is a public record. Whether other information in the files of the office is made available to the public is governed by law of this state other than this [act].]

Legislative Note: *A state with separate public records laws governing disclosure of personal information should cross-reference those laws at subsection (d). A state without such a law to govern these files should enact the optional language at subsection (d) to distinguish between private and public information.*

SECTION 15. DELIVERY OF CERTIFICATE OF TITLE.

(a) Upon creation of a certificate of title, the office shall promptly deliver a written certificate of title, or a record evidencing an electronic certificate of title, to the secured party of record, if any, at the address shown on the security-interest statement submitted by the secured party of record and, unless previously provided to the owner of record, a record

evidencing the certificate of title to the owner of record at the address indicated in the files of the office. If no secured party is indicated in the files of the office, the written certificate of title or record evidencing the electronic certificate of title must be delivered to the owner of record. A record evidencing an electronic certificate of title may be delivered to a mailing address or, if indicated in the files of the office, an electronic communication address.

(b) Within a reasonable time not to exceed [15] business days after receipt of a request that a written certificate of title be created and delivered pursuant to subsection (a), the office shall create the certificate and deliver it to the person making the request.

(c) If a written certificate of title is created, any electronic certificate of title is canceled and replaced by the written certificate of title. The cancellation must be indicated in the files of the office with an indication of the date [and time] of cancellation.

(d) Before an electronic certificate of title is created, any existing certificate of title must be surrendered. If an electronic certificate of title is created, any existing written certificate of title that has been surrendered to the office must be destroyed or otherwise canceled, with an indication in the files of the office of the date [and time] of cancellation. If the written certificate of title being canceled is not destroyed, the cancellation must be indicated on the face of the written certificate of title.

SECTION 16. TRANSFER.

(a) Upon sale of a vehicle covered by a certificate of title, a person authorized to execute the certificate of title, as promptly as practicable and in compliance with this [act] and law of this state other than this [act], shall execute the certificate to the buyer or deliver to the office a signed certificate of title or a record evidencing execution of an electronic certificate of

title to the buyer. The buyer of a vehicle covered by a certificate of title has a specifically enforceable right to require the seller to execute the certificate of title to the buyer or deliver to the office a signed certificate of title or other record evidencing the transfer.

(b) Execution of a certificate of title created by a governmental agency of any jurisdiction satisfies the requirement in subsection (a).

(c) As between the parties to a transfer and their assignees and successors, a transfer of ownership is not rendered ineffective by a failure to execute a certificate of title or certificate of origin as provided in this section. However, except as otherwise provided in Section 18 (b) and (c), 19, 21, or 22, a transfer of ownership without execution of a certificate of title or certificate of origin is not effective as to other persons claiming an interest in the vehicle.

(d) Before an agreement to transfer ownership by an electronic certificate of title is made or any consideration for the transfer is paid, and before a record evidencing the transfer is executed to the transferee or delivered by the transferor to the office, the transferor shall deliver to the transferee a signed record containing the information required for an application in Section 9(b), and the transferee shall deliver to the transferor a signed record acknowledging receipt of the information. The transferee has a specifically enforceable right to receive this information before any consideration is paid. The record delivered to the office must indicate that these requirements have been met.

(e) After execution of the certificate of title and delivery of possession of the vehicle to the transferee, the transferor is not liable as owner for any damages resulting from operation of the vehicle thereafter even if the transferee fails to make application for a new certificate of title reflecting the transfer.

SECTION 17. NOTICE OF TRANSFER WITHOUT APPLICATION. A transferee or transferor, in accordance with standards and procedures established by the office, may deliver a signed record to the office giving notice of the transfer, to indicate its ownership or lack of ownership, without filing an application for a certificate of title. The record may indicate the transfer of ownership between the transferor and transferee. The record is not a certificate of title and is not effective as to other persons claiming an interest in the vehicle. The delivery to the office of the record containing the notice does not relieve any party of any obligation under Section 9 or 16.

SECTION 18. POWER TO TRANSFER.

- (a) A purchaser of a vehicle has the protections afforded by [Uniform Commercial Code Sections 2-403(1), 2A-304(1) and 2A-305(1)].
- (b) A buyer in ordinary course of business or lessee in ordinary course of business of a vehicle has the protections afforded by [Uniform Commercial Code Sections 2-403(2), 2A-304(2) and 2A-305(2)], even if the certificate of title is not executed to the buyer or lessee.
- (c) A purchase of a leasehold interest is subject to [Uniform Commercial Code Section 2A-303].
- (d) Except as otherwise provided in Section 16, the rights of other purchasers of vehicles and of lien creditors are governed by [Uniform Commercial Code Articles 2, 2A, [6,] 7, and 9].

SECTION 19. OTHER TRANSFEREES OF VEHICLE COVERED BY CERTIFICATE OF TITLE.

- (a) Except as otherwise provided in this section or Section 18(b), a transferee of

ownership takes subject to:

(1) a security interest in the vehicle indicated on a certificate of title; and

(2) if the certificate of title contains a statement that the vehicle is or may

be subject to security interests not indicated on the certificate of title, a security interest not so indicated.

(b) If, while a security interest in a vehicle is perfected by any method under the law of any jurisdiction, the office creates a certificate of title that does not indicate that the vehicle is subject to the security interest or contain a statement that it may be subject to security interests not indicated on the certificate, a buyer of the vehicle, other than a person in the business of selling or leasing goods of that kind, takes free of the security interest if the buyer:

(1) gives value in good faith, receives possession of the vehicle, and

obtains execution of the certificate of title; and

(2) does not have knowledge of the security interest in the vehicle.

(c) A buyer in ordinary course of business takes free of a security interest in the vehicle, including a security interest indicated on a certificate of title, created by the buyer's seller, even if the security interest is perfected, the buyer knows of its existence, and the certificate of title was not executed to the buyer. A lessee in ordinary course of business takes its leasehold interest free of a security interest in the vehicle, including a security interest indicated on a certificate of title, created by the lessee's lessor, even if the security interest is perfected, the lessee knows of its existence, and the certificate of title was not executed to the lessee. This subsection does not affect a security interest in a vehicle in the possession of the secured party under [Uniform Commercial Code Article 9].

(d) If, while a security interest in a vehicle is perfected by any method under the law of any jurisdiction, the office creates a certificate of title that does not indicate that the vehicle is subject to the security interest or contain a statement that it may be subject to security interests not indicated on the certificate of title, the security interest is subordinate to a conflicting security interest in the vehicle which is perfected after creation of the certificate of title and without the conflicting secured party's knowledge of the security interest.

(e) A security interest is indicated on an electronic certificate of title if it is indicated in the record of the certificate of title maintained by the office.

SECTION 20. EFFECT OF OMISSION OR INCORRECT INFORMATION.

(a) Except as otherwise provided in this section, a certificate of title, certificate of origin, security-interest statement, or other record required or authorized by this [act] is effective even if it contains incorrect information or does not contain required information.

(b) In addition to any rights provided under Section 18 or 19, if a certificate of title, certificate of origin, security-interest statement, or other record is seriously misleading because it contains incorrect information or omits required information, a purchaser of the vehicle to which the record relates takes free of any interest that would have been indicated in the record if the correct or omitted information had been indicated, to the extent that the purchaser gives value in reasonable reliance on the incorrect information or the absence of the omitted information.

(c) Except as otherwise provided in subsection (d) or Section 25(c), a description of a vehicle, including the vehicle identification number, in a certificate of title, certificate of origin, security-interest statement, or other record that otherwise satisfies the requirements of this

[act] is not seriously misleading, even if not specific and accurate, if the description reasonably identifies the vehicle.

(d) With respect to a security interest or other interest indicated in the files of the office and not indicated on a written certificate of title, a failure to indicate the information specifically or accurately is not seriously misleading if a search of the files of the office using the correct vehicle identification number or other required information, using the office's standard search logic, if any, would disclose the security interest or other interest.

SECTION 21. TRANSFER BY SECURED PARTY'S TRANSFER STATEMENT.

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

- (1) that the owner of record has defaulted on an obligation to the secured party of record;
- (2) that the secured party of record is exercising or has exercised post-default remedies with respect to the vehicle;
- (3) that, by reason of the exercise, the secured party of record has the right to transfer the rights of the owner of record;
- (4) the name and last known mailing address of:
 - (A) the owner of record;
 - (B) the secured party of record; and
 - (C) any other purchaser;
- (5) any other information required by Section 9(b); and
- (6) that the certificate of title is an electronic certificate of title, or that the

secured party does not have possession of the written certificate of title created in the name of the owner of record, or that the secured party is delivering the written certificate of title to the office with the secured party's transfer statement.

(b) Completion and delivery to the office of a secured party's transfer statement, and payment of any applicable fees and taxes, entitles the secured party to the creation of a certificate of title showing the secured party of record or other purchaser as the owner of record. Unless the secured party's transfer statement is rejected by the office for a reason set forth in Section 10, the office shall:

- (1) accept the secured party's transfer statement;
- (2) amend the files of the office to reflect the transfer;
- (3) cancel the certificate of title created in the name of the owner of record listed in the secured party's transfer statement, whether or not the certificate of title has been delivered to the office;
- (4) create a new certificate of title indicating the secured party of record or other purchaser as the vehicle's owner of record; and
- (5) deliver the new certificate of title pursuant to Section 15.

(c) The creation of a certificate of title under subsection (b) is not of itself a disposition of the vehicle and does not of itself relieve the secured party of its duties under [Uniform Commercial Code Article 9].

SECTION 22. TRANSFER BY OPERATION OF LAW.

(a) In this section:

- (1) "By operation of law" means pursuant to a law or judicial order

affecting ownership of a vehicle:

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

(B) through the exercise of the rights of a lien creditor or a person having a statutory or common law lien or other nonconsensual lien; or

(C) through other legal process.

(2) “Transfer-by-law statement” means a record signed by a transferee stating that, by operation of law, the transferee has acquired or has the right to acquire the ownership interest of the owner of record and containing:

(A) the name and mailing address of the owner of record and the transferee and the other information required by Section 9(b);

(B) documentation sufficient to establish the transferee’s interest or right to acquire the ownership interest of the owner of record; and

(C) a statement:

(i) that the certificate of title is an electronic certificate of title;

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

(iii) that the transferee is delivering the written certificate of title to the office with the transfer-by-law statement.

(b) If a transfer-by-law statement is delivered to the office with the fee and taxes and documentation satisfactory to the office as to the transferee’s ownership interest or right to

acquire the ownership interest of the owner of record, unless it is rejected by the office for a reason set forth in Section 10, the office shall:

- (1) accept delivery of the transfer-by-law statement;
- (2) promptly send notice to the owner of record and to all persons indicated in the files of the office as having an interest, including a security interest, in the vehicle that a transfer-by-law statement has been delivered to the office;
- (3) amend the files of the office to reflect the transfer;
- (4) cancel the certificate of title created in the name of the owner of record indicated in the transfer-by-law statement, whether or not the certificate has been delivered to the office;
- (5) create a new certificate of title pursuant to Section 10, indicating the transferee as owner of record; and
- (6) deliver the new certificate of title pursuant to Section 15.

(c) This section does not apply to a transfer of an interest in a vehicle by a secured party under [Uniform Commercial Code Article 9] or Section 21.

**SECTION 23. APPLICATION FOR TRANSFER OF OWNERSHIP OR
TERMINATION OF SECURITY-INTEREST STATEMENT WITHOUT CERTIFICATE
OF TITLE OR CERTIFICATE OF ORIGIN.**

(a) Except as otherwise provided in Section 21 or 22, upon receiving an application that includes an indication of a transfer of ownership or a direction to terminate a security-interest statement but is not accompanied by submission of a signed certificate of title or certificate of origin or, as applicable, a termination statement pursuant to Section 27, the office

shall create a certificate of title or terminate the security-interest statement under this section only if:

- (1) all other requirements under Sections 9 and 10 are met;
- (2) the applicant has provided an affidavit stating facts that indicate the applicant is entitled to a transfer of ownership or termination of the effectiveness of a security-interest statement;
- (3) at least 45 days before the office creates the certificate of title, the office has sent notice of the application to all persons having an interest in the vehicle as indicated in the files of the office and no objection from any of those persons has been received by the office; and
- (4) the applicant submits any other information required by the office to evidence the applicant's ownership or right to termination of the security-interest statement, and the office has no credible information indicating theft, fraud, or any undisclosed or unsatisfied security interest, lien, or other claim to an interest in the vehicle.

(b) Unless the office determines, by any reasonable method, that the value of the vehicle is less than [\$3,000], before creating a certificate of title the office may require an applicant under subsection (a) to post a bond or provide an equivalent source of indemnity or security, in a form prescribed by the office. The bond, indemnity, or other security must provide for indemnification of any owner, purchaser, or other claimant for any expense, loss, delay, or damage, including reasonable attorneys' fees but not consequential damages, resulting from creation of a certificate of title or termination of a security-interest statement, but may not exceed twice the value of the vehicle as determined by the office.

(c) If the office has not received a claim for indemnity within one year after creation of the certificate of title under subsection (a), upon request in a form and manner specified by the office, the office shall release any bond, indemnity, or other security.

(d) The office may indicate in a certificate of title created under subsection (a) that the certificate of title was created without submission of a signed certificate of title or termination statement. If no credible information indicating theft, fraud, or any undisclosed or unsatisfied security interest, lien, or other claim to an interest in the vehicle has been delivered to the office within one year after creation of the certificate of title, upon request in a form and manner specified by the office, the office shall remove the indication from the certificate of title.

SECTION 24. REPLACEMENT CERTIFICATE OF TITLE.

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

(b) An application for a replacement certificate of title must be submitted in a record signed by the applicant and, except as otherwise permitted by the office, must comply with Section 9.

(c) Unless it has been lost, stolen, or destroyed or is otherwise unavailable, the existing written certificate of title must be submitted to the office with an application for a replacement certificate of title.

(d) A replacement certificate of title created by the office must comply with

Section 11 and indicate on the face of the certificate of title that it is a replacement certificate of title.

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

SECTION 25. EFFECTIVENESS OF SECURITY-INTEREST STATEMENT.

(a) A security-interest statement is sufficient if it includes the name of the debtor, the name of the secured party or a representative of the secured party, and a description of the vehicle, and it is delivered by a person authorized to file an initial financing statement covering the vehicle pursuant to [Uniform Commercial Code Section 9-509]. A description of the vehicle is sufficient if it reasonably identifies the vehicle and is not seriously misleading under Section 20.

(b) A security-interest statement that is sufficient under subsection (a) is effective upon receipt by the office.

(c) Subject to subsections (e) and (f), a security-interest statement is not received if the office rejects the statement pursuant to subsection (e). The office may reject a security-interest statement only in the manner specified in subsection (e) and only if:

- (1) the record is not delivered by a means authorized by the office;
- (2) an amount equal to or greater than the required filing fee is not tendered with the statement or, if the office elects to notify the secured party of the filing fee deficiency, within seven days after the notification has been given;
- (3) the record does not include the name and mailing address of a debtor

and a secured party or a representative of a secured party;

(4) the record does not contain the vehicle identification number; or

(5) the office cannot identify a file of the office, certificate of title, or application for a certificate of title to which the security-interest statement relates.

(d) The office shall maintain files of the office showing the date of receipt of each security-interest statement that is not rejected and shall make this information available on request.

(e) To reject a security-interest statement, the office must send notice of rejection to the person that delivered the statement, indicating the reasons for the rejection and the date the statement would have been received had the office not rejected it.

(f) If the office does not send notice of rejection under subsection (e), the security-interest statement is received as of the time it was delivered to the office. Confirmation by the office that the security-interest statement has been entered in the files of the office is conclusive proof that receipt has occurred.

(g) If a security-interest statement sufficient under subsection (a) is tendered with the filing fee and the office sends a notice of rejection without indicating a reason set forth in subsection (c), the security-interest statement is effective as of the business day on which the statement was tendered to the office except as against a purchaser of the vehicle which gives value in reasonable reliance upon the absence of the security-interest statement from the files of the office.

(h) Failure of the office to index a security-interest statement correctly or to indicate the security interest on the certificate of title does not affect the receipt of the security-

interest statement.

SECTION 26. PERFECTION OF SECURITY INTEREST.

(a) Except as otherwise provided in subsections (b), (d), and (e), a security interest in a vehicle may be perfected only by a security-interest statement that is effective under Section 25. The security interest is perfected upon the later to occur of receipt of the security-interest statement under Section 25 or attachment of the security interest under [Uniform Commercial Code Section 9-203].

(b) If the office creates a certificate of title naming a lessor, consignor, bailor, or secured party as owner and the interest of the person named as owner is a security interest, the certificate of title serves as a security-interest statement that provides the name of the person as secured party. If the interest of the person named as owner in an application for a certificate of title delivered to the office in accordance with Section 9 is a security interest, the application is a security-interest statement that provides the name of the person as secured party. The naming of the person as owner on the application or certificate of title is not of itself a factor in determining whether the interest is a security interest.

(c) If a secured party assigns a perfected security interest in a vehicle, the receipt by the office of a security-interest statement providing the name of the transferee or its representative as secured party is not required in order to continue the perfected status of the security interest against creditors of and transferees from the original debtor. However, a purchaser of a vehicle subject to a security interest that obtains a release from the secured party indicated in the files of the office or on the certificate of title takes free of the security interest and of the rights of a transferee if the transfer is not indicated in the files of the office and on the

certificate of title.

(d) This section does not apply to a security interest in a vehicle created by a person during any period in which the vehicle is inventory held for sale or lease by the person or is leased by the person as lessor if the person is in the business of selling goods of that kind.

(e) A secured party may perfect a security interest by taking possession of a vehicle only pursuant to [Uniform Commercial Code Section 9-313(b) and 9-316(d)].

SECTION 27. TERMINATION STATEMENT.

(a) A secured party indicated in the files of the office as having a security interest in a vehicle shall deliver to the office and, upon the debtor's request, to the debtor, a signed termination statement if:

(1) there is no obligation secured by the vehicle subject to the security interest and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vehicle; or

(2) the debtor did not authorize the filing of the security-interest statement.

(b) A secured party indicated in the files of the office as having a security interest in a vehicle shall deliver a signed termination statement to the debtor or the office upon the earlier of:

(1) [30] days after there is no obligation secured by the vehicle subject to the security-interest statement and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vehicle; or

(2) [14] days after the secured party receives a signed demand from an

owner and there is no obligation secured by the vehicle subject to the security interest and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vehicle.

(c) If a written certificate of title has been created and delivered to a secured party and a termination statement is required under subsection (a), the secured party, within the time provided in subsection (b), shall deliver the written certificate of title to the debtor or the office with the termination statement. If the written certificate is lost, stolen, mutilated, or destroyed or is otherwise unavailable or illegible, the secured party shall deliver with the termination statement, within the time provided in subsection (b), an application for a replacement certificate of title meeting the requirements of Section 24.

(d) Upon the delivery of a termination statement to the office pursuant to this section, the security-interest statement and any indication of the security interest on the certificate of title to which the termination statement relates ceases to be effective. The files of the office shall indicate the date [and time] of delivery of the termination statement to the office.

(e) A secured party is liable for damages in the amount of any loss caused by its failure to comply with this section and for the reasonable cost of an application for a certificate of title under Section 9 or 24.

SECTION 28. DUTIES AND OPERATION OF FILING OFFICE.

(a) The files of the office shall indicate the information provided in security-interest statements and termination statements received by the office under Section 25 or 27 for at least [10] years after termination of the security-interest statement under Section 27. The information must be accessible by the vehicle identification number for the vehicle and any other

indexing methods provided by the office.

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

(c) The office shall send or otherwise make available in a record the following information to any person that requests it:

(1) whether the files of the office indicate, as of a date [and time] specified by the office, but not a date earlier than [three] business days before the office received the request, any certificate of title, security-interest statement, or termination statement that relates to a vehicle identified by a vehicle identification number designated in the request; and

(2) the name of the owner of record and the effective date of all security-interest statements and termination statements indicated in the files of the office.

(d) In responding to a request under this section, the office may communicate the requested information in any medium. However, if requested, the office shall send the requested information in a record that is self-authenticating under [cite applicable rule of evidence].

(e) The office shall comply with this section at the time and in the manner prescribed by the rules of the office but shall respond to requests under this section not later than [two] business days after the office receives the request.

SECTION 29. RELATION TO UNIFORMITY OF APPLICATION AND

CONSTRUCTION. In applying and construing this Uniform Act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 30. ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL

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

SECTION 31. SAVINGS CLAUSE.

(a) Except as otherwise provided in this section, this [act] applies to any transaction, certificate of title, record, or information involving a vehicle, even if the transaction, certificate of title, record, or information was entered into or created before the effective date of this [act].

(b) Transactions, certificates of title, records, and information that were validly entered into or created before the effective date of this [act], and would be subject to this [act] if they had been entered into or created on or after the effective date of this [act], and the rights, duties, and interests flowing from these transactions, certificates of title, records, and information, remain valid after the effective date of this [act].

(c) This [act] does not affect an action or proceeding commenced before the effective date of this [act].

[(d) A security interest that is enforceable immediately before the effective date of this [act] and would have priority over the rights of a person that becomes a lien creditor at that time is a perfected security interest under this [act].]

[(d) This [act] does not affect the priority of a security interest in a vehicle if immediately before the effective date of this [act] the security interest is enforceable and perfected, and that priority is established.]

SECTION 32. REPEALS. The following acts and parts of acts are repealed:

[add legislative note]

SECTION 33. EFFECTIVE DATE. This [act] takes effect