

SENATE

STATE OF MINNESOTA

EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1791

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DATE	D-PG	OFFICIAL STATUS
02/13/2012	3795	Introduction and first reading Referred to Transportation
03/01/2012	3997a 4080	Comm report: To pass as amended and re-refer to Judiciary and Public Safety Author added Sheran
03/19/2012	4521	Comm report: To pass and re-referred to Finance
03/28/2012		Comm report: To pass as amended Second reading

A bill for an act
relating to public safety; vehicle titles; clarifying requirements pertaining to
bonds and issuance of title; amending Minnesota Statutes 2010, sections 168.27,
subdivision 28; 168A.07, subdivision 1, by adding subdivisions; 168A.20,
subdivision 5.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 168.27, subdivision 28, is amended to read:

Subd. 28. **Distribution of plates and stickers.** The commissioner may distribute
registration plates and stickers to be held and issued by new and used motor vehicle dealers.
A dealer may issue registration plates and stickers only in conjunction with ~~and at the time~~
~~of~~ the sale of a vehicle by the dealer. A dealer permitted to hold and issue registration
plates and stickers must be equipped with electronic transmission technology and trained
in its use. Before receiving registration plates and stickers under this subdivision, a dealer
must adopt and implement security and record-keeping requirements satisfactory to the
commissioner. The commissioner may revoke the authority granted under this subdivision
for any violation of law or rule governing the issuance of registration plates and stickers,
any violation of the dealer's security and record-keeping plan, or any other action that
in the commissioner's opinion adversely affects the registration system. The dealer is
financially responsible for the cost and tax value of any unaccounted inventory.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2010, section 168A.07, subdivision 1, is amended to read:

Subdivision 1. **Ownership at issue; certificate withheld or bond filed.** In the event
application is made in this state for a certificate of title on a vehicle and the department is

not satisfied as to the ownership of the vehicle or the existence of security interests therein, the vehicle may be registered but the department, subject to subdivision 1a, shall either:

(1) withhold issuance of a certificate of title until the applicant shall present documents reasonably sufficient to satisfy the department of the applicant's ownership of the vehicle and as to any security interest therein; or

(2) as a condition to issuing a certificate of title, require the applicant to file a bond in the form ~~prescribed by the department and executed by the applicant, and either accompanied by the deposit of cash or executed by a surety company authorized to do business in this state, in an amount equal to 1-1/2 times the value of the vehicle as determined by the department. The bond shall be conditioned to indemnify any prior owner and secured party and any subsequent purchaser of the vehicle or person acquiring any security interest therein, or the successor in interest of any said person, against any expense, loss, or damage, including reasonable attorneys' fees, by reason of the issuance of the certificate of title to the vehicle or on account of any defect in or undisclosed security interest upon the right, title and interest of the applicant in and to the vehicle. Any such interested person shall have a right of action to recover on such bond for any breach of its conditions, but the aggregate liability of the surety to all such persons shall in no event exceed the amount of the bond. Unless the department has been notified of the pendency of an action to recover on the bond and if all questions as to ownership and outstanding security interests have been resolved to the satisfaction of the department, such bond, and any deposit accompanying it, shall be returned at the end of three years or prior thereto in the event the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered~~ and amount provided in subdivision 1b.

Sec. 3. Minnesota Statutes 2010, section 168A.07, is amended by adding a subdivision to read:

Subd. 1a. **Ownership at issue; requirements for certificate issuance.** (a) In the event application is made in this state for a certificate of title on a vehicle with a model year designated by the manufacturer of more than five years prior to the year in which application is made, and the applicant is unable to establish sole ownership of the vehicle because one or more owners, prior owners, or lienholders cannot be found, the department shall issue a certificate of title to the applicant if the applicant submits:

- (1) the application;
- (2) a bond in the form and amount provided in subdivision 1b;
- (3) an affidavit that identifies the make, model year, and vehicle identification number of the vehicle, and includes a statement that:

(i) the applicant is an owner of the vehicle;
(ii) the applicant has physical possession of the vehicle; and
(iii) in attempting to transfer interest in the vehicle or obtain a certificate of title or lien release, the applicant was unable after using due diligence to: (A) determine the names or locations of one or more owners, prior owners, or lienholders; or (B) successfully contact one or more owners, prior owners, or lienholders known to the applicant; and
(4) payment for required taxes and fees.
(b) Unless the department has been notified of the pendency of an action to recover on the bond under paragraph (a), clause (2), the department shall allow it to expire at the end of three years.

Sec. 4. Minnesota Statutes 2010, section 168A.07, is amended by adding a subdivision to read:

Subd. 1b. **Bond requirements.** A bond filed under this section must be in the form prescribed by the department and executed by the applicant, and either accompanied by the deposit of cash or executed by a surety company authorized to do business in this state, in an amount equal to one and one-half times the value of the vehicle as determined by the department. The bond shall be conditioned to indemnify any prior owner and secured party and any subsequent purchaser of the vehicle or person acquiring any security interest therein, or the successor in interest of any said person, against any expense, loss, or damage, including reasonable attorney fees, by reason of the issuance of the certificate of title to the vehicle or on account of any defect in or undisclosed security interest upon the right, title and interest of the applicant in and to the vehicle. Any such interested person shall have a right of action to recover on such bond for any breach of its conditions, but the aggregate liability of the surety to all such persons shall in no event exceed the amount of the bond. Unless the department has been notified of the pendency of an action to recover on the bond and if all questions as to ownership and outstanding security interests have been resolved to the satisfaction of the department, such bond, and any deposit accompanying it, shall be returned at the end of three years or prior thereto in the event the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered.

Sec. 5. Minnesota Statutes 2010, section 168A.20, subdivision 5, is amended to read:

Subd. 5. Satisfaction of automobile lien seven years old; release. A security interest perfected under this chapter may be canceled seven years from the perfection date for a passenger automobile, as defined in section 168.002, subdivision 24, upon the

4.1 request of the owner of the passenger automobile, if the owner has paid the lien in full and
4.2 is unable to locate the lienholder to obtain a lien release. At a minimum, the owner must
4.3 send a letter to the lienholder by certified mail, return receipt requested, requesting a lien
4.4 release. If the owner is unable to obtain a lien release by sending a letter by certified mail,
4.5 then the owner must present to the department or its agent the returned letter as evidence
4.6 of the attempted contact. This subdivision applies only to: (1) vehicle owners who are
4.7 individuals; or (2) dealers licensed under section 168.27, subdivision 2 or 3, who are
4.8 purchasing a vehicle from an individual owner for resale.