

3302

2011-2012 Regular Sessions

I N   S E N A T E

February 15, 2011

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Introduced by Sen. ADDABBO -- read twice and ordered printed, and when printed to be committed to the Committee on Transportation

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:

1     Section 1. This act shall be known and may be cited as the "vehicle  
2     lienholder accountability act".  
3     S 2. Section 2120 of the vehicle and traffic law, as added by chapter  
4     1134 of the laws of 1971, is amended to read as follows:  
5     S 2120. Assignment by lienholder. (a) A lienholder may assign, abso-  
6     lutely or otherwise, his OR HER security interest in the vehicle to a  
7     person other than the owner without affecting the interest of the owner  
8     or the validity of the security interest, [but any] PROVIDED THAT SUCH  
9     LIENHOLDER NOTIFIES THE OWNER OF THE VEHICLE OF SUCH ASSIGNMENT, AND  
10    EXECUTES A RELEASE OF HIS OR HER SECURITY INTEREST WITHIN TEN DAYS OF  
11    SUCH ASSIGNMENT. ANY person without notice of the assignment is  
12    protected in dealing with the lienholder as the holder of the security  
13    interest and the lienholder remains liable for any obligations as lien-  
14    holder until the assignee is named as lienholder on the certificate.  
15    (b) The assignee may, but need not to perfect the assignment, have the  
16    certificate of title endorsed or issued with the assignee named as lien-  
17    holder, upon delivering to the commissioner an assignment by the lien-  
18    holder named in the certificate in the form the commissioner prescribes.  
19    Upon the request of the assignee the commissioner shall request the  
20    owner to deliver to the commissioner the certificate of title.  
21    (C) A LIENHOLDER WHO VIOLATES THE PROVISIONS OF THIS SECTION SHALL PAY  
22    A CIVIL PENALTY NOT TO EXCEED ONE THOUSAND DOLLARS.  
23    S 3. This act shall take effect on the thirtieth day after it shall  
24    have become a law.

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

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