STATE OF NEW YORK

9554

IN SENATE

May 16, 2024

Introduced by Sen. COONEY -- 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 electronic lien records

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 2107 of the vehicle and traffic law, as added by chapter 1134 of the laws of 1971, paragraphs 2 and 3 of subdivision (b) as amended and subdivision (c) as added by chapter 521 of the laws of 1972, is amended to read as follows:

§ 2107. Issuance and records. (a) The commissioner shall file each application received and, when satisfied as to its genuineness and regularity and that the applicant is entitled to the issuance of a certificate of title, shall issue a certificate of title of the vehicle, except that the commissioner may require that any such vehicle be inspected in a manner prescribed by [~~him~~] **the commissioner** for conformity to the description given in the application before [~~he~~] **the commissioner** issues a certificate of title.

(b) The commissioner shall maintain a record of all certificates of title issued by [~~him~~] **the commissioner**:

(1) Under a distinctive title number assigned to the vehicle;

(2) Under the identifying number of the vehicle;

(3) Alphabetically, under the name of the owner, unless [~~he~~] **the commissioner** maintains alphabetical records of all owners holding certificates of registration;

(4) Under the registration number of the vehicle; and

(5) In the discretion of the commissioner, in any other method [~~he~~] **the commissioner** determines.

(c) When the commissioner issues a certificate of title for a vehicle as a result of an original application for a title or as a result of the filing of a security interest, [~~he~~] **the commissioner** shall [~~also~~] issue and mail **the certificate of title** to the **first** lienholder [~~or lienholders~~] named in the original application, or to the lienholder who filed

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

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the subsequent security interest [~~a notice of recorded lien~~] **except as provided by section twenty-one hundred nineteen-a of this article**.

§ 2. Section 2109 of the vehicle and traffic law, as added by chapter 1134 of the laws of 1971, is amended to read as follows:

§ 2109. Delivery. The certificate of title shall be mailed to the owner **except as provided in subdivision (c) of section twenty-one hundred seven of this article**.

§ 3. Section 2112 of the vehicle and traffic law, as amended by chapter 175 of the laws of 1982, is amended to read as follows:

§ 2112. Lost, stolen or mutilated certificates. (a) If a certificate of title is lost, stolen, mutilated or destroyed or becomes illegible, the owner or legal representative of the owner named in the certificate, as shown by the records of the commissioner, shall promptly make application for and may obtain a duplicate upon furnishing information satisfactory to the commissioner. Unless the original certificate of title is surrendered to the commissioner, the duplicate certificate of title shall contain the legend "This is a duplicate certificate and may be subject to the rights of a person under the original certificate." **If the records of the commissioner show one or more lienholders, the owner shall provide a release of security interest with the application from each lienholder.** It shall be mailed to the owner.

(b) **A first lienholder named in the certificate may make application for and may obtain a duplicate upon furnishing information satisfactory to the commissioner. A lienholder who is not the first may make application and may obtain a duplicate upon furnishing information satisfactory to the commissioner and shall include a release of security interest with the application for each lienholder with preceding priority.**

(c) A person recovering an original certificate of title for which a duplicate has been issued shall promptly notify the commissioner of such recovery and shall comply with the directions of the commissioner relating to the disposition of such documents.

(d) The commissioner shall not issue a duplicate if the original certificate was issued as provided by section twenty-one hundred nineteen-a of this article unless the lienholder is out of business or is unable to comply with subdivision (c) of section twenty-one hundred nineteen-a of this article as determined by the commissioner.

§ 4. Subdivision (c) of section 2119 of the vehicle and traffic law, as added by chapter 1134 of the laws of 1971, is amended to read as follows:

(c) Upon receipt of the certificate of title, application and the required fee, the commissioner shall [~~either endorse on the certificate, or~~] issue a new certificate containing, the name and address of the new lienholder, and [~~mail~~] **provide** the certificate to the [~~owner~~] **lienholder as provided in subdivision (c) of section twenty-one hundred seven of this article**.

§ 5. The vehicle and traffic law is amended by adding a new section 2119-a to read as follows:

§ 2119-a. Electronic lien and title program. (a) The commissioner shall develop, establish, and maintain an electronic data and communication system with banks, credit unions, and other financial institutions for the purposes of electronically recording the existence of security interests under the provisions of this article. Lienholders shall electronically transmit liens and lien satisfactions to the department in a format determined by the commissioner. Individuals and lienholders who the commissioner determines are not normally engaged in

the business or practice of financing vehicles are exempt from participating in the program.

(b) Unless an individual or lienholder is exempt from this section by the commissioner as provided in subdivision (a) of this section, the lien shall be recorded electronically in the system. A certificate of title reflecting an electronically recorded lien under this section shall not be printed unless subsequently requested by the lienholder for the purposes of conducting business or upon lien satisfaction.

(c) A lien recorded electronically shall be reported as satisfied electronically to the commissioner. Unless there are additional recorded liens, upon receiving the report of lien satisfaction, the commissioner shall release the lienholder's rights on the certificate and issue a new certificate to the owner or any person who delivers to the lienholder an authorization from the owner to receive the certificate. If there are additional recorded liens, upon receiving the report of lien satisfaction, the commissioner shall release the lienholder's rights on the certificate. The certificate of title shall remain electronic until all liens have been reported as satisfied.

§ 6. Subdivision (b) of section 2120 of the vehicle and traffic law, as added by chapter 1134 of the laws of 1971, is amended to read as follows:

(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 or assignor to deliver to the commissioner the certificate of title.

§ 7. Subdivision (a) of section 2121 of the vehicle and traffic law, as amended by chapter 691 of the laws of 1985 and as designated by chapter 493 of the laws of 2012, is amended to read as follows:

(a) Upon the satisfaction of a security interest in a vehicle the lienholder shall immediately upon clearance of payment execute a release of [~~his~~] such lienholder's security interest: (i) in a manner prescribed by the commissioner and mail or deliver the release, and certificate of title if applicable, to the owner or any person who delivers to the lienholder an authorization from the owner to receive the certificate, or (ii) as provided by subdivision (c) of section twenty-one hundred nineteen-a of this article. Payment sufficient to satisfy the security interest by an insurer of the owner shall be deemed an authorization by the owner for the delivery of the release of the security interest to the insurer. If the payment in satisfaction of the security interest is in cash, certified check, intra-bank transfer of funds or an uncertified check or draft issued by an insurance company authorized to do business in this state, the payment shall be deemed to be cleared immediately upon receipt. The owner, other than a dealer holding the vehicle for resale, may cause the certificate and release to be mailed or delivered to the commissioner, who shall release the lienholder's rights on the certificate [~~or~~] and issue a new certificate.

§ 8. This act shall take effect immediately.