

CHAPTER 233

(House Bill 500)

AN ACT concerning

Vehicle Laws – Security Interests – Reporting of Release

FOR the purpose of requiring a party who holds a security interest in certain vehicles to deliver a copy of a security interest release form to a licensed dealer who pays off the security interest on behalf of the owner of the vehicle if the owner authorizes the secured party in writing to provide a copy of the release to the dealer.

BY repealing and reenacting, with amendments,

Article – Transportation

Section 13-205

Annotated Code of Maryland

(1992 Replacement Volume and 1995 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Transportation

13-205.

(a) When a security interest in a vehicle is satisfied, the secured party shall execute a release of the security interest on the form that the Administration requires.

(b) When a security interest in a vehicle is satisfied, the secured party shall immediately deliver copies of the release to:

- (1) [the] THE owner [and to];
- (2) [the] THE Administration; AND

(3) A DEALER LICENSED UNDER TITLE 15, SUBTITLE 3 OF THIS ARTICLE WHO, ON BEHALF OF THE OWNER, PAYS OFF THE SECURITY INTEREST IF THE OWNER AUTHORIZES THE SECURED PARTY IN WRITING TO DELIVER A COPY OF THE RELEASE TO THE DEALER.

(c) After it receives a release and the certificate of title, the Administration shall release the secured party's right on the certificate of title or issue a new certificate of title.

(d) (1) If, after notice to all interested parties and a hearing, the Administration determines that an indebtedness does not constitute a security interest, it shall:

- (i) Release the indebtedness on the certificate of title; or
- (ii) Issue a new certificate of title and deliver the certificate to the

owner.