

FIRST REGULAR SESSION

HOUSE BILL NO. 822

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE JONES (117).

Read 1st time February 8, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

2087L.011

AN ACT

To repeal section 301.640, RSMo, and to enact in lieu thereof one new section relating to the release of a lienholder's rights upon the satisfaction of a lien or encumbrance, with penalty provisions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 301.640, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 301.640, to read as follows:

301.640. 1. Upon the satisfaction of any lien or encumbrance of a motor vehicle or trailer, the lienholder shall[, within ten business days] release the lien or encumbrance on the certificate or a separate document **no later than the next business day after the satisfaction of the lien or encumbrance**, and mail or deliver the certificate or a separate document to the owner or any person who delivers to the lienholder an authorization from the owner to receive the certificate or such documentation. The release on the certificate or separate document shall be notarized. Each perfected subordinate lienholder, if any, shall release such lien or encumbrance as provided in this section for the first lienholder. The owner may cause the certificate to be mailed or delivered to the director of revenue, who shall issue a new certificate of ownership upon application and payment of the required fee. A lien or encumbrance shall be satisfied for the purposes of this section when a lienholder receives payment in full in the form of certified funds, as defined in section 381.410, RSMo, **or by way of electronic funds transfer**.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 2. If the electronic certificate of ownership is in the possession of the director of revenue,
15 the lienholder shall notify the director within [ten] **three** business days of any release of a lien
16 and provide the director with the most current address of the owner **or any person who delivers**
17 **to the lienholder an authorization from the owner to receive the certificate or such**
18 **documentation.** The director shall note such release on the electronic certificate and if no other
19 lien exists the director shall mail or deliver the certificate free of any lien to the owner **or any**
20 **person who has delivered to the lienholder, and therefore, the director, an authorization**
21 **from the owner to receive the certificate or such documentation from the director.**

22 3. If the purchase price of a motor vehicle or trailer did not exceed six thousand dollars
23 at the time of purchase, a lien or encumbrance which was not perfected by a motor vehicle
24 financing corporation whose net worth exceeds one hundred million dollars, or a depository
25 institution, shall be considered satisfied within six years from the date the lien or encumbrance
26 was originally perfected unless a new lien or encumbrance has been perfected as provided in
27 section 301.600. This subsection does not apply to motor vehicles or trailers for which the
28 certificate of ownership has recorded in the second lienholder portion the words "subject to
29 future advances".

30 4. Any lienholder who fails to comply with subsection 1 or 2 of this section shall pay to
31 the person or persons satisfying the lien or encumbrance [twenty-five] **two hundred and fifty**
32 **dollars** for the first [ten] business [days] **day** after expiration of the time period prescribed in
33 subsection 1 or 2 of this section, and such payment shall double for each [ten days] **business day**
34 thereafter in which there is continued noncompliance, up to a maximum of five [hundred]
35 **thousand** dollars for each lien. If delivery of the certificate or other lien release is made by mail,
36 the delivery date is the date of the postmark for purposes of this subsection.

37 5. Any person who knowingly and intentionally sends in a separate document releasing
38 a lien of another without authority to do so shall be guilty of a class C felony.

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