GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

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HOUSE BILL 621 PROPOSED COMMITTEE SUBSTITUTE H621-PCS30513-RW-33

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Short Title: Electronic Vehicle Lien/Title. (Public) Sponsors: Referred to: April 10, 2013 A BILL TO BE ENTITLED AN ACT TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO IMPLEMENT A STATEWIDE ELECTRONIC LIEN SYSTEM TO PROCESS THE NOTIFICATION AND RELEASE OF SECURITY INTEREST AND CERTIFICATE OF TITLE DATA. The General Assembly of North Carolina enacts: **SECTION 1.** Article 3 of Chapter 20 of the General Statutes is amended by adding a new section to read: "§ 20-58.4A. Electronic lien system. Implementation. – By no later than July 1, 2014, the Division shall implement a statewide electronic lien system to process the notification, release, and maintenance of security interests and certificate of title data where a lien is notated through electronic means instead of paper documents otherwise required by this Chapter. The Division shall contract with a qualified vendor or vendors to implement this statewide electronic lien system. Minimum Standards for Vendor or Vendors. - When contracting with a qualified vendor or vendors to implement the system required in subsection (a) of this section, the Division shall set the following minimum standards: The Division shall issue a competitive request for proposal to assess the (1) qualifications of any vendor or vendors responsible for the establishment and ongoing support of the statewide electronic lien system. The Division may also reserve the right to receive input regarding specifications for the electronic lien system from parties that do not respond to a request for proposal to establish and operate an electronic lien system. Any contract entered into with a vendor shall include no costs or charges (2) payable by the Division to the vendor. The vendor shall reimburse the Division for documented reasonable implementation costs directly associated with the establishment and ongoing support of the statewide electronic lien system. Upon implementation of the electronic lien system pursuant to subsection (a) (3) of this section, the qualified vendor or vendors may charge participating lienholders and their agents a per-transaction fee consistent with market pricing in an amount not to exceed three dollars and fifty cents (\$3.50) for costs associated with the development and ongoing administration of the electronic lien system. To recover their costs, participating lienholders and their agents may charge the borrower of a motor vehicle loan or the lessee of



an automotive lease an amount equal to the transaction fee plus a fee in an

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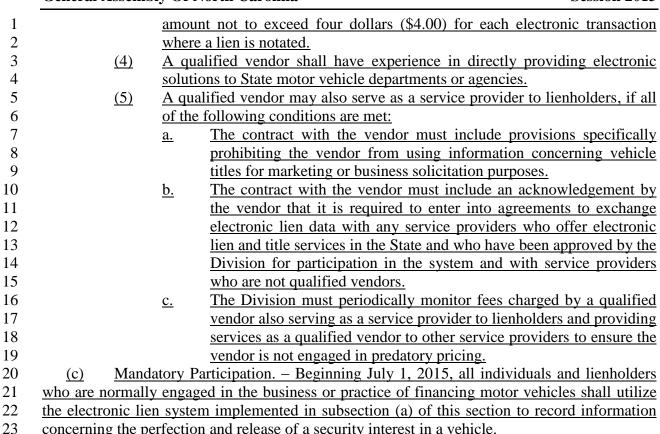
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- who are normally engaged in the business or practice of financing motor vehicles shall utilize the electronic lien system implemented in subsection (a) of this section to record information concerning the perfection and release of a security interest in a vehicle.
- Effect of Electronic Notice or Release. An electronic notice or release of a security interest made through the electronic system implemented pursuant to subsection (a) of this section shall have the same force and effect as a notice or release on a paper document provided under G.S. 20-58 through G.S. 20-58.8.
- Rules. The Division shall adopt rules implementing the provisions of this section." (e) **SECTION 2.** Prior to the statewide implementation of the electronic lien system pursuant to G.S. 20-58.4A, the Division, along with one or more qualified vendors and up to five lienholders, may conduct a pilot program of the electronic lien system for a period of up to 90 days.
- **SECTION 3.** By no later than October 1, 2013, the Division shall report to the Chairs of the Joint Legislative Transportation Oversight Committee on the status of the implementation of the electronic lien system pursuant to G.S. 20-58.4A. The report shall include, at a minimum, the costs, benefits, and feasibility of implementing a statewide electronic lien system.

SECTION 4. This act is effective when it becomes law.