

(1) *When such proof is no longer required by this Article; provided, however, such proof shall not be released when there is outstanding or pending any claim, cause of action or action for damages or unsatisfied judgment against the insured person or persons which creates or may create a legal liability as against the proof, and when the release applies to money or securities, a notice signed by the department or the Public Service Commission as the case may be, directed to the Treasurer of the State of Maryland, shall be authority for the Treasurer to so release and return the money or securities;*

(2) *In the event of the death of the person on whose behalf the proof was filed or the permanent incapacity of the person to operate a motor vehicle; or*

(3) *In the event the person who has given proof surrenders his license and registration to the department;*

(b) *Provided, however, that the department shall not consent to the cancellation of any bond or the return of any money or securities in the event any action for damages upon a liability covered by the proof is pending or any judgment or assigned judgment upon the liability is then unsatisfied, or in the event the person who has filed the bond or deposited such money or securities has within 1 year immediately preceding the request been involved as a driver or owner in any motor vehicle accident resulting in injury or damage to the person or property of others. An affidavit of the applicant as to the non-existence of the facts, or that he has been released from all of his liability, or has been finally adjudicated not to be liable, for the injury or damage, shall be sufficient evidence thereof in the absence of evidence to the contrary in the records of the department.*

(c) *Whenever any person whose proof has been canceled or returned under paragraph 3 of subsection (a) applies for a license or registration within a period of 3 years from the date proof was originally required, the application shall be refused unless the applicant reestablishes the proof for the remainder of the 3-year period.*

Part IV—Violation of Provisions of Subtitle 7

§ 7-401. *Transfer of registration to defeat purpose of act prohibited.*

(a) *This subtitle shall not prevent the owner of a motor vehicle, the registration of which has been suspended hereunder, from effecting a bona fide sale of the motor vehicle to another person whose rights or privileges are not suspended under this article nor prevent the registration of the motor vehicle by the transferee, except where a transfer or sale of a motor vehicle has been accomplished for the purpose of defeating the purposes of this article.*

(b) *Nothing in this section affects the rights of any conditional vendor, chattel mortgagee or lessor of a vehicle registered in the name of another as owner who becomes subject to the provisions of this article.*

(c) *The Department shall suspend the registration of any vehicle transferred in violation of the provisions of this section.*