

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 407

Short Title: Electronic Vehicle Lien/Title. (Public)

Sponsors: Senators Brunstetter, Rabon (Primary Sponsors); and Clark.

Referred to: Transportation.

March 26, 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.

(a) 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 to implement this statewide electronic lien system.

(b) Minimum Standards for Vendor. – When contracting with a qualified vendor to
implement the system required in subsection (a) of this section, the Division shall set the
following minimum standards:

(1) The contract entered into with a vendor shall include no costs or charges
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.

(2) Upon implementation of the electronic lien system pursuant to subsection (a)
of this section, the qualified vendor may charge participating lienholders and
their agents a per-transaction fee in an amount not to exceed eight dollars
(\$8.00) for costs associated with the administration of the electronic lien
system. To recover the cost of this per-transaction fee, participating
lienholders and their agents may charge the borrower of a motor vehicle loan
or the lessee of an automotive lease a fee in an amount not to exceed eight
dollars (\$8.00) for each electronic transaction where a lien is notated.

(3) A qualified vendor shall have experience in directly providing electronic lien
services to both lienholders and State motor vehicle departments or agencies.

(c) Mandatory Participation. – Beginning July 1, 2015, all individuals and lienholders
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.



1 (d) Effect of Electronic Notice or Release. – An electronic notice or release of a
2 security interest made through the electronic system implemented pursuant to subsection (a) of
3 this section shall have the same force and effect as a notice or release on a paper document
4 provided under G.S. 20-58 through G.S. 20-58.8.

5 (e) Rules. – The Division shall adopt rules implementing the provisions of this section."

6 **SECTION 2.** Prior to the statewide implementation of the electronic lien system
7 pursuant to G.S. 20-58.4A, the Division, along with the qualified vendor and up to five
8 lienholders, may conduct a pilot program of the electronic lien system for a period of up to 90
9 days.

10 **SECTION 3.** By no later than October 1, 2013, the Division shall report to the
11 Chairs of the Joint Legislative Transportation Oversight Committee on the status of the
12 implementation of the electronic lien system pursuant to G.S. 20-58.4A. The report shall
13 include, at a minimum, the costs, benefits, and feasibility of implementing a statewide
14 electronic lien system.

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