S T A T E O F N E W Y O R K

7831--A

I N S E N A T E

May 14, 2010

Introduced by Sen. ADDABBO -- read twice and ordered printed, and when printed to be committed to the Committee on Transportation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the vehicle and traffic law, in relation to establishing the "vehicle lienholder accountability act"; to require lienholders to provide notice to the owner of the vehicle when such lienholder assigns his or her security interest

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. This act shall be known and may be cited as the "vehicle lienholder accountability act."

S 2. Section 2120 of the vehicle and traffic law, as added by chapter 1134 of the laws of 1971, is amended to read as follows:

S 2120. Assignment by lienholder. (a) A lienholder may assign, absolutely or otherwise, his OR HER security interest in the vehicle to a person other than the owner without affecting the interest of the owner or the validity of the security interest, [but any] PROVIDED THAT SUCH LIENHOLDER NOTIFIES THE OWNER OF THE VEHICLE OF SUCH ASSIGNMENT, AND EXECUTES A RELEASE OF HIS OR HER SECURITY INTEREST WITHIN TEN DAYS OF SUCH ASSIGNMENT. ANY person without notice of the assignment is protected in dealing with the lienholder as the holder of the security interest and the lienholder remains liable for any obligations as lienholder until the assignee is named as lienholder on the certificate.

(b) The assignee may, but need not to perfect the assignment, have the certificate of title endorsed or issued with the assignee named as lienholder, upon delivering to the commissioner an assignment by the lienholder named in the certificate in the form the commissioner prescribes. Upon the request of the assignee the commissioner shall request the owner to deliver to the commissioner the certificate of title.

(C) A LIENHOLDER WHO VIOLATES THE PROVISIONS OF THIS SECTION SHALL PAY A CIVIL PENALTY NOT TO EXCEED ONE THOUSAND DOLLARS.

S 3. This act shall take effect on the thirtieth day after it shall have become a law.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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