

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

HOUSE BILL NO. 524

98TH GENERAL ASSEMBLY

1376H.01T

2015

AN ACT

To repeal sections 301.640 and 306.420 as enacted by senate bill no. 491, ninety-seventh general assembly, second regular session, section 301.640 as enacted by senate bill no. 82, ninety-fourth general assembly, first regular session, and section 306.420 as enacted by house bill no. 2008 merged with senate bill no. 895, ninety-first general assembly, second regular session, and section 700.370, RSMo, and to enact in lieu thereof four new sections relating to the electronic transmission of motor vehicle lien documents.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 301.640 and 306.420 as enacted by senate bill no. 491, ninety-seventh general assembly, second regular session, section 301.640 as enacted by senate bill no. 82, ninety-fourth general assembly, first regular session, and section 306.420 as enacted by house bill no. 2008 merged with senate bill no. 895, ninety-first general assembly, second regular session, and section 700.370, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 32.096, 301.640, 306.420, and 700.370, to read as follows:

32.096. 1. The director of revenue may adopt rules and regulations that authorize a lienholder to electronically release a lien on property titled with the department of revenue. Only liens filed electronically with the department may be released electronically. Once the lien has been released, the department shall electronically confirm receipt of such release.

2. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

10 **vested with the general assembly pursuant to chapter 536 to review, to delay the effective**
11 **date, or to disapprove and annul a rule are subsequently held unconstitutional, then the**
12 **grant of rulemaking authority and any rule proposed or adopted after August 28, 2015,**
13 **shall be invalid and void.**

301.640. 1. Within five business days after the satisfaction of any lien or encumbrance
2 of a motor vehicle or trailer, the lienholder shall release the lien or encumbrance on the
3 certificate, [or] **on a separate document, or electronically under section 32.096 and any rules**
4 **and regulations adopted thereunder,** and mail or deliver the certificate or a separate document
5 to the owner or any person who delivers to the lienholder an authorization from the owner to
6 receive the certificate or such documentation. The release on the certificate or separate document
7 shall be notarized. Each perfected subordinate lienholder, if any, shall release such lien or
8 encumbrance as provided in this section for the first lienholder. The owner may cause the
9 certificate to be mailed or delivered to the director of revenue, who shall issue a new certificate
10 of ownership upon application and payment of the required fee. A lien or encumbrance shall be
11 satisfied for the purposes of this section when a lienholder receives payment in full in the form
12 of certified funds, as defined in section 381.410, or when the lienholder receives payment in full
13 electronically or by way of electronic funds transfer, whichever first occurs.

14 2. If the electronic certificate of ownership is in the possession of the director of revenue,
15 the lienholder shall notify the director within five business days after any release of a lien and
16 provide the director with the most current address of the owner or any person who delivers to the
17 lienholder an authorization from the owner to receive the certificate or such documentation. The
18 director shall note such release on the electronic certificate and if no other lien exists the director
19 shall mail or deliver the certificate free of any lien to the owner or any person who has delivered
20 to the lienholder an authorization from the owner to receive the certificate or such documentation
21 from the director.

22 3. If the purchase price of a motor vehicle or trailer did not exceed six thousand dollars
23 at the time of purchase, a lien or encumbrance which was not perfected by a motor vehicle
24 financing corporation whose net worth exceeds one hundred million dollars, or a depository
25 institution, shall be considered satisfied within six years from the date the lien or encumbrance
26 was originally perfected unless a new lien or encumbrance has been perfected as provided in
27 section 301.600. This subsection does not apply to motor vehicles or trailers for which the
28 certificate of ownership has recorded in the second lienholder portion the words "subject to
29 future advances".

30 4. Any lienholder who fails to timely comply with subsection 1 or 2 of this section shall
31 pay to the person or persons satisfying the lien or encumbrance liquidated damages up to a
32 maximum of two thousand five hundred dollars for each lien. Liquidated damages shall be five

33 hundred dollars if the lienholder does not comply within five business days after satisfaction of
34 the lien or encumbrance. Liquidated damages shall be one thousand dollars if the lienholder
35 does not comply within ten business days after satisfaction of the lien or encumbrance.
36 Liquidated damages shall be two thousand dollars if the lienholder does not comply within
37 fifteen business days after satisfaction of the lien or encumbrance. Liquidated damages shall be
38 two thousand five hundred dollars if the lienholder does not comply within twenty business days
39 after satisfaction of the lien or encumbrance. If delivery of the certificate or other lien release
40 is made by mail, the delivery date is the date of the postmark for purposes of this subsection. In
41 computing any period of time prescribed or allowed by this section, the day of the act or event
42 after which the designated period of time begins to run is not to be counted. However, the last
43 day of the period so computed is to be included, unless it is a Saturday, Sunday, or a legal
44 holiday, in which event the period runs until the end of the next day that is not a Saturday,
45 Sunday, or legal holiday.

46 5. Any person who knowingly and intentionally sends in a separate document releasing
47 a lien of another without authority to do so shall be guilty of a class D felony.

301.640. 1. Within five business days after the satisfaction of any lien or encumbrance
2 of a motor vehicle or trailer, the lienholder shall release the lien or encumbrance on the
3 certificate, [or] on a separate document, **or electronically under section 32.096 and any rules**
4 **and regulations adopted thereunder**, and mail or deliver the certificate or a separate document
5 to the owner or any person who delivers to the lienholder an authorization from the owner to
6 receive the certificate or such documentation. The release on the certificate or separate document
7 shall be notarized. Each perfected subordinate lienholder, if any, shall release such lien or
8 encumbrance as provided in this section for the first lienholder. The owner may cause the
9 certificate to be mailed or delivered to the director of revenue, who shall issue a new certificate
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11 satisfied for the purposes of this section when a lienholder receives payment in full in the form
12 of certified funds, as defined in section 381.410, or when the lienholder receives payment in full
13 electronically or by way of electronic funds transfer, whichever first occurs.

14 2. If the electronic certificate of ownership is in the possession of the director of revenue,
15 the lienholder shall notify the director within five business days after any release of a lien and
16 provide the director with the most current address of the owner or any person who delivers to the
17 lienholder an authorization from the owner to receive the certificate or such documentation. The
18 director shall note such release on the electronic certificate and if no other lien exists the director
19 shall mail or deliver the certificate free of any lien to the owner or any person who has delivered
20 to the lienholder an authorization from the owner to receive the certificate or such documentation
21 from the director.

22 3. If the purchase price of a motor vehicle or trailer did not exceed six thousand dollars
23 at the time of purchase, a lien or encumbrance which was not perfected by a motor vehicle
24 financing corporation whose net worth exceeds one hundred million dollars, or a depository
25 institution, shall be considered satisfied within six years from the date the lien or encumbrance
26 was originally perfected unless a new lien or encumbrance has been perfected as provided in
27 section 301.600. This subsection does not apply to motor vehicles or trailers for which the
28 certificate of ownership has recorded in the second lienholder portion the words "subject to
29 future advances".

30 4. Any lienholder who fails to timely comply with subsection 1 or 2 of this section shall
31 pay to the person or persons satisfying the lien or encumbrance liquidated damages up to a
32 maximum of two thousand five hundred dollars for each lien. Liquidated damages shall be five
33 hundred dollars if the lienholder does not comply within five business days after satisfaction of
34 the lien or encumbrance. Liquidated damages shall be one thousand dollars if the lienholder
35 does not comply within ten business days after satisfaction of the lien or encumbrance.
36 Liquidated damages shall be two thousand dollars if the lienholder does not comply within
37 fifteen business days after satisfaction of the lien or encumbrance. Liquidated damages shall be
38 two thousand five hundred dollars if the lienholder does not comply within twenty business days
39 after satisfaction of the lien or encumbrance. If delivery of the certificate or other lien release
40 is made by mail, the delivery date is the date of the postmark for purposes of this subsection. In
41 computing any period of time prescribed or allowed by this section, the day of the act or event
42 after which the designated period of time begins to run is not to be counted. However, the last
43 day of the period so computed is to be included, unless it is a Saturday, Sunday, or a legal
44 holiday, in which event the period runs until the end of the next day that is not a Saturday,
45 Sunday, or legal holiday.

46 5. Any person who knowingly and intentionally sends in a separate document releasing
47 a lien of another without authority to do so shall be guilty of a class C felony.

306.420. 1. Upon the satisfaction of a lien or encumbrance on an outboard motor,
2 motorboat, vessel, or watercraft, the lienholder shall within ten days execute a release of his or
3 her lien or encumbrance[,] on the certificate, [or] **on a separate document, or electronically**
4 **under section 32.096 and any rules and regulations adopted thereunder**, and mail or deliver
5 the certificate or separate document to the owner or any person who delivers to the lienholder
6 an authorization from the owner to receive the documentation. The release on the certificate or
7 separate document shall be notarized. Each perfected subordinate lienholder, if any, shall release
8 such lien or encumbrance as provided in this section for the first lienholder. The owner may
9 cause the certificate of title, the release, and the required fee to be mailed or delivered to the

10 director of revenue, who shall release the lienholder's rights on the certificate and issue a new
11 certificate of title.

12 2. If the electronic certificate of title is in the possession of the director of revenue, the
13 lienholder shall notify the director within ten business days of any release of lien and provide the
14 director with the most current address of the owner. The director shall note such release on the
15 electronic certificate and if no other lien exists, the director shall mail or deliver the certificate
16 free of any lien to the owner.

17 3. Any person who knowingly and intentionally sends in a separate document releasing
18 a lien of another without authority to do so shall be guilty of a class D felony.

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2 motorboat, vessel, or watercraft, the lienholder shall within ten days execute a release of his or
3 her lien or encumbrance[,] on the certificate, [or] **on a separate document, or electronically**
4 **under section 32.096 and any rules and regulations adopted thereunder**, and mail or deliver
5 the certificate or separate document to the owner or any person who delivers to the lienholder
6 an authorization from the owner to receive the documentation. The release on the certificate or
7 separate document shall be notarized. Each perfected subordinate lienholder, if any, shall release
8 such lien or encumbrance as provided in this section for the first lienholder. The owner may
9 cause the certificate of title, the release, and the required fee to be mailed or delivered to the
10 director of revenue, who shall release the lienholder's rights on the certificate and issue a new
11 certificate of title.

12 2. If the electronic certificate of title is in the possession of the director of revenue, the
13 lienholder shall notify the director within ten business days of any release of lien and provide the
14 director with the most current address of the owner. The director shall note such release on the
15 electronic certificate and if no other lien exists, the director shall mail or deliver the certificate
16 free of any lien to the owner.

17 3. Any person who knowingly and intentionally sends in a separate document releasing
18 a lien of another without authority to do so shall be guilty of a class C felony.

700.370. 1. Upon the satisfaction of a lien or encumbrance on a manufactured home,
2 the lienholder shall, within ten days after demand, release the lien or encumbrance on the
3 certificate, [or] **on a separate document, or electronically under section 32.096 and any rules**
4 **and regulations adopted thereunder**, and mail or deliver the certificate or separate document
5 to the owner or any person who delivers to the lienholder an authorization from the owner to
6 receive the certificate or separate document. Each perfected subordinate lienholder, if any, shall
7 release such lien or encumbrance as provided in this section for the first lienholder. The release
8 on the certificate or separate document shall be notarized. The owner may cause the certificate

9 of title, the release, and the required fee to be mailed or delivered to the director of revenue, who
10 shall release the lienholder's rights on the certificate and issue a new certificate of title.

11 2. If the electronic certificate of ownership is in the possession of the director of revenue,
12 the lienholder shall notify the director within ten business days of any release of a lien and
13 provide the director with the most current address of the owner. The director shall note such
14 release on the electronic certificate and if no other lien exists the director shall mail or deliver
15 the certificate free of any lien to the owner.

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