

SENATE BILL NO. 206

INTRODUCED BY HAFHEY

BY REQUEST OF THE MOTOR VEHICLE DIVISION
OF THE DEPARTMENT OF JUSTICE

IN THE SENATE

January 23, 1985	Introduced and referred to Committee on Business and Industry.
January 28, 1985	Fiscal Note requested.
January 31, 1985	Fiscal Note returned.
February 7, 1985	Committee recommend bill do pass as amended. Report adopted.
February 8, 1985	Bill printed and placed on members' desks.
February 11, 1985	Second reading, pass consideration. On motion taken from second reading and rereferred to Committee on Judiciary. Motion adopted.
February 22, 1985	Committee recommend bill do pass as amended. Report adopted.
February 23, 1985	Bill printed and placed on members' desks.
February 25, 1985	Second reading, do pass.
February 26, 1985	Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 50; Noes, 0. Transmitted to House.

IN THE HOUSE

March 7, 1985 Introduced and referred to
 Committee on Business and Labor.

March 20, 1985 Committee recommend bill be
 concurred in. Report adopted.

March 23, 1985 Second reading, concurred in.

March 25, 1985 Third reading, concurred in.
 Returned to Senate.

IN THE SENATE

March 25, 1985 Received from House.

March 26, 1985 Sent to enrolling.
 Reported correctly enrolled.

Senate BILL NO. 206

INTRODUCED BY _____
BY REQUEST OF THE MOTOR VEHICLE DIVISION
OF THE DEPARTMENT OF JUSTICE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF FILING SECURITY INTERESTS IN MOTOR VEHICLES; EXEMPTING VEHICLES CONSTITUTING DEALER INVENTORY FROM PERFECTION OF SECURITY INTERESTS BY NOTATION ON TITLE; AMENDING SECTIONS 61-3-103 AND 61-3-202, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

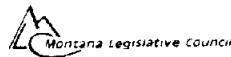
Section 1. Section 61-3-103, MCA, is amended to read:

"61-3-103. Filing of security interests, rights, procedure, fees. (1) No security interest in a motor vehicle shall be valid as against creditors, subsequent purchasers, or encumbrancers unless the security agreement or other lien instrument that creates the security interest or a true copy thereof certified by a notary public has been filed with the division as provided in this section. The division shall not file any security agreement interest or other lien instrument unless it is accompanied by the specified in the application for a certificate of ownership of the vehicle encumbered, ~~except in the sale of a new motor vehicle by a~~ duty licensed dealer. The security agreement or lien

instrument may not be transmitted to the division, but must be retained by the secured party. The division shall file the security agreement, interest or lien instrument, or its certified copy by entering upon its records the name and address of the secured party ~~together with the amount of the security interest and, except as provided in subsection (2), shall endorse the same information~~ upon the face of the certificate of ownership. The division shall mail a statement certifying to the filing of a security agreement interest or lien instrument to the secured party and mail the certificate of ownership to the owner at the address given on the certificate. The owner of a motor vehicle is the person entitled to operate and possess such motor vehicle.

(2) A security interest in a motor vehicle held as inventory by a dealer licensed under the provisions of 61-4-101, must be perfected in accordance with Title 30, chapter 4, and no endorsement on the certificate of title is necessary for perfection.

~~(2)~~ (3) Whenever a security agreement interest or lien instrument is filed against a motor vehicle that is subject to two security interests previously perfected by filing under this section, the division shall endorse on the face of the certificate of ownership, "NOTICE. This motor vehicle is subject to additional security interests on file with the



1 Division of Motor Vehicles." No other information regarding
2 such additional security interests need be endorsed on the
3 certificate.

4 ~~†3†(4)~~ Satisfaction or statements of release filed
5 with the division under this chapter shall be retained by it
6 for a period of 8 years after receipt, after which they may
7 be destroyed. ~~Security agreements and other lien~~
8 ~~instruments filed with the division, and all renewals and~~
9 ~~assignments thereof, shall be retained by it for a period of~~
10 ~~8 years after the maturity date stated in the security~~
11 ~~agreement, lien instrument, or renewal, or if no maturity~~
12 ~~date is therein stated, for a period of 13 years after~~
13 ~~receipt, after which they may be destroyed.~~

14 ~~†4†(5)~~ The filing of a security agreement interest or
15 other lien instrument or copy thereof, as herein provided,
16 perfects a security interest which has attached ~~under the~~
17 ~~document filed.~~ Filing of a security agreement or other lien
18 instrument at the time the certificate of ownership noting
19 such interest is issued. Issuance of a certificate of
20 ownership constitutes constructive notice to subsequent
21 purchasers or encumbrancers, from the time of filing, of the
22 existence of the security interest ~~created by the document~~
23 ~~filed.~~

24 ~~†5†(6)~~ Upon default under a chattel mortgage or
25 conditional sales contract covering a motor vehicle, the

1 mortgagee or vendor has the same remedies as in the case of
2 other personal property. In case of attachment of motor
3 vehicles all the provisions of 27-18-413, 27-18-414, and
4 27-18-804 shall be applicable except that deposits must be
5 made with the division.

6 ~~†6†(7)~~ A conditional sales vendor or chattel mortgagee
7 or assignee who fails to file a satisfaction of a chattel
8 mortgage, assignment, or conditional sales contract within
9 15 days after receiving final payment shall be required to
10 pay the division the sum of \$1 for each day thereafter that
11 he fails to file such satisfaction.

12 ~~†7†(8)~~ Upon receipt of any liens, or notice of liens
13 dependent on possession, or attachments, etc., against the
14 record of any motor vehicle registered in this state, the
15 division shall within 24 hours mail to the owner,
16 conditional sale vendor, mortgagees, or assignees of any
17 thereof a notice showing the name and address of the lien
18 claimant, amount of the lien, date of execution of lien, and
19 in the case of attachment the full title of the court and
20 the action and the name of the attorneys for the plaintiff
21 and/or attaching creditor.

22 ~~†8†(9)~~ It shall not be necessary to refile with the
23 division any instruments on file in the offices of the
24 county clerk and recorders at the time this law takes
25 effect.

1 ~~(9)~~(10) A fee of \$3 shall be paid to the division to
 2 file any security agreement interest or other lien
 3 instrument against a motor vehicle. The \$3 fee shall
 4 include and cover the cost of filing a satisfaction or
 5 release of the security interest and also the cost of
 6 entering such satisfaction or release on the records of the
 7 division and deleting the endorsement of the security
 8 interest from the face of the certificate of ownership. A
 9 fee of \$3 shall be paid the division for issuing a certified
 10 copy of a certificate of ownership subject to a security
 11 agreement interest or other lien instrument on file in the
 12 office of the division, or for filing an assignment of any
 13 instrument security interest or other lien on file with the
 14 division. All fees provided for in this section shall be
 15 deposited by the division in the motor vehicle recording
 16 account of the state special revenue fund."

17 Section 2. Section 61-3-202, MCA, is amended to read:

18 "61-3-202. Certificate of ownership -- issuance --
 19 contents -- joint ownership. (1) Upon completion of the
 20 application for certificate of ownership, on forms furnished
 21 by the division, the county treasurer shall forward one copy
 22 of the application to the division, which shall enter the
 23 information contained in the application upon the
 24 corresponding records of its office and shall furnish the
 25 applicant a certificate of ownership subject to the

1 provisions of 61-3-103.

2 (2) The certificate of ownership shall contain upon
 3 the face thereof:

4 (a) the date issued;

5 (b) the name and complete address of the owner or the
 6 names and addresses of joint owners;

7 (c) except as provided in 61-3-103~~(2)~~, the name and
 8 complete address of any holder of a perfected security
 9 interest in the registered vehicle;

10 (d) a description of the registered vehicle, including
 11 the year built and serial number;

12 (e) except as provided in 61-3-103~~(2)~~, the filing date
 13 of any lien against such motor vehicle; and

14 (f) such other statement of facts as may be determined
 15 by the division.

16 (3) When the names and addresses of more than one
 17 owner who are members of the same immediate family are
 18 listed on the certificate of ownership, joint ownership with
 19 right of survivorship, and not as tenants in common, is
 20 presumed.

21 (4) Upon receipt of the application, the division
 22 shall recheck the application. If there is any error in the
 23 application it may be returned to the county treasurer to
 24 effectively secure the correction of such error, who shall
 25 return the same to the division.

1 (5) The certificate of ownership shall contain a
2 notice to the division of a transfer of interest of the
3 owner and such other statements as may be determined by the
4 division."

5 NEW SECTION. Section 3. Saving clause. This act does
6 not affect any security interest or lien filed or perfected
7 prior to October 1, 1985.

8 NEW SECTION. Section 4. Extension of authority. Any
9 existing authority of the division of motor vehicles to make
10 rules on the subject of the provisions of this act is
11 extended to the provisions of this act.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 246-85

Form BD-15

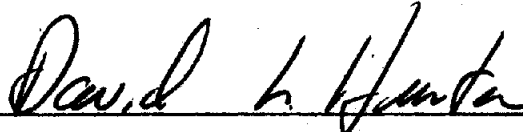
In compliance with a written request received 01-28, 1985, there is hereby submitted a Fiscal Note for Senate Bill 206 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation:

Senate Bill 206 revises the method of filing security interests in motor vehicles; exempts vehicles constituting dealer inventory from perfection of security interests by notation on title.

Fiscal Impact:

Senate Bill 206 has no fiscal impact upon the Department of Justice.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date:

JAN 31, 1985
SB 206

APPROVED BY COMM. ON BUSINESS & INDUSTRY

SENATE BILL NO. 206

INTRODUCED BY HAFPEY

BY REQUEST OF THE MOTOR VEHICLE DIVISION OF THE DEPARTMENT OF JUSTICE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF FILING SECURITY INTERESTS IN MOTOR VEHICLES AND SNOWMOBILES; EXEMPTING VEHICLES CONSTITUTING DEALER INVENTORY FROM PERFECTION OF SECURITY INTERESTS BY NOTATION ON TITLE; AMENDING SECTIONS 23-2-612, 61-3-103, AND 61-3-202, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 23-2-612, MCA, IS AMENDED TO READ:

"23-2-612. Transfer of interest. (1) Except as provided in subsection (3), upon a transfer of any certificate of ownership to a snowmobile registered as required under the provisions of this part, the person whose title or interest is to be transferred shall write his signature with pen and ink upon the certificate of ownership issued for the snowmobile in the appropriate space provided upon the reverse side of the certificate, and such signature shall be acknowledged before a notary public.

(2) Within 20 calendar days thereafter, the transferee shall make application for transfer of the certificate of ownership so endorsed with the county treasurer of the

county in which the transferee resides and also make application for registration of the snowmobile. The county treasurer shall forward the application to the division of motor vehicles, which shall file the same upon receipt thereof. No certificate of ownership may be issued by the division until the outstanding certificates are surrendered to that office or their loss established to its reasonable satisfaction. The county treasurer shall collect a fee of \$3 for each application for transfer of ownership, of which \$2 shall be forwarded to the division of motor vehicles for deposit in the motor vehicle recording account of the state special revenue fund.

(3) A purchaser of a new or used snowmobile from a licensed snowmobile dealer has a grace period of 20 calendar days from the date of purchase to register the snowmobile, make application for a certificate of ownership, and obtain a decal indicating that the fee in lieu of property tax has been paid on the snowmobile for the current year. It is not a violation of this part or any other law for the purchaser to operate a newly acquired snowmobile without a certificate of ownership, certificate of registration, and a decal during the 20-day period. During this period the sticker, provided for in subsection (4), shall remain affixed to the snowmobile.

(4) Prior to the delivery of the snowmobile to the

SECOND READING



1 purchaser, the dealer shall issue and affix to the
 2 snowmobile a sticker (in a form to be prescribed by the
 3 division of motor vehicles). The sticker shall contain the
 4 name and address of the purchaser, the date of sale, the
 5 name and address of the dealer, and a description of the
 6 snowmobile, including its serial number. The dealer shall
 7 keep a copy of the sticker for his records and shall send a
 8 copy of the sticker to the division.

9 (5) The provisions of subsection (2) of this section
 10 do not apply in the event of the transfer of a snowmobile to
 11 a duly licensed snowmobile dealer intending to resell the
 12 snowmobile and who operates it only for demonstration
 13 purposes, but every such dealer, upon transferring such
 14 interest, shall deliver the certificate of ownership with an
 15 application for a new certificate executed by the new owner
 16 in accordance with the provisions of this part. The
 17 division upon receipt of the certificate of ownership and
 18 application for a new certificate, together with the
 19 ~~conditional sales contract or other lien,~~ containing notice
 20 of a security interest, if any, shall issue a new
 21 certificate of ownership together with a statement of any
 22 conditional sales contract, mortgage, or other lien."

23 Section 2. Section 61-3-103, MCA, is amended to read:
 24 "61-3-103. Filing of security interests, rights,
 25 procedure, fees. (1) No security interest in a motor vehicle

1 shall be valid as against creditors, subsequent purchasers,
 2 or encumbrancers unless ~~the security agreement or other lien~~
 3 ~~instrument that creates the security interest or a true copy~~
 4 ~~thereof certified by a notary public~~ A LIEN FORM, APPROVED
 5 BY THE DIVISION, THAT SHOWS A SECURITY INTEREST HAS BEEN
 6 CREATED, has been filed with the division as provided in
 7 this section. The division shall not file any security
 8 ~~agreement interest~~ or other lien instrument unless it is
 9 ~~accompanied by the~~ specified in the application for a
 10 certificate of ownership of the vehicle encumbered, ~~except~~
 11 ~~in the sale of a new motor vehicle by a duly licensed~~
 12 ~~dealer.~~ The security agreement or lien instrument may not be
 13 transmitted to the division, but must be retained by the
 14 secured party. The division shall file the security
 15 ~~agreement, interest or lien instrument,~~ ~~or its certified~~
 16 ~~copy by entering upon its records the name and address of~~
 17 ~~the secured party together with the amount of the security~~
 18 ~~interest and, except as provided in subsection (2), shall~~
 19 ~~endorse the same information upon the face of the~~
 20 ~~certificate of ownership.~~ The division shall mail a
 21 statement certifying to the filing of a security ~~agreement~~
 22 interest or lien instrument to the secured party and mail
 23 the certificate of ownership to the owner at the address
 24 given on the certificate. The owner of a motor vehicle is
 25 the person entitled to operate and possess such motor

1 vehicle.

2 (2) A security interest in a motor vehicle held as
 3 inventory by a dealer licensed under the provisions of
 4 61-4-101, must be perfected in accordance with Title 30,
 5 chapter 4 9, and no endorsement on the certificate of title
 6 is necessary for perfection.

7 (3) Whenever a security agreement interest or lien
 8 instrument is filed against a motor vehicle that is subject
 9 to two security interests previously perfected by filing
 10 under this section, the division shall endorse on the face
 11 of the certificate of ownership, "NOTICE. This motor vehicle
 12 is subject to additional security interests on file with the
 13 Division of Motor Vehicles." No other information regarding
 14 such additional security interests need be endorsed on the
 15 certificate.

16 (4) Satisfactions or statements of release filed
 17 with the division under this chapter shall be retained by it
 18 for a period of 8 years after receipt, after which they may
 19 be destroyed. Security---agreements---and---other---lien
 20 instruments---filed---with---the---division,---and---all---renewals---and
 21 assignments---thereof,---shall---be---retained---by---it---for---a---period---of
 22 8---years---after---the---maturity---date---stated---in---the---security
 23 agreement,---lien---instrument,---or---renewal,---or---if---no---maturity
 24 date---is---therein---stated,---for---a---period---of---13---years---after
 25 receipt,---after---which---they---may---be---destroyed.

1 (5) The filing of a security agreement interest or
 2 other lien instrument-or-copy-thereof, as herein provided,
 3 perfects a security interest which has attached under--the
 4 document-filed--Filing-of-a-security-agreement-or-other-lien
 5 instrument at the time the certificate of ownership noting
 6 such interest is issued. Issuance of a certificate of
 7 ownership constitutes constructive notice to subsequent
 8 purchasers or encumbrancers, from the time of filing, of the
 9 existence of the security interest created-by--the--document
 10 filed.

11 (6) Upon default under a chattel mortgage or
 12 conditional sales contract covering a motor vehicle, the
 13 mortgagee or vendor has the same remedies as in the case of
 14 other personal property. In case of attachment of motor
 15 vehicles all the provisions of 27-18-413, 27-18-414, and
 16 27-18-804 shall be applicable except that deposits must be
 17 made with the division.

18 (7) A conditional sales vendor or chattel mortgagee
 19 or assignee who fails to file a satisfaction of a chattel
 20 mortgage, assignment, or conditional sales contract within
 21 15 days after receiving final payment shall be required to
 22 pay the division the sum of \$1 for each day thereafter that
 23 he fails to file such satisfaction.

24 (8) Upon receipt of any liens, or notice of liens
 25 dependent on possession, or attachments, etc., against the

1 record of any motor vehicle registered in this state, the
 2 division shall within 24 hours mail to the owner,
 3 conditional sale vendor, mortgagees, or assignees of any
 4 thereof a notice showing the name and address of the lien
 5 claimant, amount of the lien, date of execution of lien, and
 6 in the case of attachment the full title of the court and
 7 the action and the name of the attorneys for the plaintiff
 8 and/or attaching creditor.

9 ~~(8)~~(9) It shall not be necessary to refile with the
 10 division any instruments on file in the offices of the
 11 county clerk and recorders at the time this law take
 12 effect.

13 ~~(9)~~(10) A fee of \$3 shall be paid to the division to
 14 file any security agreement interest or other lien
 15 instrument against a motor vehicle. The \$3 fee shall
 16 include and cover the cost of filing a satisfaction or
 17 release of the security interest and also the cost of
 18 entering such satisfaction or release on the records of the
 19 division and deleting the endorsement of the security
 20 interest from the face of the certificate of ownership. A
 21 fee of \$3 shall be paid the division for issuing a certified
 22 copy of a certificate of ownership subject to a security
 23 agreement interest or other lien instrument on file in the
 24 office of the division, or for filing an assignment of any
 25 instrument security interest or other lien on file with the

1 division. All fees provided for in this section shall be
 2 deposited by the division in the motor vehicle recording
 3 account of the state special revenue fund."

4 Section 3. Section 61-3-202, MCA, is amended to read:

5 "61-3-202. Certificate of ownership -- issuance --
 6 contents -- joint ownership. (1) Upon completion of the
 7 application for certificate of ownership, on forms furnished
 8 by the division, the county treasurer shall forward one copy
 9 of the application to the division, which shall enter the
 10 information contained in the application upon the
 11 corresponding records of its office and shall furnish the
 12 applicant a certificate of ownership subject to the
 13 provisions of 61-3-103.

14 (2) The certificate of ownership shall contain upon
 15 the face thereof:

16 (a) the date issued;

17 (b) the name and complete address of the owner or the
 18 names and addresses of joint owners;

19 (c) except as provided in 61-3-103(2), the name and
 20 complete address of any holder of a perfected security
 21 interest in the registered vehicle;

22 (d) a description of the registered vehicle, including
 23 the year built and serial number;

24 (e) except as provided in 61-3-103(2), the filing date
 25 of any lien against such motor vehicle; and

1 (f) such other statement of facts as may be determined
2 by the division.

3 (3) When the names and addresses of more than one
4 owner who are members of the same immediate family are
5 listed on the certificate of ownership, joint ownership with
6 right of survivorship, and not as tenants in common, is
7 presumed.

8 (4) Upon receipt of the application, the division
9 shall recheck the application. If there is any error in the
10 application it may be returned to the county treasurer to
11 effectively secure the correction of such error, who shall
12 return the same to the division.

13 (5) The certificate of ownership shall contain a
14 notice to the division of a transfer of interest of the
15 owner and such other statements as may be determined by the
16 division."

17 NEW SECTION. Section 4. Saving clause. This act does
18 not affect any security interest or lien filed or perfected
19 prior to October 1, 1985.

20 NEW SECTION. Section 5. Extension of authority. Any
21 existing authority of the division of motor vehicles to make
22 rules on the subject of the provisions of this act is
23 extended to the provisions of this act.

-End-

1 SENATE BILL NO. 206
2 INTRODUCED BY HAFPEY
3 BY REQUEST OF THE MOTOR VEHICLE DIVISION
4 OF THE DEPARTMENT OF JUSTICE
5

6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF
7 FILING SECURITY INTERESTS IN MOTOR VEHICLES AND SNOWMOBILES;
8 EXEMPTING VEHICLES CONSTITUTING DEALER INVENTORY FROM
9 PERFECTION OF SECURITY INTERESTS BY NOTATION ON TITLE;
10 AMENDING SECTIONS 23-2-612, 61-3-103, AND 61-3-202, MCA."
11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 SECTION 1. SECTION 23-2-612, MCA, IS AMENDED TO READ:

14 "23-2-612. Transfer of interest. (1) Except as
15 provided in subsection (3), upon a transfer of any
16 certificate of ownership to a snowmobile registered as
17 required under the provisions of this part, the person whose
18 title or interest is to be transferred shall write his
19 signature with pen and ink upon the certificate of ownership
20 issued for the snowmobile in the appropriate space provided
21 upon the reverse side of the certificate, and such signature
22 shall be acknowledged before a notary public.

23 (2) Within 20 calendar days thereafter, the transferee
24 shall make application for transfer of the certificate of
25 ownership so endorsed with the county treasurer of the

1 county in which the transferee resides and also make
2 application for registration of the snowmobile. The county
3 treasurer shall forward the application to the division of
4 motor vehicles, which shall file the same upon receipt
5 thereof. No certificate of ownership may be issued by the
6 division until the outstanding certificates are surrendered
7 to that office or their loss established to its reasonable
8 satisfaction. The county treasurer shall collect a fee of \$3
9 for each application for transfer of ownership, of which \$2
10 shall be forwarded to the division of motor vehicles for
11 deposit in the motor vehicle recording account of the state
12 special revenue fund.

13 (3) A purchaser of a new or used snowmobile from a
14 licensed snowmobile dealer has a grace period of 20 calendar
15 days from the date of purchase to register the snowmobile,
16 make application for a certificate of ownership, and obtain
17 a decal indicating that the fee in lieu of property tax has
18 been paid on the snowmobile for the current year. It is not
19 a violation of this part or any other law for the purchaser
20 to operate a newly acquired snowmobile without a certificate
21 of ownership, certificate of registration, and a decal
22 during the 20-day period. During this period the sticker,
23 provided for in subsection (4), shall remain affixed to the
24 snowmobile.

25 (4) Prior to the delivery of the snowmobile to the



1 purchaser, the dealer shall issue and affix to the
 2 snowmobile a sticker (in a form to be prescribed by the
 3 division of motor vehicles). The sticker shall contain the
 4 name and address of the purchaser, the date of sale, the
 5 name and address of the dealer, and a description of the
 6 snowmobile, including its serial number. The dealer shall
 7 keep a copy of the sticker for his records and shall send a
 8 copy of the sticker to the division.

9 (5) The provisions of subsection (2) of this section
 10 do not apply in the event of the transfer of a snowmobile to
 11 a duly licensed snowmobile dealer intending to resell the
 12 snowmobile and who operates it only for demonstration
 13 purposes, but every such dealer, upon transferring such
 14 interest, shall deliver the certificate of ownership with an
 15 application for a new certificate executed by the new owner
 16 in accordance with the provisions of this part. The
 17 division, upon receipt of the certificate of ownership and
 18 application for a new certificate, ~~together with the~~
 19 ~~conditional sales contract or other lien, containing notice~~
 20 ~~of a security interest, if any, shall issue a new~~
 21 ~~certificate of ownership together with a statement of any~~
 22 ~~conditional sales contract, mortgage, or other lien."~~

23 Section 2. Section 61-3-103, MCA, is amended to read:

24 "61-3-103. Filing of security interests, rights,
 25 procedure, fees. (1) No security interest in a motor vehicle

1 shall be valid as against creditors, subsequent purchasers,
 2 or encumbrancers unless ~~the security agreement or other lien~~
 3 ~~instrument that creates the security interest or a true copy~~
 4 ~~thereof certified by a notary public~~ A LIEN NOTICE, ON A
 5 FORM, APPROVED BY THE DIVISION, THAT SHOWS A SECURITY
 6 INTEREST HAS BEEN CREATED, has been filed with the division
 7 as provided in this section. The division shall not file any
 8 security agreement interest or other lien instrument unless
 9 it is ~~accompanied by the~~ ACCOMPANIED BY OR specified in the
 10 application for a certificate of ownership of the vehicle
 11 ~~encumbered, except in the sale of a new motor vehicle by a~~
 12 ~~duly licensed dealer. The security agreement or lien~~
 13 ~~instrument may not be transmitted to the division, but must~~
 14 ~~be retained by the secured party.~~ IF THE APPROVED NOTICE
 15 FORM IS TRANSMITTED TO THE DIVISION, THE SECURITY AGREEMENT
 16 OR OTHER LIEN INSTRUMENT THAT CREATES THE SECURITY INTEREST
 17 MUST BE RETAINED BY THE SECURED PARTY. A COPY OF THE
 18 SECURITY AGREEMENT IS SUFFICIENT AS A LIEN NOTICE IF IT
 19 CONTAINS THE NAME AND ADDRESS OF THE DEBTOR AND THE SECURED
 20 PARTY, THE COMPLETE VEHICLE DESCRIPTION, AMOUNT OF LIEN, AND
 21 IS SIGNED BY THE DEBTOR. The division shall file the
 22 security agreement, interest or lien instrument, ~~or its~~
 23 ~~certified copy~~ by entering upon its records the name and
 24 address of the secured party ~~together with the amount of the~~
 25 ~~security interest and, except as provided in subsection (2),~~

1 ~~shall endorse the same information~~ upon the face of the
 2 certificate of ownership. The division shall mail a
 3 statement certifying to the filing of a security agreement
 4 interest or lien instrument to the secured party and mail
 5 the certificate of ownership to the owner at the address
 6 given on the certificate. The owner of a motor vehicle is
 7 the person entitled to operate and possess such motor
 8 vehicle.

9 (2) A security interest in a motor vehicle held as
 10 inventory by a dealer licensed under the provisions of
 11 61-4-101, must be perfected in accordance with Title 30,
 12 chapter 4 9, and no endorsement on the certificate of title
 13 is necessary for perfection.

14 ~~(2)(3)~~ Whenever a security agreement interest or lien
 15 instrument is filed against a motor vehicle that is subject
 16 to two security interests previously perfected by filing
 17 under this section, the division shall endorse on the face
 18 of the certificate of ownership, "NOTICE. This motor vehicle
 19 is subject to additional security interests on file with the
 20 Division of Motor Vehicles." No other information regarding
 21 such additional security interests need be endorsed on the
 22 certificate.

23 ~~(3)(4)~~ Satisfactions or statements of release filed
 24 with the division under this chapter shall be retained by it
 25 for a period of 8 years after receipt, after which they may

1 be destroyed. ~~Security agreements and other lien~~
 2 ~~instruments filed with the division, and all renewals and~~
 3 ~~assignments thereof, shall be retained by it for a period of~~
 4 ~~8 years after the maturity date stated in the security~~
 5 ~~agreement, lien instrument, or renewal, or if no maturity~~
 6 ~~date is therein stated, for a period of 13 years after~~
 7 ~~receipt, after which they may be destroyed.~~

8 ~~(4)(5)~~ The filing of a security agreement interest or
 9 other lien instrument ~~or copy thereof~~, as herein provided,
 10 perfects a security interest which has attached ~~under the~~
 11 ~~document filed. Filing of a security agreement or other lien~~
 12 ~~instrument at the time the certificate of ownership noting~~
 13 ~~such interest is issued. Issuance of a certificate of~~
 14 ~~ownership~~ constitutes constructive notice to subsequent
 15 purchasers or encumbrancers, from the time of filing, of the
 16 existence of the security interest ~~created by the document~~
 17 ~~filed.~~

18 ~~(5)(6)~~ Upon default under a chattel mortgage or
 19 conditional sales contract covering a motor vehicle, the
 20 mortgagee or vendor has the same remedies as in the case of
 21 other personal property. In case of attachment of motor
 22 vehicles all the provisions of 27-18-413, 27-18-414, and
 23 27-18-804 shall be applicable except that deposits must be
 24 made with the division.

25 ~~(6)(7)~~ A conditional sales vendor or chattel mortgagee

1 or assignee who fails to file a satisfaction of a chattel
 2 mortgage, assignment, or conditional sales contract within
 3 15 days after receiving final payment shall be required to
 4 pay the division the sum of \$1 for each day thereafter that
 5 he fails to file such satisfaction.

6 ~~(7)~~(8) Upon receipt of any liens, or notice of liens
 7 dependent on possession, or attachments, etc., against the
 8 record of any motor vehicle registered in this state, the
 9 division shall within 24 hours mail to the owner,
 10 conditional sale vendor, mortgagees, or assignees or any
 11 thereof a notice showing the name and address of the lien
 12 claimant, amount of the lien, date of execution of lien, and
 13 in the case of attachment the full title of the court and
 14 the action and the name of the attorneys for the plaintiff
 15 and/or attaching creditor.

16 ~~(8)~~(9) It shall not be necessary to refile with the
 17 division any instruments on file in the offices of the
 18 county clerk and recorders at the time this law takes
 19 effect.

20 ~~(9)~~(10) A fee of \$3 shall be paid to the division to
 21 file any security agreement interest or other lien
 22 instrument against a motor vehicle. The \$3 fee shall
 23 include and cover the cost of filing a satisfaction or
 24 release of the security interest and also the cost of
 25 entering such satisfaction or release on the records of the

1 division and deleting the endorsement of the security
 2 interest from the face of the certificate of ownership. A
 3 fee of \$3 shall be paid the division for issuing a certified
 4 copy of a certificate of ownership subject to a security
 5 agreement interest or other lien instrument on file in the
 6 office of the division, or for filing an assignment of any
 7 instrument security interest or other lien on file with the
 8 division. All fees provided for in this section shall be
 9 deposited by the division in the motor vehicle recording
 10 account of the state special revenue fund."

11 Section 3. Section 61-3-202, MCA, is amended to read:

12 "61-3-202. Certificate of ownership -- issuance --
 13 contents -- joint ownership. (1) Upon completion of the
 14 application for certificate of ownership, on forms furnished
 15 by the division, the county treasurer shall forward one copy
 16 of the application to the division, which shall enter the
 17 information contained in the application upon the
 18 corresponding records of its office and shall furnish the
 19 applicant a certificate of ownership subject to the
 20 provisions of 61-3-103.

21 (2) The certificate of ownership shall contain upon
 22 the face thereof:

23 (a) the date issued;

24 (b) the name and complete address of the owner or the
 25 names and addresses of joint owners;

1 (c) except as provided in 61-3-103(2), the name and
 2 complete address of any holder of a perfected security
 3 interest in the registered vehicle;

4 (d) a description of the registered vehicle, including
 5 the year built and serial number;

6 (e) except as provided in 61-3-103(2), the filing date
 7 of any lien against such motor vehicle; and

8 (f) such other statement of facts as may be determined
 9 by the division.

10 (3) When the names and addresses of more than one
 11 owner who are members of the same immediate family are
 12 listed on the certificate of ownership, joint ownership with
 13 right of survivorship, and not as tenants in common, is
 14 presumed.

15 (4) Upon receipt of the application, the division
 16 shall recheck the application. If there is any error in the
 17 application it may be returned to the county treasurer to
 18 effectively secure the correction of such error, who shall
 19 return the same to the division.

20 (5) The certificate of ownership shall contain a
 21 notice to the division of a transfer of interest of the
 22 owner and such other statements as may be determined by the
 23 division."

24 NEW SECTION. Section 4. Saving clause. This act does
 25 not affect any security interest or lien filed or perfected

1 prior to October 1, 1985.

2 NEW SECTION. Section 5. Extension of authority. Any
 3 existing authority of the division of motor vehicles to make
 4 rules on the subject of the provisions of this act is
 5 extended to the provisions of this act.

-End-

1 SENATE BILL NO. 206

2 INTRODUCED BY HAPPEY

3 BY REQUEST OF THE MOTOR VEHICLE DIVISION
4 OF THE DEPARTMENT OF JUSTICE

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF
7 FILING SECURITY INTERESTS IN MOTOR VEHICLES AND SNOWMOBILES;
8 EXEMPTING VEHICLES CONSTITUTING DEALER INVENTORY FROM
9 PERFECTION OF SECURITY INTERESTS BY NOTATION ON TITLE;
10 AMENDING SECTIONS 23-2-612, 61-3-103, AND 61-3-202, MCA."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 SECTION 1. SECTION 23-2-612, MCA, IS AMENDED TO READ:

14 "23-2-612. Transfer of interest. (1) Except as
15 provided in subsection (3), upon a transfer of any
16 certificate of ownership to a snowmobile registered as
17 required under the provisions of this part, the person whose
18 title or interest is to be transferred shall write his
19 signature with pen and ink upon the certificate of ownership
20 issued for the snowmobile in the appropriate space provided
21 upon the reverse side of the certificate, and such signature
22 shall be acknowledged before a notary public.

23 (2) Within 20 calendar days thereafter, the transferee
24 shall make application for transfer of the certificate of
25 ownership so endorsed with the county treasurer of the

1 county in which the transferee resides and also make
2 application for registration of the snowmobile. The county
3 treasurer shall forward the application to the division of
4 motor vehicles, which shall file the same upon receipt
5 thereof. No certificate of ownership may be issued by the
6 division until the outstanding certificates are surrendered
7 to that office or their loss established to its reasonable
8 satisfaction. The county treasurer shall collect a fee of \$3
9 for each application for transfer of ownership, of which \$2
10 shall be forwarded to the division of motor vehicles for
11 deposit in the motor vehicle recording account of the state
12 special revenue fund.

13 (3) A purchaser of a new or used snowmobile from a
14 licensed snowmobile dealer has a grace period of 20 calendar
15 days from the date of purchase to register the snowmobile,
16 make application for a certificate of ownership, and obtain
17 a decal indicating that the fee in lieu of property tax has
18 been paid on the snowmobile for the current year. It is not
19 a violation of this part or any other law for the purchaser
20 to operate a newly acquired snowmobile without a certificate
21 of ownership, certificate of registration, and a decal
22 during the 20-day period. During this period the sticker,
23 provided for in subsection (4), shall remain affixed to the
24 snowmobile.

25 (4) Prior to the delivery of the snowmobile to the

THIRD READING

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1 purchaser, the dealer shall issue and affix to the
 2 snowmobile a sticker (in a form to be prescribed by the
 3 division of motor vehicles). The sticker shall contain the
 4 name and address of the purchaser, the date of sale, the
 5 name and address of the dealer, and a description of the
 6 snowmobile, including its serial number. The dealer shall
 7 keep a copy of the sticker for his records and shall send a
 8 copy of the sticker to the division.

9 (5) The provisions of subsection (2) of this section
 10 do not apply in the event of the transfer of a snowmobile to
 11 a duly licensed snowmobile dealer intending to resell the
 12 snowmobile and who operates it only for demonstration
 13 purposes, but every such dealer, upon transferring such
 14 interest, shall deliver the certificate of ownership with an
 15 application for a new certificate executed by the new owner
 16 in accordance with the provisions of this part. The
 17 division, upon receipt of the certificate of ownership and
 18 application for a new certificate, ~~together--with--the~~
 19 ~~conditional-sales-contract-or-other-lien,~~ containing notice
 20 of a security interest, if any, shall issue a new
 21 certificate of ownership together with a statement of any
 22 conditional sales contract, mortgage, or other lien."

23 Section 2. Section 61-3-103, MCA, is amended to read:
 24 "61-3-103. Filing of security interests, rights,
 25 procedure, fees. (1) No security interest in a motor vehicle

1 shall be valid as against creditors, subsequent purchasers,
 2 or encumbrancers ~~unless the security agreement or other lien~~
 3 ~~instrument that creates the security interest or a true copy~~
 4 ~~thereof certified by a notary public~~ A LIEN NOTICE, ON A
 5 FORM, APPROVED BY THE DIVISION, THAT SHOWS A SECURITY
 6 INTEREST HAS BEEN CREATED, has been filed with the division
 7 as provided in this section. The division shall not file any
 8 security agreement interest or other lien instrument unless
 9 it is ~~accompanied by the~~ ACCOMPANIED BY OR specified in the
 10 application for a certificate of ownership of the vehicle
 11 ~~encumbered, except in the sale of a new motor vehicle, by a~~
 12 ~~duly licensed dealer. The security agreement or other lien~~
 13 ~~instrument may not be transmitted to the division, but must~~
 14 ~~be retained by the secured party.~~ IF THE APPROVED NOTICE
 15 FORM IS TRANSMITTED TO THE DIVISION, THE SECURITY AGREEMENT
 16 OR OTHER LIEN INSTRUMENT THAT CREATES THE SECURITY INTEREST
 17 MUST BE RETAINED BY THE SECURED PARTY. A COPY OF THE
 18 SECURITY AGREEMENT IS SUFFICIENT AS A LIEN NOTICE IF IT
 19 CONTAINS THE NAME AND ADDRESS OF THE DEBTOR AND THE SECURED
 20 PARTY, THE COMPLETE VEHICLE DESCRIPTION, AMOUNT OF LIEN, AND
 21 IS SIGNED BY THE DEBTOR. The division shall file the
 22 security agreement, interest or lien instrument, ~~or its~~
 23 ~~certified copy~~ by entering upon its records the name and
 24 address of the secured party ~~together with the amount of the~~
 25 ~~security interest and, except as provided in subsection (2),~~

1 ~~shall endorse the same information~~ upon the face of the
 2 certificate of ownership. The division shall mail a
 3 statement certifying to the filing of a security agreement
 4 interest or lien instrument to the secured party and mail
 5 the certificate of ownership to the owner at the address
 6 given on the certificate. The owner of a motor vehicle is
 7 the person entitled to operate and possess such motor
 8 vehicle.

9 (2) A security interest in a motor vehicle held as
 10 inventory by a dealer licensed under the provisions of
 11 61-4-101, must be perfected in accordance with Title 30,
 12 chapter 4 9, and no endorsement on the certificate of title
 13 is necessary for perfection.

14 ~~(2)(3)~~ Whenever a security agreement interest or lien
 15 instrument is filed against a motor vehicle that is subject
 16 to two security interests previously perfected by filing
 17 under this section, the division shall endorse on the face
 18 of the certificate of ownership, "NOTICE. This motor vehicle
 19 is subject to additional security interests on file with the
 20 Division of Motor Vehicles." No other information regarding
 21 such additional security interests need be endorsed on the
 22 certificate.

23 ~~(3)(4)~~ Satisfactions or statements of release filed
 24 with the division under this chapter shall be retained by it
 25 for a period of 8 years after receipt, after which they may

1 be destroyed. ~~Security---agreements---and---other---lien~~
 2 ~~instruments filed with the division, and all renewals and~~
 3 ~~assignments thereof, shall be retained by it for a period of~~
 4 ~~8--years--after--the--maturity--date--stated--in--the--security~~
 5 ~~agreement, lien instrument, or renewal, or if no maturity~~
 6 ~~date is therein stated, for a period of 13 years after~~
 7 ~~receipt, after which they may be destroyed.~~

8 ~~(4)(5)~~ The filing of a security agreement interest or
 9 other lien instrument ~~or copy thereof~~, as herein provided,
 10 perfects a security interest which has attached under ~~the~~
 11 ~~document filed.~~ Filing of a security agreement or other lien
 12 instrument at the time the certificate of ownership noting
 13 such interest is issued. Issuance of a certificate of
 14 ownership constitutes constructive notice to subsequent
 15 purchasers or encumbrancers, from the time of filing, of the
 16 existence of the security interest ~~created by the document~~
 17 ~~filed.~~

18 ~~(5)(6)~~ Upon default under a chattel mortgage or
 19 conditional sales contract covering a motor vehicle, the
 20 mortgagee or vendor has the same remedies as in the case of
 21 other personal property. In case of attachment of motor
 22 vehicles all the provisions of 27-18-413, 27-18-414, and
 23 27-18-804 shall be applicable except that deposits must be
 24 made with the division.

25 ~~(6)(7)~~ A conditional sales vendor or chattel mortgagee

1 or assignee who fails to file a satisfaction of a chattel
2 mortgage, assignment, or conditional sales contract within
3 15 days after receiving final payment shall be required to
4 pay the division the sum of \$1 for each day thereafter that
5 he fails to file such satisfaction.

6 ~~(7)~~(8) Upon receipt of any liens, or notice of liens
7 dependent on possession, or attachments, etc., against the
8 record of any motor vehicle registered in this state, the
9 division shall within 24 hours mail to the owner,
10 conditional sale vendor, mortgagees, or assignees of any
11 thereof a notice showing the name and address of the lien
12 claimant, amount of the lien, date of execution of lien, and
13 in the case of attachment the full title of the court and
14 the action and the name of the attorneys for the plaintiff
15 and/or attaching creditor.

16 ~~(8)~~(9) It shall not be necessary to refile with the
17 division any instruments on file in the offices of the
18 county clerk and recorders at the time this law takes
19 effect.

20 ~~(9)~~(10) A fee of \$3 shall be paid to the division to
21 file any security agreement interest or other lien
22 instrument against a motor vehicle. The \$3 fee shall
23 include and cover the cost of filing a satisfaction or
24 release of the security interest and also the cost of
25 entering such satisfaction or release on the records of the

1 division and deleting the endorsement of the security
2 interest from the face of the certificate of ownership. A
3 fee of \$3 shall be paid the division for issuing a certified
4 copy of a certificate of ownership subject to a security
5 agreement interest or other lien instrument on file in the
6 office of the division, or for filing an assignment of any
7 instrument security interest or other lien on file with the
8 division. All fees provided for in this section shall be
9 deposited by the division in the motor vehicle recording
10 account of the state special revenue fund."

11 Section 3. Section 61-3-202, MCA, is amended to read:
12 "61-3-202. Certificate of ownership -- issuance --
13 contents -- joint ownership. (1) Upon completion of the
14 application for certificate of ownership, on forms furnished
15 by the division, the county treasurer shall forward one copy
16 of the application to the division, which shall enter the
17 information contained in the application upon the
18 corresponding records of its office and shall furnish the
19 applicant a certificate of ownership subject to the
20 provisions of 61-3-103.

21 (2) The certificate of ownership shall contain upon
22 the face thereof:

- 23 (a) the date issued;
24 (b) the name and complete address of the owner or the
25 names and addresses of joint owners;

1 (c) except as provided in 61-3-103(2), the name and
2 complete address of any holder of a perfected security
3 interest in the registered vehicle;

4 (d) a description of the registered vehicle, including
5 the year built and serial number;

6 (e) except as provided in 61-3-103(2), the filing date
7 of any lien against such motor vehicle; and

8 (f) such other statement of facts as may be determined
9 by the division.

10 (3) When the names and addresses of more than one
11 owner who are members of the same immediate family are
12 listed on the certificate of ownership, joint ownership with
13 right of survivorship, and not as tenants in common, is
14 presumed.

15 (4) Upon receipt of the application, the division
16 shall recheck the application. If there is any error in the
17 application it may be returned to the county treasurer to
18 effectively secure the correction of such error, who shall
19 return the same to the division.

20 (5) The certificate of ownership shall contain a
21 notice to the division of a transfer of interest of the
22 owner and such other statements as may be determined by the
23 division."

24 NEW SECTION. Section 4. Saving clause. This act does
25 not affect any security interest or lien filed or perfected

1 prior to October 1, 1985.

2 NEW SECTION. Section 5. Extension of authority. Any
3 existing authority of the division of motor vehicles to make
4 rules on the subject of the provisions of this act is
5 extended to the provisions of this act.

-End-

1 SENATE BILL NO. 206

2 INTRODUCED BY HAFFEY

3 BY REQUEST OF THE MOTOR VEHICLE DIVISION

4 OF THE DEPARTMENT OF JUSTICE

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD OF
7 FILING SECURITY INTERESTS IN MOTOR VEHICLES AND SNOWMOBILES;
8 EXEMPTING VEHICLES CONSTITUTING DEALER INVENTORY FROM
9 PERFECTION OF SECURITY INTERESTS BY NOTATION ON TITLE;
10 AMENDING SECTIONS 23-2-612, 61-3-103, AND 61-3-202, MCA."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 SECTION 1. SECTION 23-2-612, MCA, IS AMENDED TO READ:

14 "23-2-612. Transfer of interest. (1) Except as
15 provided in subsection (3), upon a transfer of any
16 certificate of ownership to a snowmobile registered as
17 required under the provisions of this part, the person whose
18 title or interest is to be transferred shall write his
19 signature with pen and ink upon the certificate of ownership
20 issued for the snowmobile in the appropriate space provided
21 upon the reverse side of the certificate, and such signature
22 shall be acknowledged before a notary public.

23 (2) Within 20 calendar days thereafter, the transferee
24 shall make application for transfer of the certificate of
25 ownership so endorsed with the county treasurer of the

1 county in which the transferee resides and also make
2 application for registration of the snowmobile. The county
3 treasurer shall forward the application to the division of
4 motor vehicles, which shall file the same upon receipt
5 thereof. No certificate of ownership may be issued by the
6 division until the outstanding certificates are surrendered
7 to that office or their loss established to its reasonable
8 satisfaction. The county treasurer shall collect a fee of \$3
9 for each application for transfer of ownership, of which \$2
10 shall be forwarded to the division of motor vehicles for
11 deposit in the motor vehicle recording account of the state
12 special revenue fund.

13 (3) A purchaser of a new or used snowmobile from a
14 licensed snowmobile dealer has a grace period of 20 calendar
15 days from the date of purchase to register the snowmobile,
16 make application for a certificate of ownership, and obtain
17 a decal indicating that the fee in lieu of property tax has
18 been paid on the snowmobile for the current year. It is not
19 a violation of this part or any other law for the purchaser
20 to operate a newly acquired snowmobile without a certificate
21 of ownership, certificate of registration, and a decal
22 during the 20-day period. During this period the sticker,
23 provided for in subsection (4), shall remain affixed to the
24 snowmobile.

25 (4) Prior to the delivery of the snowmobile to the

1 purchaser, the dealer shall issue and affix to the
 2 snowmobile a sticker (in a form to be prescribed by the
 3 division of motor vehicles). The sticker shall contain the
 4 name and address of the purchaser, the date of sale, the
 5 name and address of the dealer, and a description of the
 6 snowmobile, including its serial number. The dealer shall
 7 keep a copy of the sticker for his records and shall send a
 8 copy of the sticker to the division.

9 (5) The provisions of subsection (2) of this section
 10 do not apply in the event of the transfer of a snowmobile to
 11 a duly licensed snowmobile dealer intending to resell the
 12 snowmobile and who operates it only for demonstration
 13 purposes, but every such dealer, upon transferring such
 14 interest, shall deliver the certificate of ownership with an
 15 application for a new certificate executed by the new owner
 16 in accordance with the provisions of this part. The
 17 division, upon receipt of the certificate of ownership and
 18 application for a new certificate, ~~together with the~~
 19 ~~conditional sales contract or other lien, containing notice~~
 20 ~~of a security interest, if any, shall issue a new~~
 21 ~~certificate of ownership together with a statement of any~~
 22 ~~conditional sales contract, mortgage, or other lien."~~

23 Section 2. Section 61-3-103, MCA, is amended to read:

24 "61-3-103. Filing of security interests, rights,
 25 procedure, fees. (1) No security interest in a motor vehicle

1 shall be valid as against creditors, subsequent purchasers,
 2 or encumbrancers unless ~~the security agreement or other lien~~
 3 ~~instrument that creates the security interest or a true copy~~
 4 ~~thereof certified by a notary public~~ A LIEN NOTICE, ON A
 5 FORM, APPROVED BY THE DIVISION, THAT SHOWS A SECURITY
 6 INTEREST HAS BEEN CREATED, has been filed with the division
 7 as provided in this section. The division shall not file any
 8 security agreement interest or other lien instrument unless
 9 it is ~~accompanied by the~~ ACCOMPANIED BY OR specified in the
 10 application for a certificate of ownership of the vehicle
 11 ~~encumbered, except in the sale of a new motor vehicle by a~~
 12 ~~duly licensed dealer. The security agreement or lien~~
 13 ~~instrument may not be transmitted to the division, but must~~
 14 ~~be retained by the secured party.~~ IF THE APPROVED NOTICE
 15 FORM IS TRANSMITTED TO THE DIVISION, THE SECURITY AGREEMENT
 16 OR OTHER LIEN INSTRUMENT THAT CREATES THE SECURITY INTEREST
 17 MUST BE RETAINED BY THE SECURED PARTY. A COPY OF THE
 18 SECURITY AGREEMENT IS SUFFICIENT AS A LIEN NOTICE IF IT
 19 CONTAINS THE NAME AND ADDRESS OF THE DEBTOR AND THE SECURED
 20 PARTY, THE COMPLETE VEHICLE DESCRIPTION, AMOUNT OF LIEN, AND
 21 IS SIGNED BY THE DEBTOR. The division shall file the
 22 security agreement, interest or lien instrument, ~~or its~~
 23 ~~certified copy~~ by entering upon its records the name and
 24 address of the secured party ~~together with the amount of the~~
 25 ~~security interest and, except as provided in subsection (2),~~

1 ~~shall endorse the same information~~ upon the face of the
 2 certificate of ownership. The division shall mail a
 3 statement certifying to the filing of a security agreement
 4 interest or lien instrument to the secured party and mail
 5 the certificate of ownership to the owner at the address
 6 given on the certificate. The owner of a motor vehicle is
 7 the person entitled to operate and possess such motor
 8 vehicle.

9 (2) A security interest in a motor vehicle held as
 10 inventory by a dealer licensed under the provisions of
 11 61-4-101, must be perfected in accordance with Title 30,
 12 chapter 4 9, and no endorsement on the certificate of title
 13 is necessary for perfection.

14 ~~(2)(3)~~ Whenever a security agreement interest or lien
 15 instrument is filed against a motor vehicle that is subject
 16 to two security interests previously perfected by filing
 17 under this section, the division shall endorse on the face
 18 of the certificate of ownership, "NOTICE. This motor vehicle
 19 is subject to additional security interests on file with the
 20 Division of Motor Vehicles." No other information regarding
 21 such additional security interests need be endorsed on the
 22 certificate.

23 ~~(3)(4)~~ Satisfactions or statements of release filed
 24 with the division under this chapter shall be retained by it
 25 for a period of 8 years after receipt, after which they may

1 be destroyed. ~~Security agreements and other lien~~
 2 ~~instruments filed with the division, and all renewals and~~
 3 ~~assignments thereof, shall be retained by it for a period of~~
 4 ~~8 years after the maturity date stated in the security~~
 5 ~~agreement, lien instrument, or renewal, or if no maturity~~
 6 ~~date is therein stated, for a period of 13 years after~~
 7 ~~receipt, after which they may be destroyed.~~

8 ~~(4)(5)~~ The filing of a security agreement interest or
 9 other lien instrument or copy thereof, as herein provided,
 10 perfects a security interest which has attached under the
 11 document filed. Filing of a security agreement or other lien
 12 instrument at the time the certificate of ownership noting
 13 such interest is issued. Issuance of a certificate of
 14 ownership constitutes constructive notice to subsequent
 15 purchasers or encumbrancers, from the time of filing, of the
 16 existence of the security interest ~~created by the document~~
 17 ~~filed.~~

18 ~~(5)(6)~~ Upon default under a chattel mortgage or
 19 conditional sales contract covering a motor vehicle, the
 20 mortgagee or vendor has the same remedies as in the case of
 21 other personal property. In case of attachment of motor
 22 vehicles all the provisions of 27-18-413, 27-18-414, and
 23 27-18-804 shall be applicable except that deposits must be
 24 made with the division.

25 ~~(6)(7)~~ A conditional sales vendor or chattel mortgagee

1 or assignee who fails to file a satisfaction of a chattel
2 mortgage, assignment, or conditional sales contract within
3 15 days after receiving final payment shall be required to
4 pay the division the sum of \$1 for each day thereafter that
5 he fails to file such satisfaction.

6 †7†(8) Upon receipt of any liens, or notice of liens
7 dependent on possession, or attachments, etc., against the
8 record of any motor vehicle registered in this state, the
9 division shall within 24 hours mail to the owner,
10 conditional sale vendor, mortgagees, or assignees of any
11 thereof a notice showing the name and address of the lien
12 claimant, amount of the lien, date of execution of lien, and
13 in the case of attachment the full title of the court and
14 the action and the name of the attorneys for the plaintiff
15 and/or attaching creditor.

16 †8†(9) It shall not be necessary to refile with the
17 division any instruments on file in the offices of the
18 county clerk and recorders at the time this law takes
19 effect.

20 †9†(10) A fee of \$3 shall be paid to the division to
21 file any security agreement interest or other lien
22 instrument against a motor vehicle. The \$3 fee shall
23 include and cover the cost of filing a satisfaction or
24 release of the security interest and also the cost of
25 entering such satisfaction or release on the records of the

1 division and deleting the endorsement of the security
2 interest from the face of the certificate of ownership. A
3 fee of \$3 shall be paid the division for issuing a certified
4 copy of a certificate of ownership subject to a security
5 agreement interest or other lien instrument on file in the
6 office of the division, or for filing an assignment of any
7 instrument security interest or other lien on file with the
8 division. All fees provided for in this section shall be
9 deposited by the division in the motor vehicle recording
10 account of the state special revenue fund."

11 Section 3. Section 61-3-202, MCA, is amended to read:

12 "61-3-202. Certificate of ownership -- issuance --
13 contents -- joint ownership. (1) Upon completion of the
14 application for certificate of ownership, on forms furnished
15 by the division, the county treasurer shall forward one copy
16 of the application to the division, which shall enter the
17 information contained in the application upon the
18 corresponding records of its office and shall furnish the
19 applicant a certificate of ownership subject to the
20 provisions of 61-3-103.

21 (2) The certificate of ownership shall contain upon
22 the face thereof:

23 (a) the date issued;

24 (b) the name and complete address of the owner or the
25 names and addresses of joint owners;

1 (c) except as provided in 61-3-103{2}, the name and
 2 complete address of any holder of a perfected security
 3 interest in the registered vehicle;

4 (d) a description of the registered vehicle, including
 5 the year built and serial number;

6 (e) except as provided in 61-3-103{2}, the filing date
 7 of any lien against such motor vehicle; and

8 (f) such other statement of facts as may be determined
 9 by the division.

10 (3) When the names and addresses of more than one
 11 owner who are members of the same immediate family are
 12 listed on the certificate of ownership, joint ownership with
 13 right of survivorship, and not as tenants in common, is
 14 presumed.

15 (4) Upon receipt of the application, the division
 16 shall recheck the application. If there is any error in the
 17 application it may be returned to the county treasurer to
 18 effectively secure the correction of such error, who shall
 19 return the same to the division.

20 (5) The certificate of ownership shall contain a
 21 notice to the division of a transfer of interest of the
 22 owner and such other statements as may be determined by the
 23 division."

24 NEW SECTION. Section 4. Saving clause. This act does
 25 not affect any security interest or lien filed or perfected

1 prior to October 1, 1985.

2 NEW SECTION. Section 5. Extension of authority. Any
 3 existing authority of the division of motor vehicles to make
 4 rules on the subject of the provisions of this act is
 5 extended to the provisions of this act.

-End-