

136A.04, may enter into agreements or understandings which include remission of nonresident tuition for designated categories of students at state institutions of higher education and public area vocational-technical schools with appropriate state agencies and institutions of higher education in other states to facilitate utilization of public higher education institutions in this state and other states. Such agreements shall have as their purpose the mutual improvement of educational advantages for residents of this state and such other states or institutions of other states with whom agreements are made.

No agreement made by the commission pursuant to this section shall be valid as to an area vocational-technical school without the approval of the state board for vocational education, as to a state college without the approval of the state college board, as to a state junior college without the approval of the state junior college board, and as to the University of Minnesota without the approval of the board of regents of the University of Minnesota.

Approved April 23, 1971.

CHAPTER 162—H.F.No.270

[Coded]

An act relating to motor vehicles; providing for the issuance of certificates of title and the method of perfecting liens; appropriating money; providing penalties; repealing Minnesota Statutes 1969, Sections 514.35 to 514.39.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **[168A.01] DEFINITIONS.** Subdivision 1. For the purposes of this act, the terms defined in this section have the meanings given them, except when the context otherwise requires.

Subd. 2. “Dealer” means a person who is licensed to engage in the business of buying, selling, or exchanging vehicles, and has an established place of business, in this state.

Subd. 3. “Department” means the registrar of motor vehicles of this state.

Subd. 4. “Essential parts” means all integral and body parts of a vehicle of a type for which a certificate of title is required hereunder, the removal, alteration, or substitution of which would

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tend to conceal the identity of the vehicle or substantially alter its appearance, model, type or mode of operation.

Subd. 5. "Established place of business" means the place actually occupied either continuously or at regular periods by a dealer or manufacturer where his books and records are kept and a large share of his business is transacted.

Subd. 6. "Out of state vehicle" means every vehicle of a type for which a certificate of title is required hereunder brought into this state from another state, territory, or country other than in the ordinary course of business by or through a manufacturer or dealer and not registered in this state.

Subd. 7. "Identifying number" means the numbers, and letters, if any, on a vehicle designated by the department for the purpose of identifying the vehicle.

Subd. 8. "Implement of husbandry" means every vehicle designed and adapted exclusively for agricultural, horticultural, or livestock raising operations or for lifting or carrying an implement of husbandry and in either case not subject to registration if used upon the highways.

Subd. 9. "Mail" means to deposit in the United States mail, properly addressed and with postage prepaid.

Subd. 10. "Manufacturer" means every person engaged in the business of constructing or assembling vehicles of a type for which a certificate of title is required hereunder.

Subd. 11. "Manufacturer's or importer's certificate of origin" means a certificate over the authorized signature of the manufacturer or importer of a vehicle, describing and identifying the vehicle, giving the name and address of the person to whom the vehicle is first sold by the manufacturer or importer, and containing assignments, duly executed, assigning the same to an applicant for a certificate of title on the vehicle in this state.

Subd. 12. "Nonresident" means every person who is not a resident of this state.

Subd. 13. "Owner" means a person, other than a secured party, having the property in or title to a vehicle. The term includes a person entitled to the use and possession of a vehicle subject to a security interest in another person, but excludes a lessee under a lease not intended as security.

Subd. 14. "Person" means an individual, firm, copartnership, association, corporation, or governmental organization.

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Subd. 15. "Previously registered vehicle" means a vehicle registered in this state when this act takes effect or a vehicle whose last registration before this act takes effect was in this state.

Subd. 16. "Reconstructed vehicle" means a vehicle of a type for which a certificate of title is required hereunder materially altered from its original construction by the removal, addition, or substitution of essential parts, new or used.

Subd. 17. "Registration" means the registration certificate or certificates and registration plates issued under the laws of this state pertaining to the registration of vehicles.

Subd. 18. "Secured party" means a secured party as defined in Minnesota Statutes 1969, Section 336.9-105 (1) (i) having a security interest in a vehicle.

Subd. 19. "Security agreement" means a security agreement as defined in Minnesota Statutes 1969, Section 336.9-105 (1) (h).

Subd. 20. "Security interest" means a security interest as defined in Minnesota Statutes 1969, Section 336.1-201 (37). A security interest is "perfected" when it is valid against third parties generally, subject only to specific statutory exception.

Subd. 21. "Special mobile equipment" means every vehicle not designed or used primarily for the transportation of persons or property and only incidentally operated or moved over a highway, including but not limited to: Ditch digging apparatus, well boring apparatus, moving dollies, sawing machines, corn shellers, and road construction and maintenance machinery such as asphalt spreaders, bituminous mixers, bucket loaders, tractors other than truck tractors, ditchers, leveling graders, finishing machines, motor graders, road rollers, scarifiers, earth moving carryalls and scrapers, power shovels and drag lines, and self propelled cranes and earth moving equipment. The term does not include house trailers, dump trucks, truck mounted transit mixers, truck mounted feed grinders, or other vehicles designed for the transportation of persons or property to which machinery has been attached.

Subd. 22. "Specially constructed vehicle" means every vehicle of a type for which a certificate of title is required hereunder not originally constructed under a distinctive name, make, model, or type by a generally recognized manufacturer of vehicles and not materially altered from its original construction.

Subd. 23. "State" means a state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a province of the Dominion of Canada.

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Subd. 24. "Vehicle" means every device in, upon, or by which any person or property is or may be transported or drawn upon a highway, excepting devices moved by human power or used exclusively upon stationary rails or tracks.

Sec. 2. [168A.02] **APPLICATION; REGISTRATION AND RENEWAL.** Subdivision 1. Except as provided in section 3, and subject to section 26, every owner of a vehicle which is in this state and for which no currently effective certificate of title has been issued in this state shall make application to the department for a certificate of title of the vehicle, pursuant to rules and regulations adopted by the department under section 24, subdivision 2, clause 3 hereof.

Subd. 2. The department shall not register or renew the registration of a vehicle for which a certificate of title is required, except in the name of a dealer, unless a certificate of title has been issued to the owner or an application therefor has been delivered to and approved by the department.

Sec. 3. [168A.03] **EXEMPT VEHICLES.** No certificate of title need be obtained for:

(1) A vehicle owned by the United States, unless it is registered in this state;

(2) A vehicle owned by a manufacturer or dealer and held for sale, even though incidentally moved on the highway or used pursuant to Minnesota Statutes 1969, Section 168.27 or 168.28, or a vehicle used by a manufacturer solely for testing;

(3) A vehicle owned by a nonresident and not required by law to be registered in this state;

(4) A vehicle regularly engaged in the interstate transportation of persons or property for which a currently effective certificate of title has been issued in another state;

(5) A vehicle moved solely by animal power;

(6) An implement of husbandry;

(7) Special mobile equipment;

(8) A self propelled wheel chair or invalid tricycle;

(9) A trailer having a gross weight of 4,000 pounds or less or a trailer designed primarily for agricultural purposes except recreational equipment or a mobile home, both as defined in Minnesota Statutes 1969, Section 168.011, Subdivisions 8 and 25;

(10) A snowmobile.

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Sec. 4. [168A.04] FORM AND CONTENT OF APPLICATION.

Subdivision 1. The application for the first certificate of title of a vehicle in this state shall be made by the owner to the department on the form prescribed by the department and shall contain:

- (1) The name, and mail address of the owner;
- (2) A description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, and whether new or used;
- (3) The date of purchase by applicant, the name and address of the person from whom the vehicle was acquired, the names and addresses of any secured parties in the order of their priority, and the dates of their respective security agreements;
- (4) Any further information the department reasonably requires to identify the vehicle and to enable it to determine whether the owner is entitled to a certificate of title, and the existence or nonexistence and priority of any security interest in the vehicle.

Subd. 2. If the application refers to a vehicle purchased from a dealer it shall contain the name and address of any secured party holding a security interest created or reserved at the time of the sale and the date of the security agreement and be signed by the dealer as well as the owner, and the dealer shall promptly mail or deliver the application to the department.

Subd. 3. If the application refers to a new vehicle it shall be accompanied by a manufacturer's or importer's certificate of origin.

Subd. 4. If the application refers to a vehicle last previously registered in another state or country, the application shall contain or be accompanied by:

- (1) Any certificate of title issued by the other state or country;
- (2) Any other information and documents the department reasonably requires to establish the ownership of the vehicle and the existence or nonexistence and priority of any security interest in it;
- (3) The certificate of a person authorized by the department that the identifying number of the vehicle has been inspected and found to conform to the description given in the application, or any other proof of the identity of the vehicle the department reasonably requires.

Subd. 5. If the application refers to a specially constructed vehicle or a reconstructed vehicle, the application shall so state and shall contain or be accompanied by:

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(1) Any information and documents the department reasonably requires to establish the ownership of the vehicle and the existence or nonexistence and priority of security interests in it;

(2) The certificate of a person authorized by the department that the identifying number of the vehicle has been inspected and found to conform to the description given in the application, or any other proof of the identity of the vehicle the department reasonably requires.

Sec. 5. [168A.05] CERTIFICATE OF TITLE. Subdivision 1. **FILING OF APPLICATION; ISSUANCE OF CERTIFICATE.** The department shall file each application received, and when satisfied as to its genuineness and regularity and that the applicant is entitled to the issuance of a certificate of title shall issue a certificate of title of the vehicle.

Subd. 2. RECORD OF CERTIFICATES ISSUED. The department shall maintain a record of all certificates of title issued by it:

- (1) Under a distinctive title number assigned to the vehicle;
- (2) By vehicle identifying number;
- (3) Alphabetically, under the name of the owner.

Such record shall consist of the certificate of title, including the notations of all security interests recorded, assigned, terminated, or released, of duplicate certificates issued or applied for, and such other information as the department may deem proper.

Subd. 3. CONTENT OF CERTIFICATE. Each certificate of title issued by the department shall contain:

- (1) The date issued;
- (2) The name and address of the owner;
- (3) The names and addresses of any secured parties in the order of priority as shown on the application, or if the application is based on a certificate of title, as shown on the certificate, or as otherwise determined by the department;
- (4) The title number assigned to the vehicle;
- (5) A description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, whether new or used, and if a new vehicle, the date of the first sale of the vehicle for use; and
- (6) Any other data the department prescribes.

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Subd. 4. **VEHICLES LAST REGISTERED IN ANOTHER STATE OR COUNTRY.** Unless a bond is filed as provided in section 7, subdivision 1, clause (2), a distinctive certificate of title shall be issued for a vehicle last previously registered in another state or country, the laws of which do not require that secured parties be named on a certificate of title to perfect their security interests. The certificate shall contain the legend "This vehicle may be subject to an undisclosed lien" and may contain any other information the department prescribes. If no notice of a security interest in the vehicle is received by the department within four months from the issuance of the distinctive certificate of title, it shall, upon application and surrender of the distinctive certificate, issue a certificate of title in ordinary form.

Subd. 5. **ASSIGNMENT AND WARRANTY OF TITLE FORMS.** The certificate of title shall contain forms for assignment and warranty of title by the owner, and for assignment and warranty of title by a dealer, and may contain forms for applications for a certificate of title by a transferee, the naming of a secured party, and the assignment or release of security interests.

Subd. 6. **EFFECT OF CERTIFICATE.** A certificate of title issued by the department is prima facie evidence of the facts appearing on it.

Subd. 7. **JUDICIAL PROCESS RELATING TO CERTIFICATE OR VEHICLE.** A certificate of title for a vehicle is not subject to garnishment, attachment, execution, or other judicial process, but this subdivision does not prevent a lawful levy upon the vehicle.

Sec. 6. [168A.06] **DELIVERY OF CERTIFICATE.** The certificate of title shall be mailed or delivered to the first secured party named in it, or if none, to the owner.

Sec. 7. [168A.07] **CONDITIONAL REGISTRATION.** Subdivision 1. 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 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 one and one half times the value of

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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.

Subd. 2. In the event the issuance of a certificate of title is withheld in accordance with subdivision 1, or because the applicant is unable to surrender an existing certificate of title to the vehicle issued by another state, the department, upon payment of the same fee as for issuing a certificate of title, shall issue to the applicant a nontransferable certificate in form designated by the department certifying that the applicant has applied for a certificate of title; provided that such certificate shall not be issued if the department has reasonable grounds to believe the applicant is not the owner or that the application contains a false or fraudulent statement.

Sec. 8. [168A.08] GROUNDS FOR REFUSAL TO ISSUE CERTIFICATE. The department shall refuse issuance of a certificate of title if any required fee is not paid or if it has reasonable grounds to believe that:

- (1) The applicant is not the owner of the vehicle;
- (2) The application contains a false or fraudulent statement; or if
- (3) The applicant fails to furnish required information or documents or any additional information the department reasonably requires.

Sec. 9. [168A.09] DUPLICATE CERTIFICATE. Subdivision 1. In the event a certificate of title is lost, stolen, mutilated, or destroyed or becomes illegible, the owner or legal representative of the owner named in the certificate, or a secured party noted thereon as shown by the records of the department, may make application to the department for a duplicate on a form prescribed by the department. The department shall issue a duplicate certificate of title if

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satisfied that the applicant is entitled thereto. The duplicate certificate of title shall be plainly marked as a duplicate and mailed or delivered to the person who according to the records of the department is the holder of the first security interest in the vehicle, or if none, to the owner. The department shall indicate in its records that a duplicate has been issued. As a condition to issuing a duplicate certificate of title, the department may require a bond from the applicant in the manner and form prescribed in section 7, subdivision 1, clause (2). The duplicate certificate of title shall contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate."

Subd. 2. The department shall not issue a new certificate of title to a transferee upon application made on a duplicate until at least 15 days after receipt of the application.

Subd. 3. A person recovering an original certificate of title for which a duplicate has been issued shall promptly surrender the original certificate to the department.

Sec. 10. [168A.10] TRANSFER OF INTEREST BY OWNER.

Subdivision 1. If an owner transfers his interest in a vehicle other than by the creation of a security interest, he shall at the time of the delivery of the vehicle execute an assignment and warranty of title to the transferee in the space provided therefor on the certificate or as the department prescribes, and cause the certificate and assignment to be mailed or delivered to the transferee or to the department.

Subd. 2. Except as provided in section 11, the transferee shall, promptly after delivery to him of the vehicle, execute the application for a new certificate of title in the space provided therefor on the certificate or as the department prescribes, and cause the certificate and application to be mailed or delivered to the department.

Subd. 3. Upon request of the owner or transferee, a secured party in possession of the certificate of title shall, either deliver the certificate to the transferee for delivery to the department, or upon receipt from the transferee of the owner's assignment, the transferee's application for a new certificate and the required fee, mail or deliver them to the department. The delivery of the certificate does not affect the rights of the secured party under his security agreement.

Subd. 4. If a security interest is reserved or created at the time of the transfer, the certificate of title shall be retained by or delivered to the person who becomes the secured party, unless a prior secured party is entitled to it, and the parties shall comply with the provisions of section 18.

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Subd. 5. Except as provided in section 11 and as between the parties, a transfer by an owner is not effective until the provisions of this section have been complied with; however, an owner who has delivered possession of the vehicle to the transferee and has complied, or within 48 hours after such delivery does comply, with the provisions of this section requiring action by him is not liable as owner for any damages resulting from operation of the vehicle after the delivery of the vehicle to the transferee.

Sec. 11. [168A.11] PURCHASE OF VEHICLE BY DEALER. Subdivision 1. If a dealer buys a vehicle and holds it for resale and procures the certificate of title from the owner or the secured party within ten days after delivery of the vehicle to him, and complies with subdivision 2 hereof, he need not apply for a certificate of title, but upon transferring the vehicle to another person other than by the creation of a security interest shall promptly execute the assignment and warranty of title by a dealer, showing the names and addresses of the transferee and of any secured party holding a security interest created or reserved at the time of the resale, and the date of the security agreement in the spaces provided therefor on the certificate or as the department prescribes, and mail or deliver the certificate to the department with the transferee's application for a new certificate.

Subd. 2. If a dealer buys a vehicle which is subject to an outstanding certificate of title, he shall at the time of delivery of the vehicle to him execute in triplicate a purchase receipt for the vehicle in a form designated by the department, and deliver one copy to the seller. Within 48 hours thereafter the dealer shall mail or deliver one copy of such receipt to the department.

Subd. 3. Every dealer shall maintain for three years at an established place of business a record in the form the department prescribes of every vehicle bought, sold, or exchanged by him, or received by him for sale or exchange, which shall be open to inspection by a representative of the department or peace officer during reasonable business hours.

Sec. 12. [168A.12] INTEREST PASSING BY OTHER THAN VOLUNTARY TRANSFER. Subdivision 1. If the interest of an owner in a vehicle passes to another other than by voluntary transfer, the transferee shall, except as provided in subdivision 2, promptly mail or deliver to the department the last certificate of title, if available, proof of the transfer, and his application for a new certificate in the form the department prescribes.

Subd. 2. If the interest of the owner is terminated or the vehicle is sold under a security agreement by a secured party named in the certificate of title, the transferee shall promptly mail or deliver to the department the last certificate of title, if available, his application for

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a new certificate in the form the department prescribes, and an affidavit made by or on behalf of the secured party that the interest of the owner was lawfully terminated or the vehicle sold pursuant to the terms of the security agreement. If the secured party succeeds to the interest of the owner and holds the vehicle for resale, he need not secure a new certificate of title provided that he mails or delivers to the department in duplicate within 48 hours a notice thereof in form designated by the department, but upon transfer to another person shall promptly mail or deliver to the transferee or the department the certificate, affidavit, and other documents required to be sent to the department by the transferee.

Subd. 3. A person holding a certificate of title whose interest in the vehicle has been extinguished or transferred other than by voluntary transfer shall mail or deliver the certificate to the department upon its request. The delivery of the certificate pursuant to the request of the department does not affect the rights of the person surrendering the certificate, and the action of the department in issuing a new certificate of title as provided herein is not conclusive upon the rights of an owner or secured party named in the old certificate.

Sec. 13. [168A.13] FEES TO ACCOMPANY APPLICATIONS; DELIVERY OF LICENSE PLATES AND REGISTRATION CARD.

Subdivision 1. An application for a certificate of title shall be accompanied by the required fee when mailed or delivered to the department.

Subd. 2. An application for the naming of a secured party or his assignee on a certificate of title shall be accompanied by the required fee when mailed or delivered to the department.

Subd. 3. A transferor of a vehicle, other than a dealer transferring a new vehicle, shall deliver to the transferee at the time of the delivery of possession of the vehicle the registration card and license plates for the vehicle.

Sec. 14. [168A.14] DUTY OF DEPARTMENT TO ISSUE NEW CERTIFICATES AND RETAIN SURRENDERED CERTIFICATES.

Subdivision 1. The department, upon receipt of a properly assigned certificate of title, with an application for a new certificate of title, the required fee, and any other documents required by law, shall issue a new certificate of title in the name of the transferee as owner and mail or deliver it to the first secured party named in it, or if none, to the owner.

Subd. 2. The department, upon receipt of an application for a new certificate of title by a transferee other than by voluntary transfer, with proof of the transfer, the required fee, and any other documents required by law, shall issue a new certificate of title in the

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name of the transferee as owner. If the outstanding certificate of title is not delivered to it, the department shall make demand therefor from the holder thereof.

Subd. 3. The department shall file and retain for five years every surrendered certificate of title, the file to be maintained so as to permit the tracing of title of the vehicle designated therein.

Sec. 15. **[168A.15] SCRAPPED, DISMANTLED, DESTROYED OR RECONSTRUCTED VEHICLES.** Subdivision 1. An owner who scraps, dismantles, or destroys a vehicle and a person who purchases a vehicle as scrap or to be dismantled or destroyed shall immediately cause the certificate of title to be mailed or delivered to the department for cancellation. A certificate of title of the vehicle shall not again be issued except upon application containing the information the department requires, accompanied by a certificate of inspection in the form and content specified in section 4, subdivision 4, clause (3).

Subd. 2. If a vehicle is altered so as to become a reconstructed vehicle, the owner shall apply for a certificate of title to the reconstructed vehicle in the manner provided in section 4, and any existing certificate of title to the vehicle shall be surrendered for cancellation.

Sec. 16. **[168A.16] INAPPLICABLE LIENS AND SECURITY INTERESTS.** This act does not apply to or affect:

(1) A lien given by statute or rule of law to a supplier of services or materials for the vehicle;

(2) A lien given by statute to the United States, this state, or any political subdivision of this state;

(3) A security interest in a vehicle created by a manufacturer or dealer who holds the vehicle for sale.

Sec. 17. **[168A.17] SECURITY INTERESTS.** Subdivision 1. **VALIDITY.** Unless excepted by section 16, a security interest in a vehicle of a type for which a certificate of title is required is not valid against creditors of the owner or subsequent transferees or secured parties of the vehicle unless perfected as provided in this act.

Subd. 2. **PERFECTION.** A security interest is perfected by the delivery to the department of the existing certificate of title, if any, an application for a certificate of title containing the name and address of the secured party, the date of his security agreement and the required fee. It is perfected as of the time of its creation if the delivery is completed within ten days thereafter; otherwise as of the time of the delivery.

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Subd. 3. **INTERESTS CREATED IN OTHER STATES.** If a vehicle is subject to a security interest when brought into this state, the validity of the security interest is determined by the law of the jurisdiction where the vehicle was when the security interest attached, subject to the following:

(1) If the parties understood at the time the security interest attached that the vehicle would be kept in this state and it was brought into this state within 30 days thereafter for purposes other than transportation through this state, then the validity of the security interest in this state is determined by the law of this state.

(2) If the security interest was already perfected under the law of the jurisdiction where the vehicle was when the security interest attached, the following rules apply:

(a) If the name of the secured party is shown on an existing certificate of title issued by that jurisdiction, his security interest continues perfected in this state.

(b) If the name of the secured party is not shown on an existing certificate of title issued by that jurisdiction, the security interest continues perfected in this state for four months after a first certificate of title of the vehicle is issued in this state, and also thereafter if within the four month period it is perfected in this state. The security interest may also be perfected in this state after the expiration of the four month period; in that case perfection dates from the time of perfection in this state.

(3) If the security interest was not perfected under the law of the jurisdiction where the vehicle was when the security interest attached, it may be perfected in this state; in that case perfection dates from the time of perfection in this state.

(4) A security interest may be perfected under clause (2) (b) or clause (3) of this subdivision, either as provided in subdivision 2, or by the secured party delivering to the department a notice of security interest in the form the department prescribes, and the required fee.

Sec. 18. [168A.18] DUTIES OF PARTIES WITH RELATION TO SECURITY INTEREST. If an owner creates a security interest in a vehicle:

(1) The owner shall immediately execute the application in the space provided therefor on the certificate of title, or on a separate form the department prescribes, to name the secured party on the certificate, showing the name and address of the secured party, and cause the certificate, application, and the required fee to be delivered to the secured party.

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(2) The secured party shall immediately cause the certificate, application, and the required fee to be mailed or delivered to the department.

(3) Upon request of the owner or subordinate secured party, a secured party in possession of the certificate of title shall either mail or deliver the certificate to the subordinate secured party for delivery to the department, or upon receipt from the subordinate secured party of the owner's application, and the required fee, mail or deliver them to the department with the certificate. The delivery of the certificate does not affect the rights of the first secured party under his security agreement.

(4) Upon receipt of the certificate of title, application, and the required fee, the department shall either endorse on the certificate or issue a new certificate containing the name and address of the new secured party, and mail or deliver the certificate to the first secured party named in it.

Sec. 19. [168A.19] ASSIGNMENT OF SECURITY INTEREST. Subdivision 1. A secured party may assign, absolutely or otherwise, his security interest in the vehicle to a person other than the owner without affecting the interest of the owner or the validity of the security interest, but any person without notice of the assignment is protected in dealing with the secured party as the holder of the security interest and the secured party remains liable for any obligations as secured party until the assignee is named as secured party on the certificate.

Subd. 2. The assignee may, but need not to perfect the assignment, have the certificate of title endorsed or issued with the assignee named as secured party, upon delivering to the department the certificate and an assignment by the secured party named in the certificate in the form the department prescribes together with the required fee.

Sec. 20. [168A.20] SATISFACTION OF SECURITY INTEREST. Subdivision 1. Upon the satisfaction of a security interest in a vehicle for which the certificate of title is in the possession of the secured party, he shall within 15 days execute a release of his security interest in the space provided therefor on the certificate or as the department prescribes, and mail or deliver the certificate and release to the next secured party named therein, or if none, to the owner or any person who delivers to the secured party an authorization from the owner to receive the certificate. The owner, other than a dealer holding the vehicle for resale, shall promptly cause the certificate and release, together with the required fee, to be mailed or delivered to the department, which shall release the secured party's rights on the certificate or issue a new certificate.

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Subd. 2. Upon the satisfaction of a security interest in a vehicle for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall within 15 days execute a release in the form the department prescribes and deliver the release to the owner or any person who delivers to the secured party an authorization from the owner to receive it. The secured party in possession of the certificate of title shall either deliver the certificate to the owner, or the person authorized by him, for delivery to the department, or upon receipt of the release, mail or deliver it with the certificate to the department, which shall release the subordinate secured party's rights on the certificate or issue a new certificate.

Sec. 21. [168A.21] **DISCLOSURE OF SECURITY INTEREST.** A secured party named in a certificate of title shall upon written request of the owner or of another secured party named on the certificate disclose any pertinent information as to his security agreement and the indebtedness secured by it.

Sec. 22. [168A.22] **EXCLUSIVE METHOD OF PERFECTING SECURITY INTERESTS.** The method provided in this act of perfecting security interests subject to this act is exclusive.

Sec. 23. [168A.23] **SUSPENSION OR REVOCATION OF CERTIFICATE.** Subdivision 1. The department shall suspend or revoke a certificate of title upon notice and reasonable opportunity to be heard when authorized by any other provision of law, or if it finds:

(1) The certificate of title was fraudulently procured or erroneously issued;

(2) The vehicle has been scrapped, dismantled, or destroyed.

Subd. 2. Suspension or revocation of a certificate of title does not, in itself, affect the validity of a security interest noted on it.

Subd. 3. When the department suspends or revokes a certificate of title, the owner or person in possession of it shall immediately upon receiving notice of the suspension or revocation mail or deliver the certificate to the department.

Subd. 4. The department may seize and impound any certificate of title which has been suspended or revoked.

Sec. 24. [168A.24] **DUTIES OF DEPARTMENT.** Subdivision 1. The department shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests, and all other notices and forms necessary to carry out the provisions of this act.

Subd. 2. The department may:

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(1) Make necessary investigations to procure information required to carry out the provisions of this act;

(2) Assign a new identifying number to a vehicle if it has none, or its identifying number is destroyed or obliterated;

(3) Adopt and enforce such rules and regulations as may be necessary to carry out the provisions of this act;

(4) Adopt and enforce such rules and regulations as the department may deem necessary or appropriate to require the payment of fees imposed by Minnesota Statutes 1969, Sections 168.30 and 168.54, as a condition for deferring application for a certificate of title by a dealer or secured party in cases provided for in section 11 or 12, subdivision 2. Such regulations shall permit the use of the "Transfer Filing Fee" stamp prescribed by Minnesota Statutes 1969, Section 168.54, when feasible.

(5) Adopt a regulation which may require the owner or secured party, as the case may be, to deposit the certificate of title with the department during the period when the vehicle for which such certificate was issued is registered pursuant to Minnesota Statutes 1969, Section 168.31, Subdivision 4, or is subject to the lien imposed by Minnesota Statutes 1969, Section 168.31, Subdivision 6.

Sec. 25. [168A.25] REVIEW BY DISTRICT COURT. A person aggrieved by an act or omission to act of the department under this act is also entitled to a review thereof by the district court in accordance with law.

Sec. 26. [168A.26] PREVIOUSLY REGISTERED VEHICLES, APPLICATION. Sections 1 to 25 of this act do not apply to a previously registered vehicle until:

(1) It is purchased from a dealer in this state after this act takes effect;

(2) A security interest in the vehicle is created after this act takes effect;

(3) A certificate of title is issued in this state for the vehicle;

(4) An application is made to transfer the registration of the vehicle more than one year after this act takes effect;

(5) Three years elapse from the date this act takes effect, and then only if it is then subject to a security interest;

(6) Six years elapse from the date this act takes effect.

Sec. 27. [168A.27] PREVIOUSLY REGISTERED VEHICLES, UNDISCLOSED SECURITY INTERESTS. If the department is not

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satisfied that there are no undisclosed security interests, created before this act takes effect, in a previously registered vehicle, it may, in addition to its options under section 7, issue a distinctive certificate of title of the vehicle containing the legend: "This vehicle may be subject to an undisclosed lien", and any other information the department prescribes.

Sec. 28. [168A.28] PREVIOUSLY REGISTERED VEHICLES; PERFECTED SECURITY INTERESTS, EFFECT. If a security interest in a previously registered vehicle is perfected under any other applicable law of this state at the time this act takes effect, the security interest continues perfected:

(1) Until its perfection lapses under the law under which it was perfected or would lapse in the absence of a further filing; or

(2) Until the earlier lapse of four years from the date this act takes effect. Until such time as a certificate of title for the vehicle is issued and the security interest noted thereon, the assignment, release, or satisfaction of such security interest shall be governed by the law under which it was perfected.

Sec. 29. [168A.29] FEES. Subdivision 1. The department shall be paid the following fees:

(1) For filing an application for and the issuance of an original certificate of title, the sum of \$2;

(2) For each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2;

(3) For the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$2;

(4) For each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1;

(5) For issuing a duplicate certificate of title, the sum of \$4.

Subd. 2. If a person applies for an original or a new certificate of title to a vehicle, concurrently with an application for transfer of registration of the vehicle to himself, the fee prescribed in subdivision 1 shall be in lieu of the fee prescribed by Minnesota Statutes 1969, Section 168.54, with respect to any transfer of ownership or registration of the vehicle to the applicant.

Subd. 3. Subject to subdivision 2, the department shall not issue a certificate of title to a vehicle until all fees prescribed by Minnesota Statutes 1969, Sections 168.30 and 168.54, with respect to any prior

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transfer of ownership or registration of the vehicle shall have been paid.

Sec. 30. [168A.30] **PENALTIES.** Subdivision 1. A person who with fraudulent intent uses a false or fictitious name or address, or makes a material false statement, or fails to disclose a security interest, or conceals any other material fact, in an application for a certificate of title or submits a false, forged, or fictitious document in support of an application for a certificate of title, shall be guilty of a felony and may be sentenced for a term of not more than four years, or to payment of a fine of not more than \$5,000, or both.

Subd. 2. A person is guilty of a misdemeanor who:

(1) With fraudulent intent permits another, not entitled thereto, to use or have possession of a certificate of title;

(2) Willfully fails to mail or deliver a certificate of title to the department within ten days after the time required by this act;

(3) Willfully fails to deliver to his transferee a certificate of title within ten days after the time required by this act;

(4) Commits a fraud in any application for a certificate of title;

(5) Fails to notify the department of any fact as required by this act; or

(6) Willfully violates any other provision of this act except as otherwise provided in this act.

Sec. 31. Minnesota Statutes 1969, Sections 514.35, 514.36, 514.37, 514.38, and 514.39, are repealed.

Sec. 32. [168A.31] **DISPOSITION OF FEES; PAYMENT OF EXPENSES.** Subdivision 1. All fees prescribed by this act collected by the department shall be paid into the transfer of ownership revolving fund established by Minnesota Statutes 1969, Section 168.54.

Subd. 2. All necessary expenses incurred by the department for the administration of this act shall be paid from moneys in the transfer of ownership revolving fund, and such funds are hereby appropriated.

Sec. 33. This act shall take effect July 1, 1972; except that sections 24 and 32 shall take effect on the passage of this act.

Approved April 27, 1971.

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