

CHAPTER 361A

WATERCRAFT TITLING

361A.01	Definitions.	361A.13	Security interests.
361A.02	Certificate of title required.	361A.14	Owner-created security interest.
361A.03	Application and issuance of certificate of title.	361A.15	Licensed watercraft previously perfected.
361A.04	Dealer acquisition and transfer.	361A.16	Satisfaction of security interest.
361A.05	Transfer by owner.	361A.17	Disclosure of security agreement.
361A.06	Temporary watercraft use permits.	361A.18	Effect of suspension or revocation on security interest.
361A.07	Duplicate certificate.	361A.19	Previously licensed watercraft undisclosed security interests.
361A.08	Suspension or revocation of certificate.	361A.20	Liens attaching to watercraft.
361A.09	Responsibilities of commissioner.	361A.21	Stolen watercraft.
361A.10	Penalties.		
361A.11	Title fees.		
361A.12	Inapplicable liens and security interests.		

361A.01 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of natural resources.

Subd. 3. **Dealer.** "Dealer" means a person who: (1) is in the business of manufacturing, distributing, selling, or purchasing new or used watercraft; (2) has an established place of business for the sale, trade, and display of watercraft; and (3) possesses watercraft for the purpose of sale or trade.

Subd. 4. **Department.** "Department" means the department of natural resources.

Subd. 5. **Deputy registrar.** "Deputy registrar" means a person appointed or hired by the commissioner of public safety under section 168.33.

Subd. 6. **Manufacturer.** "Manufacturer" means a person engaged in the business of constructing or assembling watercraft required to have a certificate of title.

Subd. 7. **Manufacturer's or importer's certificate of origin.** "Manufacturer's or importer's certificate of origin" means a certificate with the authorized signature of the manufacturer or importer of a watercraft, describing and identifying the watercraft, giving the name and address of the person to whom the watercraft is first sold by the manufacturer or importer, and containing executed assignments of the watercraft to an applicant for a certificate of title on the watercraft in this state.

Subd. 8. **Owner.** "Owner" means a person, other than a secured party, having the title to a watercraft. "Owner" includes a person entitled to use or possess the watercraft, subject to a security interest in another person, reserved or created by agreement and securing payment of performance of an obligation, but "owner" does not include a lessee under a lease not intended as security.

Subd. 9. **Person.** "Person" means an individual, firm, partnership, association, corporation, or governmental organization.

Subd. 10. **Secured party.** "Secured party" means a secured party as defined in section 336.9-105, subsection (1)(m), having a security interest in a watercraft and includes a lienholder.

Subd. 11. **Security agreement.** "Security agreement" has the meaning given it in section 336.9-105, subsection (1)(l).

Subd. 12. **Security interest.** "Security interest" has the meaning given it in section 336.1-201, subsection (37), and includes statutory liens for which lien statements are filed.

Subd. 13. **Titled watercraft.** "Titled watercraft" means a watercraft required to have a certificate of title under section 361A.02, subdivision 1, or for which a certificate of title has been issued under section 361A.02, subdivision 3.

Subd. 14. **Watercraft.** "Watercraft" means a device used or designed for naviga-

tion on water that is greater than 16 feet in length, as defined in section 361.02, subdivision 14, but does not include:

- (1) a row-type fishing boat of single hull construction, with oar locks and an outboard motor capacity rating of less than 40 horsepower;
- (2) a canoe;
- (3) a kayak;
- (4) a ship's lifeboat;
- (5) a vessel of at least five net tons measured in Code of Federal Regulations, title 46, part 69, that is documented under Code of Federal Regulations, title 46, subpart 67.01; or
- (6) a seaplane.

Subd. 15. **Waters of this state.** "Waters of this state" means waters capable of substantial public use and waters to which the public has access, that are within the territorial limits of this state, including boundary waters.

History: 1989 c 335 art 1 s 222

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 222, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.02 CERTIFICATE OF TITLE REQUIRED.

Subdivision 1. **Requirement.** Except as provided in subdivision 2, a watercraft used on the waters of the state must have a certificate of title if:

- (1) the watercraft is owned by a resident of this state and is kept in the state for more than 90 consecutive days; or
- (2) the watercraft is kept in the state for more than 60 consecutive days and has not been issued a certificate of title or similar document from another jurisdiction.

Subd. 2. **Exempt watercraft.** A watercraft is not required to have a certificate of title if the watercraft is:

- (1) owned by a manufacturer or dealer and held for sale;
- (2) used by a manufacturer solely for testing;
- (3) from a jurisdiction other than this state, temporarily using the waters of this state;
- (4) owned by the United States, a state, this state, or a political subdivision;
- (5) a duck boat used only during duck hunting season;
- (6) a rice boat used only during the wild rice harvesting season;
- (7) owned by a person, firm, or corporation operating a resort as defined in section 157.01, subdivision 1, or a recreational camping area as defined in section 327.14, subdivision 8, except with respect to a previously titled watercraft; or
- (8) watercraft manufactured prior to August 1, 1979.

Subd. 3. **Voluntary titling.** The owner of a device used or designed for navigation on water and used on the waters of this state may obtain a certificate of title for the device, even though it is not a watercraft as defined in section 361A.01, subdivision 14, in the same manner and with the same effect as the owner of a watercraft required to be titled under Laws 1989, chapter 335. Once titled, the device is a titled watercraft as defined in section 361A.01, subdivision 13, and is and remains subject to Laws 1989, chapter 335, to the same extent as a watercraft required to be titled.

Subd. 4. **Title required for transfer.** A person may not sell or otherwise transfer a titled watercraft without delivering to the person acquiring the watercraft a certificate of title with an assignment on it to show title in the person acquiring the watercraft. A person may not acquire a watercraft required to have a certificate of title without obtaining a certificate of title for the watercraft in the person's name.

Subd. 5. **No legal title without certificate.** A person acquiring a watercraft through

a sale or gift does not acquire a right, title, claim, or interest in the watercraft until the person has been issued a certificate of title to the watercraft or has received a manufacturer's or importer's certificate. A waiver or estoppel does not operate in favor of that person against another person who has obtained possession of the certificate of title or manufacturer's or importer's certificate for the watercraft for valuable consideration.

Subd. 6. Watercraft license may not be issued without title. The commissioner may not issue or renew a watercraft license to an owner of a titled watercraft unless the owner has been issued or has applied for a certificate of title for the watercraft.

History: 1989 c 335 art 1 s 223

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 223, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.03 APPLICATION AND ISSUANCE OF CERTIFICATE OF TITLE.

Subdivision 1. Application. The owner of a titled watercraft must apply for the first certificate of title of a watercraft in this state to the commissioner or a deputy registrar on a form prescribed by the commissioner. The appropriate fee under section 361A.11 must accompany the application. The application must be signed by the owner and contain:

(1) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(2) a description of the watercraft including its make, model, year, length, the principal material used in construction, the builder's hull identification number, and the manufacturer's inboard engine serial number;

(3) the date of purchase by the applicant, the name and address of the person from whom the watercraft was acquired;

(4) the name and address of the person who is to possess the title and any conditions of possession; and

(5) other information required by the commissioner to determine whether the owner is entitled to a certificate of title and whether security interests exist in the watercraft.

Subd. 2. Issuance. (a) The commissioner shall issue a certificate of title for a watercraft upon verification that:

(1) the application is genuine;

(2) the applicant is the owner of the watercraft; and

(3) payment of the required fee.

(b) The original certificate of title must be mailed to the first secured party disclosed in the application or, if none, to the owner named in the application.

Subd. 3. Contents. (a) A certificate of title issued by the commissioner must contain:

(1) the date issued;

(2) the full names, dates of birth, and addresses of owners who are natural persons and the full names and addresses of other owners;

(3) the names and addresses of secured parties;

(4) the title number assigned to the watercraft;

(5) a description of the watercraft including its make, model, year of manufacture, length, principal material used in construction, registration number, and manufacturer's hull identification number or, if none, the builder's hull identification number assigned to the watercraft by the commissioner;

(6) spaces for assignment of title by the owner or by the dealer and for warranting that the signer is the owner and that the watercraft is not subject to security interests, liens, or encumbrances except as noted on the face of the certificate of title;

(7) spaces on the certificate for application of title by a new owner subject to the

security interests of secured parties named and for the assignment or release of the security interest of a secured party; and

(8) other information the commissioner may require.

(b) A certificate of title issued by the commissioner is prima facie evidence of the facts appearing on it.

Subd. 4. Issuance without absolute proof of ownership. (a) If application is made for a certificate of title for a watercraft and the commissioner is not satisfied of the ownership of the watercraft or the existence of security interests in the watercraft, the watercraft may be assigned a title number but the commissioner must:

(1) withhold issuance of a certificate of title until the applicant presents documents that satisfy the commissioner of the applicant's ownership of the watercraft and of security interest in the watercraft; or

(2) require the applicant to file a bond in the form prescribed by the commissioner and executed by the applicant as a condition to issuing a certificate of title.

(b) A bond filed under this subdivision must be accompanied by the deposit of cash or executed by a surety company authorized to do business in this state. The bond must be in an amount equal to 1-1/2 times the value of the watercraft as determined by the commissioner. The bond must be conditioned to indemnify prior owners, secured parties, and later purchasers of the watercraft or persons acquiring a security interest in the watercraft, or successors in interest of the persons, against expenses, losses, or damages, including reasonable attorney fees, by reason of the issuance of the certificate of title to the watercraft or on account of a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the watercraft.

(c) An interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(d) The commissioner shall return the bond and any deposit accompanying the bond if:

(1) the commissioner has not been notified of the pendency of an action to recover on the bond;

(2) questions of ownership and outstanding security interests have been resolved to the satisfaction of the commissioner;

(3) the bond has been posted for three years or the watercraft is not registered for license purposes in this state under section 361.03; and

(4) the currently valid certificate of title is surrendered.

Subd. 5. Records. (a) The commissioner shall maintain records of certificates of title issued under this section according to one of the following systems:

(1) under a distinctive title number assigned to a watercraft;

(2) under the registration number awarded to a watercraft in accordance with the registration and numbering law of the state where it is registered;

(3) alphabetically, under the name of the owner; or

(4) under another system determined by the commissioner.

(b) Records relating to watercraft titling maintained by the commissioner are public records and are open to public inspection during regular office hours.

Subd. 6. Grounds for refusal to issue certificate of title. The commissioner may not issue a certificate of title if a required fee is not paid or the commissioner has reasonable grounds to believe that:

(1) the applicant is not the owner of the watercraft;

(2) the application contains a false statement; or

(3) the applicant failed to furnish required information or documents or additional information the commissioner reasonably requires.

History: 1989 c 335 art 1 s 224

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 224, is effective January 1, 1991. A

watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.04 DEALER ACQUISITION AND TRANSFER.

Subdivision 1. Certificate of origin required. (a) A dealer may not purchase or acquire a new titled watercraft without obtaining a manufacturer's or importer's certificate of origin from the seller.

(b) A manufacturer, importer, dealer, or other person may not sell or otherwise dispose of a new titled watercraft to a dealer for purposes of display and resale without delivering to the dealer a manufacturer's or importer's certificate of origin.

Subd. 2. Contents of certificate. The manufacturer's or importer's certificate of origin must be of a form prescribed by the commissioner and contain:

(1) a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, and hull identification number;

(2) certification of the date of transfer of the watercraft and the name and address of the person to whom the watercraft was transferred;

(3) certification that the transfer of the watercraft was in ordinary trade and commerce;

(4) the signature and address of a representative of the person transferring the watercraft;

(5) an assignment form, including the name and address of the person the watercraft is to be transferred to, a certification that the watercraft is new, and a warranty that the title at the time of delivery is subject only to the security interests stated on the title; and

(6) other information required by the commissioner.

Subd. 3. Sale of new watercraft. A dealer selling or exchanging a new titled watercraft, before delivering the watercraft to a purchaser, shall apply to the commissioner for a new title in the name of the purchaser. The application must contain the name and address of any secured party holding a security interest created or reserved at the time of sale and the date of the security agreement and must be accompanied by a manufacturer's or importer's certificate of origin. The application must be signed by the dealer and the owner, and the dealer shall promptly mail or deliver the application to the commissioner or a deputy registrar.

Subd. 4. Used watercraft acquired for resale. (a) If a dealer buys or acquires a used titled watercraft for resale, the dealer must apply to the commissioner or deputy registrar and obtain a title number before selling or exchanging the watercraft in the same manner as a new watercraft on forms the commissioner provides or apply for and obtain a certificate of title.

(b) If a dealer acquires a used titled watercraft for resale and the watercraft is covered by a certificate of title that is surrendered to the dealer by the owner at the time of delivery of the watercraft, the dealer need not send the certificate of title to the commissioner. Upon transferring the watercraft to another person, the dealer must promptly execute the assignment, showing the name and address of the person to whom the watercraft is transferred and forward the certificate to the commissioner or deputy registrar with the application for a new certificate of title.

Subd. 5. Watercraft with foreign registration. (a) Except as provided in paragraph (b), an application for a certificate of title for a watercraft last registered in another state or foreign country must contain or be accompanied by:

(1) a certificate of title or registration issued by the other state or foreign country; and

(2) other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

(b) If the state or foreign country where the watercraft was last registered does not issue certificates of title, the application must contain or be accompanied by:

- (1) a proper bill of sale or sworn statement of ownership, certificate of registration, or evidence of ownership as required by the law of the state or foreign country; and
- (2) any other information or documents the commissioner requires to establish the ownership of the watercraft and the existence or nonexistence of security interests.

History: 1989 c 335 art 1 s 225

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 225, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.05 TRANSFER BY OWNER.

Subdivision 1. Voluntary transfer. (a) An owner who transfers a titled watercraft must execute the assignment and warranty of title to the person to whom the watercraft is transferred in the space provided on the certificate of title where the watercraft is delivered.

(b) The person acquiring the watercraft must obtain a new certificate of title by applying to the commissioner or a deputy registrar on a form prescribed by the commissioner, and submitting the required fee. The application for certificate of title must be filed within 15 days after delivery of the watercraft to the person acquiring the watercraft.

(c) Upon request of the owner or the person who acquired the watercraft, a secured party in possession of the certificate of title must deliver the certificate to the person acquiring the watercraft, the commissioner, or a deputy registrar, unless the transfer is a breach of the security agreement. The delivery of the certificate does not affect the rights of the secured party under the security agreement.

(d) If a security interest or encumbrance is first created at the time of transfer of ownership, the certificate must be retained by or delivered to the secured party.

Subd. 2. Transfer by law. (a) Except as otherwise provided in this chapter, if the ownership of a titled watercraft is transferred by operation of law, including inheritance or bequest, order in bankruptcy, insolvency, replevin, execution, sale, or satisfaction of mechanic's lien, or repossession upon default in performance of the terms of a security agreement, the person acquiring the watercraft by operation of law must promptly submit the last certificate of title, if available, or the manufacturer's or importer's certificate or other satisfactory proof of the transfer of ownership to the commissioner or deputy registrar with the application for a new certificate of title and the required fee.

(b) If a secured party acquires a titled watercraft under the terms of a security agreement or by operation of law, the secured party must promptly submit to the commissioner, a deputy registrar, or the person acquiring the watercraft from the secured party the last certificate of title, if available, an application for a new certificate of title with the required fee, and an affidavit by the secured party or an authorized representative stating the facts entitling the secured party to possession and ownership of the watercraft, including a copy of the journal entry, court order, or instrument upon which the claim of possession and ownership is founded. If the secured party cannot produce the required proof of ownership, the secured party may submit other evidence with the application and the commissioner may issue a new certificate of title if the evidence provides satisfactory proof of ownership.

History: 1989 c 335 art 1 s 226

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 226, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.06 TEMPORARY WATERCRAFT USE PERMITS.

Subdivision 1. Issuance to title applicant. (a) The commissioner may issue a temporary watercraft use permit to a person applying for a certificate of title for a new

or used watercraft to allow that person to operate the watercraft on the waters of this state pending completion of the titling and watercraft licensing process.

(b) The watercraft use permit must be carried aboard the watercraft to allow immediate inspection. The watercraft use permit must contain a description of the watercraft, including its trade name, if any, year, series or model, hull material, length, hull identification number, and other information prescribed by the commissioner. A permit is valid only for the watercraft for which it is issued.

Subd. 2. Distribution to dealers. The commissioner may distribute permits in booklet form to licensed dealers. If the dealer issues a permit, the dealer must submit a watercraft use permit information form to the commissioner. The commissioner must provide information forms that require the name of the person to whom the watercraft use permit was issued, the watercraft description, dates of issue and expiration, and other information prescribed by the commissioner.

History: 1989 c 335 art 1 s 227

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 227, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.07 DUPLICATE CERTIFICATE.

Subdivision 1. Form and issuance. (a) The commissioner may issue a duplicate certificate of title under this section. The duplicate certificate of title must be a certified copy plainly marked "duplicate" across its face and must contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate." It must be mailed to the first secured party named in it or, if none, to the owner. The commissioner shall indicate in the department records that a duplicate has been issued.

(b) As a condition to issuing a duplicate certificate of title, the commissioner may require a bond from the applicant in the manner and form prescribed in section 361A.03, subdivision 4, paragraph (b).

Subd. 2. Waiting period to issue new certificate of title. The commissioner may not issue a new certificate of title to a person acquiring a watercraft under an application made on a duplicate certificate of title until at least 15 days after receiving the application.

Subd. 3. Disappearance of original certificate. If a certificate of title is lost, stolen, or destroyed, the owner or legal representative of the owner named in the certificate may obtain a duplicate by applying to the commissioner, furnishing information the commissioner requires concerning the original certificate, and the circumstances of its loss or destruction.

Subd. 4. Mutilated or illegible certificate. If an original certificate of title is mutilated or rendered illegible, the person in possession of the title must return it to the commissioner with the application for a duplicate.

Subd. 5. Recovery of lost or stolen certificate. If a lost or stolen certificate of title for which a duplicate has been issued is recovered, the lost or stolen certificate of title must be surrendered promptly to the commissioner for cancellation.

History: 1989 c 335 art 1 s 228

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 228, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.08 SUSPENSION OR REVOCATION OF CERTIFICATE.

Subdivision 1. Suspension or revocation. The commissioner shall suspend or revoke a certificate of title upon notice and reasonable opportunity to be heard if authorized by law or if the commissioner finds that:

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

(2) the watercraft has been scrapped, dismantled, or destroyed.

Subd. 2. **Duties of owner.** If the commissioner suspends or revokes a certificate of title, the owner or person in possession of the certificate of title, immediately upon receiving notice of the suspension or revocation, shall mail or deliver the certificate to the commissioner.

Subd. 3. **Seizure or impoundment.** The commissioner may seize and impound a certificate of title that has been suspended or revoked.

Subd. 4. **Subsequent good faith purchaser.** Suspension or revocation of a certificate of title does not affect the validity of a subsequent transfer to a purchaser relying in good faith on the assignment of a suspended or revoked title if the certificate of title was not surrendered to or seized by the commissioner under subdivisions 2 and 3, and the commissioner shall issue a new certificate of title to an applicant who is a good faith purchaser for value in those circumstances.

History: 1989 c 335 art 1 s 229

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 229, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.09 RESPONSIBILITIES OF COMMISSIONER.

The commissioner shall prescribe and provide suitable forms of applications, certificates of title, notices of security interests, and other notices and forms necessary to implement this chapter. In addition, the commissioner may:

(1) make necessary investigations to procure information required to implement this chapter;

(2) assign a new hull identification number to a watercraft if the watercraft does not have a number or the number is destroyed or obliterated; or

(3) adopt and enforce rules necessary to implement this chapter.

History: 1989 c 335 art 1 s 230

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 230, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.10 PENALTIES.

Subdivision 1. **Felony.** A person is guilty of a felony and punishable by imprisonment for a term of not more than four years, or payment of a fine of not more than \$5,000, or both, if the person with fraudulent intent:

(1) uses a false or fictitious name or address, makes a material false statement, fails to disclose a security interest, or conceals any other material fact in an application for a certificate of title; or

(2) submits a false, forged, or fictitious document in support of an application for a certificate of title.

Subd. 2. **Misdemeanor.** A person is guilty of a misdemeanor if that person:

(1) with fraudulent intent permits another to use or possess a certificate of title who is not entitled to use or possess the certificate of title;

(2) willfully fails to mail or deliver a certificate of title to the commissioner or a deputy registrar within ten days after the time required;

(3) willfully fails to deliver to a person acquiring a watercraft a certificate of title within ten days after the time required;

(4) commits a fraud in an application for a certificate of title; or

(5) fails to notify the commissioner of a fact as required by law.

History: 1989 c 335 art 1 s 231

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 231, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of

title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.11 TITLE FEES.

Subdivision 1. **Fees.** (a) The fee to be paid to the commissioner:

(1) for issuing an original certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$15;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of an assignment of the security interest and its subsequent release or satisfaction, is \$10;

(3) for transferring the interest of an owner and issuing a new certificate of title, is \$10;

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

(5) for issuing a duplicate certificate of title, is \$4.

(b) In addition to other statutory fees and taxes, a filing fee of \$3.25 is imposed on every application. The filing fee must be shown as a separate item on title renewal notices sent by the commissioner.

Subd. 2. **Concurrent applications.** If a person applies for an original or a new certificate of title for a watercraft concurrently with an application for transfer of license of the watercraft to the applicant, the fee prescribed in subdivision 1 is in lieu of the fee prescribed by section 361.03 for a transfer of ownership or license of the watercraft to the applicant.

Subd. 3. **Fees paid before title issued.** Subject to subdivision 2, the commissioner may not issue a certificate of title for a watercraft until the fees prescribed by subdivision 1 and section 361.03 for a prior transfer of ownership or license of the watercraft have been paid.

Subd. 4. **Deposit of fee.** Fees collected under this section must be deposited in the state treasury and credited to the water recreation account, except a deputy registrar who originates an application shall retain the filing fee under subdivision 1, paragraph (b).

History: 1989 c 335 art 1 s 232

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 232, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.12 INAPPLICABLE LIENS AND SECURITY INTERESTS.

The requirements of this chapter relating to security interests and certificate of title do not apply to or affect:

(1) a lien given by statute or rule of law to a supplier of services or materials for the watercraft while the watercraft is in the possession of the lienholder;

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

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

History: 1989 c 335 art 1 s 233

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 233, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.13 SECURITY INTERESTS.

Subdivision 1. **Validity.** Unless excepted by section 361A.12, a security interest in a titled watercraft is not valid against creditors of the owner or subsequent transferees or secured parties of the watercraft unless perfected as provided in this chapter.

Subd. 2. **Perfection.** A security interest is perfected by the delivery to the commissioner of the existing certificate of title, if any, or an application for a certificate of title, containing the name and address of the secured party, the date of the security agreement, and the required fee. It is perfected as of the time of its creation if the delivery is completed within the following ten days. In other instances it is perfected as of the time of the delivery. The method provided in this chapter is exclusive.

History: 1989 c 335 art 1 s 234

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 234, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.14 OWNER-CREATED SECURITY INTEREST.

Paragraphs (a) to (d) apply if an owner creates a security interest in a titled watercraft.

(a) The owner shall immediately execute the application in the space provided on the certificate of title or on a separate form prescribed by the commissioner, show the name and address of the secured party on the certificate, and have the certificate, application, and required fee delivered to the secured party.

(b) The secured party shall immediately have the certificate, application, and required fee mailed or delivered to the commissioner.

(c) Upon request of the owner or subordinate secured party, a secured party in possession of the certificate of title shall either (1) mail or deliver the certificate to the subordinate secured party for delivery to the commissioner, or (2) upon receiving from the subordinate secured party the owner's application and the required fee, mail or deliver them to the commissioner with the certificate. The delivery of the certificate does not affect the rights of the first secured party under the security agreement.

(d) Upon receiving the certificate of title, application, and required fee, the commissioner 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 on it.

History: 1989 c 335 art 1 s 235

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 235, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.15 LICENSED WATERCRAFT PREVIOUSLY PERFECTED.

If a security interest in a previously licensed watercraft is perfected under other applicable Minnesota law on January 1, 1991, 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 a certificate of title for the watercraft is issued and the security interest is perfected under section 361A.13.

The assignment, release, or satisfaction of a security interest in a previously licensed watercraft is governed by the laws under which it was perfected.

History: 1989 c 335 art 1 s 236

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 236, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.16 SATISFACTION OF SECURITY INTEREST.

Subdivision 1. **Release.** Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of the secured party, the secured party, within 15 days, shall execute a release of the security interest in the space

provided on the certificate or as prescribed by the commissioner, and mail or deliver the certificate and release to the next secured party named or, if none, to the owner or a person who delivers to the secured party an authorization from the owner to receive the certificate. The owner, other than a dealer holding the watercraft for resale, shall promptly have the certificate, the release, and the required fee mailed or delivered to the commissioner, who shall release the secured party's rights on the certificate or issue a new certificate.

Subd. 2. Release of subordinate security interest. Upon the satisfaction of a security interest in a watercraft for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall execute a release in the form prescribed by the commissioner and, within 15 days after satisfaction, deliver the release to the owner or a person who delivers to the secured party.

History: 1989 c 335 art 1 s 237

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 237, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.17 DISCLOSURE OF SECURITY AGREEMENT.

A secured party named in a certificate of title, upon written request of the owner or other secured party named on the certificate, must disclose pertinent information about the security agreement and the indebtedness secured by it.

History: 1989 c 335 art 1 s 238

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 238, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.18 EFFECT OF SUSPENSION OR REVOCATION ON SECURITY INTEREST.

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

History: 1989 c 335 art 1 s 239

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 239, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.19 PREVIOUSLY LICENSED WATERCRAFT UNDISCLOSED SECURITY INTERESTS.

If the commissioner is not satisfied that there are no undisclosed security interests created before the watercraft is initially titled, the commissioner may, in addition to its options under section 361A.03, subdivision 4, issue a distinctive certificate of title for the watercraft containing the legend: "This watercraft may be subject to an undisclosed lien," and any other information the commissioner prescribes.

History: 1989 c 335 art 1 s 240

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 240, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.20 LIENS ATTACHING TO WATERCRAFT.

(a) A nonpossessory lien on a titled watercraft is not perfected unless a lien statement is filed with the commissioner.

(b) The lien statement must include:

(1) the watercraft owner's name and address;

- (2) the statute under which the lien is taken; . . .
 - (3) the name and address of the lienholder; and
 - (4) the title number of the watercraft.
- (c) The commissioner shall note the time and date of filing the lien statement.

History: 1989 c 335 art 1 s 241

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 241, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.

361A.21 STOLEN WATERCRAFT.

Subdivision 1. Duty of peace officers. A peace officer aware of a stolen or converted watercraft shall immediately furnish the commissioner with information concerning the theft or conversion.

Subd. 2. Duty of commissioner. The commissioner, upon receiving a report of the theft or conversion of a watercraft, shall record the report information, including the make of the stolen or converted watercraft and its builder's hull identification number, if any. The commissioner shall prepare a list of watercraft reported stolen and those recovered as disclosed by the reports submitted. The report may be distributed as the commissioner deems advisable.

Subd. 3. Duty of owner. If a stolen or converted watercraft is recovered, the owner shall immediately notify the commissioner.

History: 1989 c 335 art 1 s 242

NOTE: This section, as added by Laws 1989, chapter 335, article 1, section 242, is effective January 1, 1991. A watercraft that is owned and licensed under section 361.03 before January 1, 1991, is not required to have a certificate of title until the owner transfers part of an interest in the watercraft or renews the license. See Laws 1989, chapter 335, article 1, section 271.