

# STATE OF NEW YORK

2106

2025-2026 Regular Sessions

## IN SENATE

January 15, 2025

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:

1 Section 1. Section 2107 of the vehicle and traffic law, as added by  
2 chapter 1134 of the laws of 1971, paragraphs 2 and 3 of subdivision (b)  
3 as amended and subdivision (c) as added by chapter 521 of the laws of  
4 1972, is amended to read as follows:

5 § 2107. Issuance and records. (a) The commissioner shall file each  
6 application received and, when satisfied as to its genuineness and regu-  
7 larity and that the applicant is entitled to the issuance of a certifi-  
8 cate of title, shall issue a certificate of title of the vehicle,  
9 except that the commissioner may require that any such vehicle be  
10 inspected in a manner prescribed by ~~him~~ the commissioner for conformi-  
11 ty to the description given in the application before ~~he~~ the commis-  
12 sioner issues a certificate of title.

13 (b) The commissioner shall maintain a record of all certificates of  
14 title issued by ~~him~~ the commissioner:

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

16 (2) Under the identifying number of the vehicle;

17 (3) Alphabetically, under the name of the owner, unless ~~he~~ the  
18 commissioner maintains alphabetical records of all owners holding  
19 certificates of registration;

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

21 (5) In the discretion of the commissioner, in any other method ~~he~~  
22 the commissioner determines.

23 (c) When the commissioner issues a certificate of title for a vehicle  
24 as a result of an original application for a title or as a result of the  
25 filing of a security interest, ~~he~~ the commissioner shall ~~also~~ issue

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

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1 and mail the certificate of title to the first lienholder [~~or lienhold-~~  
2 ~~ers~~] named in the original application, or to the lienholder who filed  
3 the subsequent security interest [~~a notice of recorded lien~~] except as  
4 provided by section twenty-one hundred nineteen-a of this article.

5 § 2. Section 2109 of the vehicle and traffic law, as added by chapter  
6 1134 of the laws of 1971, is amended to read as follows:

7 § 2109. Delivery. The certificate of title shall be mailed to the  
8 owner except as provided in subdivision (c) of section twenty-one  
9 hundred seven of this article.

10 § 3. Section 2112 of the vehicle and traffic law, as amended by chap-  
11 ter 175 of the laws of 1982, is amended to read as follows:

12 § 2112. Lost, stolen or mutilated certificates. (a) If a certificate  
13 of title is lost, stolen, mutilated or destroyed or becomes illegible,  
14 the owner or legal representative of the owner named in the certificate,  
15 as shown by the records of the commissioner, shall promptly make appli-  
16 cation for and may obtain a duplicate upon furnishing information satis-  
17 factory to the commissioner. Unless the original certificate of title is  
18 surrendered to the commissioner, the duplicate certificate of title  
19 shall contain the legend "This is a duplicate certificate and may be  
20 subject to the rights of a person under the original certificate." If  
21 the records of the commissioner show one or more lienholders, the owner  
22 shall provide a release of security interest with the application from  
23 each lienholder. It shall be mailed to the owner.

24 (b) A first lienholder named in the certificate may make application  
25 for and may obtain a duplicate upon furnishing information satisfactory  
26 to the commissioner. A lienholder who is not the first may make applica-  
27 tion and may obtain a duplicate upon furnishing information satisfactory  
28 to the commissioner and shall include a release of security interest  
29 with the application for each lienholder with preceding priority.

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

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

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

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

48 § 5. The vehicle and traffic law is amended by adding a new section  
49 2119-a to read as follows:

50 § 2119-a. Electronic lien and title program. (a) The commissioner  
51 shall develop, establish, and maintain an electronic data and communi-  
52 cation system with banks, credit unions, and other financial insti-  
53 tutions for the purposes of electronically recording the existence of  
54 security interests under the provisions of this article. Lienholders  
55 shall electronically transmit liens and lien satisfactions to the  
56 department in a format determined by the commissioner. Individuals and

1 lienholders who the commissioner determines are not normally engaged in  
2 the business or practice of financing vehicles are exempt from partic-  
3 ipating in the program.

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

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

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

23 (b) The assignee may, but need not to perfect the assignment, have the  
24 certificate of title endorsed or issued with the assignee named as lien-  
25 holder, upon delivering to the commissioner an assignment by the lien-  
26 holder named in the certificate in the form the commissioner prescribes.  
27 Upon the request of the assignee the commissioner shall request the  
28 owner or assignor to deliver to the commissioner the certificate of  
29 title.

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

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

51 § 8. This act shall take effect immediately.