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

SECTION 2. 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 vessel, 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 and delivered to the buyer or no new certificate of title listing the buyer as owner of record was created.
(3) “Cancel”, with respect to a certificate of title, means to make the certificate ineffective.

(4) “Certificate of documentation”; means a certificate issued by the United States Coast Guard under 46 U.S.C. § section 12103.

(5) “Certificate of origin”; means a record created by a manufacturer or importer as the manufacturer’s or importer’s proof of identity of a vessel. The term includes a manufacturer’s certificate of origin, a manufacturer’s statement of origin, or an importer’s certificate of origin or statement of origin.

(6) “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 under this act or by a governmental agency of another jurisdiction under the law of that jurisdiction, that is designated as a certificate of title by it, the office or governmental agency, and that is evidence of ownership of a vessel.

(7) “Dealer”; means any person, including a manufacturer, in the business of selling vessels [who has an established place of business for the sale and display of vessels].

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

(9) “Hull identification number”, means the number assigned by the office to a vessel pursuant to [33 C.F.R. Part 187].

(10) “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 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.

“Office” means [insert name of relevant department or agency that creates certificates of title in enacting state].

“Owner” means a person that has legal title to a vessel.

“Owner of record” means the owner of a vessel as indicated in the files of the office.

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

“Principally used” means used or to operate, navigate, or employ most during a calendar year.

“Purchaser” means a person that takes by purchase.

“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.
“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)].

“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 an application for a certificate of title received by the office or, if more than one secured party is indicated, the first indicated in the files of the office.

“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 vessel 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 vessel on identification of that vessel 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 vessel under [Uniform Commercial Code Article 2 or 2A] to retain or acquire
possession of the vessel 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 vessel 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 by law other than this [act] [UCC § 1-203].

(202) “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.

(213) “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.

(224) “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 created by a governmental agency of any jurisdiction.

(235) “Transfer of ownership”; means any voluntary or involuntary conveyance of an ownership interest in a vessel[, including the creation of a security interest].

(246) “Vessel” includes any watercraft used or capable of being used as a means of transportation on water, except the following:

(A) A seaplane [on the water] [or other vehicle capable of sustained flight].
(B) An amphibious vehicle for which a certificate of title is issued pursuant to [state motor vehicle certificate of title act] or a similar statute of another state.

(C) Watercraft less than [xx] feet in length.

(D) Watercraft powered solely by [sail], paddle[,] or oars.

(E) Watercraft less than [xx] feet in length and powered solely by [sail], paddle[,] or oars.

(F) Inflatable watercraft.

(G) A surfboard.

(H) Watercraft designed to operate paddles, oars or an engine of less than 10 horsepower.

(D) Watercraft that operates only on a permanently fixed course and the movement of which is restricted to or guided on by means of a mechanical device to which the watercraft is attached or by which the watercraft is controlled, or by means of a mechanical device attached to the watercraft itself.

(E) A stationary floating structure which is designed and built to be used as a stationary waterborne residential dwelling, which

(i) does not have and is not designed to have a mode of power of its own;

(ii) is dependent for utilities upon a continuous utility linkage to a source originating on shore; and

(iii) has a permanent, continuous hookup to a shoreside sewage system.
(J) Watercraft whose owner is a State or subdivision thereof, which is used principally for governmental purposes, and which is clearly identifiable as such.

(K) Owned by United States, a state, or a foreign government, or a political subdivision of any of them.

(G) Watercraft used solely as a lifeboat on another watercraft.

(25) “Vessel identification number”, means the number assigned by the office to a vessel pursuant to [33 C.F.R. § 187]:

(26) “Waters of this state” means any waters within the territorial limits of this state:

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

(b) The following definitions and terms also apply to this [act]:

(1) “Agreement”, [UCC Section 1-201(b)(3)].

(2) “Collateral”, [UCC Section 9-102(a)(12)].

(3) “Consumer goods”, [UCC § 9-102(a)(23)].

(4) “Debtor”, [UCC Section 9-102(a)(28)].

(5) “Good faith:”, UCC Section 1-201(b)(20)].

(6) “Lease”, [UCC Section 2A-103(a)(j)].

(7) “Lessee”, [UCC Section 2A-103(1)(n)].

(8) “Lessee in ordinary course of business”, [UCC Section 2A-103(1)(o)]

(9) “Lessor”, [UCC Section 2A-103(a)(p)].

(10) “Merchant”, [UCC Section 2-104(1)].

(11) “Notice; Knowledge”, [UCC Section 1-202].
SECTION 3. SUPPLEMENTAL PRINCIPLES OF LAW AND EQUITY. Unless displaced by this act, the principles of law and equity supplement its provisions.

SECTION 4. LAW GOVERNING VESSEL COVERED BY CERTIFICATE OF TITLE.

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

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

(e) A vessel becomes covered by a certificate of title created in this State when an application for a certificate of title and the applicable fee are received by the office in accordance with this act. A vessel becomes covered by a certificate of title in another state when an application for a certificate of title and the fee creates certificates of title in another state when an application for a certificate of title and the fee
are received in that state pursuant to jurisdiction in accordance with the law of that state jurisdiction.

(d) A vessel 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 jurisdiction under which it was created or the time the vessel subsequently becomes covered by another certificate of title.

SECTION 45. CERTIFICATE OF TITLE REQUIRED.

(a) Except as provided in subsections (b) and (c), the owner of a vessel principally used on the waters of this state shall submit deliver to the office an application to the office for a certificate of title for the vessel, together with the applicable fee, within [20 days] of the latter of:

(1) the date of any transfer of ownership; or

(2) the date the vessel first became principally used on the waters of this state.

(b) No application for a certificate of title need be submitted for a vessel that is covered by a [valid] certificate of documentation.

(c) No application for a certificate of title need be submitted for a vessel acquired held by a dealer for resale.

(d) The office shall not issue, transfer, or renew a certificate of number for a vessel unless the office has issued created a certificate of title for the vessel or an application for a certificate of title for the vessel and the applicable fee has been submitted delivered to the office.
SECTION 56. APPLICATION FOR CERTIFICATE OF TITLE.

(a) Except as otherwise provided in Sections 17, 13, 18 and 48, only the owner of a vessel may apply for a certificate of title covering the vessel.

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

1. the applicant’s name, street address, and, if different, address for receiving first class mail delivered by the United States Postal Service;
2. the names of all other owners of the vessel;
3. the principal residence of at least one owner;
4. the social security number or taxpayer identification number of each owner;
5. the hull identification number for the vessel;
6. a description of the vessel as required by the office, including which must include:
   (A) the name of the manufacturer, builder, or maker;
   (B) the model year, manufacture year, or the year in which the vessel was manufactured or year built;
   (C) the overall length of the vessel;
   (D) the vessel type;
   (E) the hull material;
   (F) the propulsion type; and
   (G) the engine drive type[, if any].

7. an indication of all security interests in the vessel known to the applicant, including for each security interest the name and mailing address of the secured party or a representative of the secured party;
(8) any title brand known to the applicant and, if known, the jurisdiction under whose governmental agency created law the title brand was created; 

(9) if the application is made in connection with a transfer of ownership, the transferor’s name, physical street address and, if different, address for receiving first class mail delivered by the United States Postal Service, 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 or the transferor.

(d) Except as otherwise provided in Section 17, 18, 19, or 20, the application must be accompanied by [either]:

(1) a certificate of title created by a governmental agency of any jurisdiction covering the vessel, which has been executed signed by the owner shown on the certificate and [delivered to the applicant or] which identifies the applicant as owner of the vessel; 

(2) a certificate of documentation covering the vessel, which has been executed signed by the owner shown on the certificate and [delivered to the applicant or] which identifies the applicant as owner of the vessel; or

(3) if there is neither a certificate of title created by a governmental agency of any jurisdiction covering the vessel nor a certificate of documentation covering the vessel, all existing certificates of origin covering the vessel which are known to the applicant and which identify the applicant as owner of the vessel.

(e) Any certificate of title, certificate of documentation, or certificate of origin submitted in connection with an application is part of the application and must be indicated maintained in the files of the office.

(f) The office may require that an application for a certificate of title be accompanied by:
(1) payment of all taxes and fees payable by the applicant under the law of this state in connection with the acquisition or use of a vessel; or

(2) evidence of payment of the all\_tax\_ores\_and fees.

SECTION 6. 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 within a reasonable time, not to exceed [15] business days, after delivery to it of an application that complies with Section 5 and payment of all taxes and fees, a certificate of title for a vessel in accordance with subsection (b).

(b) Upon request of the secured party of record, or if there is no secured party of record, by the owner of record. In the absence of a request for a written certificate of title or an electronic certificate of title, the office shall decide whether to 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 5;
(2) the application does not contain documentation sufficient for the office to
determine whether the applicant is entitled to a certificate of title for the vessel;
(3) there is a reasonable basis for concluding that the application is fraudulent or
would facilitate a fraudulent or illegal act; or
(4) the application does not comply with law of this state other than this act.
(d) The office has created a certificate of title, it may cancel the
certificate of title only if it:
________ (1) the office could have rejected the application for the certificate of title under
subsection (c);
________ (2) it is required to cancel the certificate of title under another provision of this
act; or
________ (3) the U.S. Coast Guard has informed the office that] the vessel has become
covered by a certificate of documentation.—
[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 first class mail delivered by the
United States Postal Service 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 not later than [10] days after receiving the notice, the office shall hold the hearing not
later than [20] days after receiving the request].

SECTION 78. CONTENTS OF CERTIFICATE OF TITLE.
(a) A certificate of title must contain:
(1) the date the certificate of title was created;
(2) the name of all owners of the vessel;
(3) the vessel at least the first owner of the vessel listed in the application and, if not all owners are listed, an indication that there are additional owners;
(3) the address of the owner of record or the first owner listed on the certificate;
(4) the hull identification number;
(4) all of the information listed in Section 5(b)(6);
(5) except as otherwise provided in Section 21(b), the name and address of any secured party of record, if any, and an indication of whether there are additional other 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; and
(6) all title brands covering the vessel, including brands previously indicated on a certificate of title created by a governmental agency of any jurisdiction, which are known and delivered to the office; and
(b) Nothing in this act precludes an office from noting on a certificate of title the name and address of a secured party that is not a secured party of record.
(c) 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 under whose law the title brand was created or the jurisdiction that created a certificate of title created by a governmental agency of any jurisdiction that indicated the title brand on which the title brand was indicated. 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 [insert the particular jurisdiction}
that created under whose law the title brand was created or whose certificate of title previously indicated the title brand].”

(d) If a vessel was previously registered in a jurisdiction other than a state, the office shall indicate on the certificate of title that the vessel was registered in that jurisdiction.

(e) A certificate of title must contain a form that the owner [of record] [shown on the certificate] may sign in order to execute the certificate evidence its consent to a transfer of ownership to another person.

SECTION 8. OTHER INFORMATION:

(a) The office may accept a submission of information relating to a vessel for indication in the files of the office, even if the requirements for a certificate of title, an application for a certificate of title, or a termination statement have not been met.

(b) A submission of information under this section, to the extent practicable, must include the information required by Section 5(b) for an application for a certificate of title.

(c) The office may require the submission of information relating to a vessel required for payment of taxes and fees for issuance or renewal of registration.

(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, or a termination statement and does not provide a basis for transferring or determining ownership of a vessel.
SECTION 9. MAINTENANCE OF AND ACCESS TO FILES.

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

(1) ascertain or assign the vessel hull identification number for the vessel;

(2) indicate maintain in the its files of the office the vessel hull identification number and all the information submitted with the application pursuant to Section 5(b) 6(b) to which the record relates, including the date [and time] the record was delivered to the office;

(3) maintain the file for public inspection subject to subsection (d); 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 maintain in its 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 vessel hull identification number for the vessel covered by the certificate and any by other indexing method used by the office.

(c) To the extent The office shall maintain in it files, for each vessel for which it has created a certificate of title, all title brands known to the office, the files of the office maintained under this section relating to a vessel must indicate all title brands and the name or names of any each secured party and known to the office, the name of each claimant to ownership of the vessel known to the office, and include all stolen-property reports the office has received relating to the vessel.

(d) Except as otherwise provided by law of this state other than this act, the information required under Section 7 8 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.]
SECTION 10. **DELIVERY** SENDING OF CERTIFICATE OF TITLE.

[First Alternative Subsection (a)]

(a) Upon creation of a written certificate of title, the office shall promptly deliver a written certificate of title, or a record evidencing send the certificate to either the owner of record or the secured party of record, as designated in the application, at the address indicated for that person in the files of the office. Upon creation of an electronic certificate of title, to any secured party of record at the address shown on the application. Unless previously provided to the owner of record, the office shall promptly deliver send a record evidencing the certificate of title to the owner of record and, if there is one, to the secured party of record, at the address indicated for that person 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 sent to a mailing address or, if indicated in the files of the office, an electronic communication address.

[Second Alternative Subsection (a)]

(a) Upon creation of a written certificate of title, the office shall promptly deliver a written certificate of title, or a record evidencing send the certificate to the owner of record at the address indicated for the owner in the files of the office. Upon creation of an electronic certificate of title, to any secured party of record at the address shown on the application. Unless previously provided to the owner of record, the office shall promptly deliver send a record evidencing the certificate of title to the owner of record [and, if there is one, to the secured party of record,] at the address indicated in the files of for the office. If no secured party is indicated
The owner 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.

(e) If the office creates a written certificate of title for a vessel, any electronic certificate of title for the vessel is thereby cancelled 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 the office creates an electronic certificate of title for a vessel, any written certificate of title for the vessel must be surrendered to the office. If the office creates an electronic certificate of title for a vessel, the office shall destroy or otherwise cancel any existing written certificate of title for the vessel 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 destruction or other cancellation. If the written certificate of title being cancelled is not destroyed, the cancellation must be indicated on the face of the written certificate of title that the written certificate of title has been cancelled.

SECTION 11. EFFECT OF CERTIFICATE. A certificate of title is prima facie evidence of the facts appearing on it [truth of the] information in the record that constitutes the certificate of title.
SECTION 12. EFFECT OF POSSESSION OF CERTIFICATE OF TITLE; JUDICIAL PROCESS. A certificate of title created by a governmental agency of any jurisdiction does not by itself provide a means right to obtain possession of a vessel. Garnishment, attachment, levy, replevin, or other judicial process against the certificate of title is not effective to determine possessory rights with respect to the vessel. 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 vessel 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 21. PERFECTION OF SECURITY INTEREST.

(a) Except as otherwise provided in subsection (b), (d), or (e) this Section, a security interest in a vessel may be perfected only by submitting an application for a certificate of title that identifies the secured party or a representative of the secured party and that otherwise complies with Section 5. The security interest is perfected upon the later of [receipt] [acceptance] delivery to the office of the application by the office and any applicable fee or attachment of the security interest under [Uniform Commercial Code Section 9-203].

(b) For the purposes of subsection (a), if the interest of the person named as owner, lessor, consignor, or bailor, in an application for a certificate of title delivered to the office is a security interest, the application sufficiently identifies the person as secured party. The identification of a person as owner, lessor, consignor, or bailor on the application for a certificate of title is not of itself a factor in determining whether the person’s interest is a security interest.
If the office has created a certificate of title for a vessel, a security interest in the vessel may be perfected by delivery to the office an application, on such form as the office may require] to have the security interest added to the certificate of title. The application must be authenticated by an owner of the vessel or by the secured party and contain:

1. the name of the owner of record;
2. the name and mailing address of the secured party or a representative of the secured party;
3. the hull identification number for the vessel; and
4. if the office has created a written certificate of title for the vessel, the written certificate of title.

Upon delivery of an application that complies with subsection (c) and payment of all fees, the office shall create a new certificate of title pursuant to Section 7(b), and deliver the new certificate pursuant to Section 10(a). The office shall maintain in the files of the office the date [and time] of delivery of the application to the office.

If a secured party assigns a perfected security interest in a vessel, the receipt by the office of a statement providing the name of the assignee 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 vessel subject to a security interest which 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 either in the files of the office or on the certificate of title.
(f) This section does not apply to a security interest in a vessel created by a person during any period in which the vessel 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.

(g) A security interest in a vessel is perfected to the extent provided in [Uniform Commercial Code Section 9-316(d)]. [A secured party may also perfect a security interest in a vessel pursuant to [Uniform Commercial Code Sections 9-313(b) and 9-316(d)]].

(h) A security interest perfected under this section shall be entitled to priority over the rights of a lien creditor to extent provided in [Uniform Commercial Code Article 9]. For the purposes of [Uniform Commercial Code Article 9, Part 3], delivering an application pursuant to subsection (a) or (c) is equivalent to filing a financing statement.

SECTION 22 14. TERMINATION STATEMENT.

(a) A secured party indicated in the files of the office as having a security interest in a vessel shall deliver to the office and, upon the debtor’s request, to the debtor, a signed termination statement if there is no obligation secured by the vessel subject to the security interest and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vessel.

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

1. if the vessel is consumer goods, [30] days after there is no obligation secured by the vessel and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vessel; or
(2) [14] days after the secured party receives a signed demand from an owner and there is no obligation secured by the vessel subject to the security interest and no commitment to make an advance, incur an obligation, or otherwise give value secured by the vessel.

(e b) 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 a), 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 a), an application for a replacement certificate of title meeting the requirements of Section 20.

(d c) Upon delivery of a termination statement [authenticated by the secured party] to the office [pursuant to this section], any indication of the security interest on the certificate of title to which the termination statement relates ceases to be effective. If the security interest to which the termination statement applies was indicated on the certificate of title, the office shall create a new certificate of title pursuant to Section 7(b), and deliver the new certificate pursuant to Section 10(a). The files of the office must indicate [the office shall maintain in the files of the office] the date [and time] of delivery of the termination statement to the office.

(e d) 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 5 6 or 20.
SECTION 13. TRANSFER.

(a) Upon sale of a voluntary transfer of ownership of a vessel covered by a written 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 sign and deliver the certificate to the buyer or deliver to the office a signed certificate of title or [a] [an authenticated] record evidencing transfer to the buyer. Upon a voluntary transfer of ownership of a vessel covered by an electronic certificate of title, the transferor, as promptly as practicable, shall authenticate and deliver to the transferee a record evidencing the transfer of ownership to the transferee. The buyer of a vessel covered by a certificate of title has a specifically enforceable right to require the seller to execute sign and deliver the certificate of title to the buyer or authenticate and deliver to the office a signed certificate of title or other record evidencing the transfer of ownership.

(b) Execution. The creation of a certificate of title created by a governmental agency identifying the transferee as owner of any jurisdiction record satisfies subsection (a).

(c) As between the parties to a transfer and their assignees and successors, a transfer of ownership of vessel is not rendered ineffective by a failure to execute a comply with subsection (a) or by a failure to apply for a new certificate of title as provided in this section. However, except as otherwise provided in Section 14, 16, 17, 21(b) and (c), 15, 16, or 17, a transfer of ownership without execution of a certificate of title compliance with subsection (a) is not effective as to against other persons claiming an interest in the vessel.

(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 by Section 5(b)(6), 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 vessel to
the transferee After compliance with subsection (a), the transferor is not liable as owner for any
damages resulting from operation of the vessel thereafter even if the transferee fails to apply for a
new certificate of title reflecting the transfer.

SECTION 16. EFFECT OF OMISSION MISSING OR INCORRECT INFORMATION.

(a) Except as otherwise provided in this section, a certificate of title 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 14 or 15, if a certificate of title [or
other record required or authorized by this act] [is seriously misleading because it] contains
incorrect information or omits required information, a purchaser of the vessel 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; [other than a security interest,] to the extent that the
purchaser gives value in reasonable reliance on the incorrect information or [on] the absence of the
omitted information.
(c) Except as otherwise provided in subsection (d), a description of a vessel, including the vessel identification number in a certificate of title or other record required or authorized by this act which otherwise satisfies this act is not seriously misleading, even if not specific and accurate, if the description reasonably identifies the vessel.

(d) With respect to an interest in a vessel, other than 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:

(1) a search of the files of the office using the correct vessel hull identification number or other required information, using the office’s standard search logic, if any, would disclose the security interest or other interest; or

(2) a search of the files of the office using the correct name of the owner of record, using the office’s standard search logic, if any, would disclose the interest.

(d) Nothing in this section affects the application of [Uniform Commercial Code Section 9-337].

SECTION 17. 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 vessel;
(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;

the person acquiring the rights of the owner of record.

(5) any other information required by Section 5(b) 6(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 all applicable taxes and fees, entitles the secured party to the creation of a certificate of title showing the secured party of record or other purchaser person designated in paragraph (a)(4)(C) as the owner of record. Unless the secured party’s transfer statement is rejected by the office for a reason set forth in Section 6(c) 7(c), 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 vessel’s owner of record; and

(5) deliver the new certificate of title pursuant to Section 10.

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

SECTION 18. TRANSFER BY OPERATION OF LAW.

[First Alternative Subsections (a) and (b)]

(a) In this section:

(1) “By operation of law” means pursuant to a law or judicial order affecting ownership of a vessel:

(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 lien created by statute or common rule of law -lien or other noneconsensual 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 5(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 that [either]:

(i) the certificate of title is an electronic certificate of title;
(ii) the transferee does not have possession of the written
    certificate of title created in the name of the owner of record; or
(iii) 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 all taxes and fees 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 6(c), the office shall:

(1) accept delivery of the transfer-by-law statement;

(2) except for a transfer pursuant to paragraph (a)(1)(A), 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 vessel 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, indicating the transferee as owner of record;

and
(6) deliver send the new certificate of title pursuant to Section 10(a).

[Second Alternative Subsections (a) and (b)]

(a) In this section:

(1) “By operation of law” means pursuant to a law or judicial order affecting ownership of a vessel:

(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 lien created by statute or rule of law; 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 6(b);

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

(C) a statement that [either]:

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

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

(iii) the transferee is delivering the written certificate of title to the office with the transfer-by-law statement; and
(D) except for a transfer pursuant to paragraph (a)(1)(A), evidence that
notification of the transfer and the intent to file the transfer-by-law-statement has been sent 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 vessel.

(b) If a transfer-by-law statement is delivered to the office with all taxes and fees 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 7(c), the office shall:

(1) accept delivery of the transfer-by-law 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
indicated in the transfer-by-law statement, whether or not the certificate has been delivered to the
office;

(4) create a new certificate of title, indicating the transferee as owner of record;

and

(5) send the new certificate of title pursuant to Section 10(a).

[End of Alternatives]

(c) This section does not apply to a transfer of an interest in a vessel by a secured party
under [Uniform Commercial Code Article 9] or Section 17.
SECTION 19. APPLICATION FOR TRANSFER OF OWNERSHIP OR TERMINATION OF SECURITY INTEREST WITHOUT CERTIFICATE OF TITLE.

(a) Except as otherwise provided in Section 17 or 18, upon receiving either an application that includes an indication of a transfer of ownership or a termination statement that is not accompanied by submission of a signed certificate of title, the office may create or amend a certificate of title under this section only if:

(1) all other requirements under Sections 5, 6, and 7 are met;

(2) the applicant has provided an affidavit stating facts that indicate the applicant is entitled to a transfer of ownership or termination statement;

(3) at least 45 days before the office creates or amends the certificate of title, the office has sent notice of the application to all persons having an interest in the vessel 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 the security interest, 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 vessel.

(b) Unless the office determines, by any reasonable method, that the value of the vessel is less than [$x,000], before creating or amending the 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. The bond, indemnity, or other security must be in a form prescribed by the office and provide for indemnification of any owner, purchaser, or other claimant for any expense, loss,
delay, or damage, including reasonable attorney’s fees and costs but not consequential damages,
resulting from creation or amendment of the certificate of title, but may not exceed twice the
value of the vessel as determined by the office.\(^{(c)}\)

\[(c)\] If the office has not received a claim for indemnity within one year after creation or
amendment 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.\(^{(d)}\)

\[(d)\] The office may indicate in a certificate of title created or amended 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 vessel 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{SECTION 20. 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 \textit{56}.\footnote{56}
(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 78 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 14 21. RIGHTS OF PURCHASERS GENERALLY.

(a) A purchaser of a vessel 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 vessel 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 [the seller does not comply with Section 15(a)].

(c) A purchase of a leasehold interest is subject to [Uniform Commercial Code Section 2A-303].

(d) Except as otherwise provided in Section 13 15, the rights of other purchasers of vessels and of lien creditors are governed by [Uniform Commercial Code Articles 2, 2A, [6,] 7, and 9].
SECTION 15. RIGHTS OF PURCHASERS AGAINST SECURED PARTIES.

(a) Except as otherwise provided in this section or Section 14(b), a transferee of ownership takes subject to:

1. a security interest in the vessel indicated on a certificate of title; and
2. if the certificate of title contains a statement that the vessel 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 vessel is perfected by any method under the law of any jurisdiction, the office creates a certificate of title that does not indicate 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, a buyer of the vessel, 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 vessel, and obtains execution of the certificate of title; and
2. does not have knowledge of the security interest in the vessel.

(c) A buyer in ordinary course of business takes free of a security interest in the vessel, 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 vessel, 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 vessel in the possession of the secured party under [Uniform Commercial Code Article 9].

(d) If, while a security interest in a vessel is perfected by any method under the law of any jurisdiction, the office 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 of title, the security interest is subordinate to a conflicting security interest in the vessel 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 23. DUTIES AND OPERATION OF FILING OFFICE.

(a) The office shall retain the evidence used to establish the accuracy of the information in its files.

(b) The office shall maintain in its files all information regarding a security interest in a vessel, including any termination statement received by the office under Section 22, until least 10 years after the office receives a termination statement regarding the security interest. The information must be accessible by the vessel hull identification number for the vessel and any other indexing methods provided by the office.

(c) 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 vessel hull identification number of the vessel 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 vessel hull identification number and be delivered by means authorized by the office.

(e) The office shall send or otherwise make available in a record the following information to any person that requests it and pays the applicable fee, if any:

(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, or termination statement that relates to a vessel identified by a vessel hull identification number designated in the request; and

(2) the name of the owner of record;

(3) the name and address of any secured party indicated in the files of the office or on the certificate of title, and the effective date of any such information; and

(4) any termination statement indicated in the files of the office and the effective date of the termination statement.

(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 24. 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 25. 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 supersed 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 26. SAVINGS CLAUSE.

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

(b) A transaction, certificate of title, or record that was validly entered into or created before the effective date of this act and would be subject to this act if it had been entered into or created on or after the effective date of this act, and the rights, duties, and interests flowing from the transaction, certificate of title, or record remains 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.

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

SECTION 27. REPEALS. The following acts and parts of acts are repealed:

[add legislative note]

SECTION 28. EFFECTIVE DATE. This act takes effect ....