

CHAPTER 398

(House Bill 375)

AN ACT to amend subsection (a) of Section 3-116 and to enact new Section 3-108 and Sections 3-201 to 3-209, inclusive, of Article 66½ of the Annotated Code of Maryland, 1957 Edition (1970 Replacement Volume), title "Vehicle Laws," subtitle "Certificate of Title and Registration of Vehicles," to follow immediately after Section 3-116.2 thereof, generally concerning security interests in motor vehicles and adding to the present motor vehicle laws provisions for the creation, use, and effect of security interests in motor vehicles; AND TO PROVIDE FOR THE RECORDATION WITH THE CLERKS OF THE COURTS AND CENTRAL FILING OF SECURITY INTERESTS IN MOTOR VEHICLES TITLED BY THE DEPARTMENT OF MOTOR VEHICLES.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 3-116 of Article 66½ of the Annotated Code of Maryland, 1957 Edition (1970 Replacement Volume), title "Vehicle Laws," subtitle "Certificate of Title and Registration of Vehicles," is amended, and now Sections 3-108 and 3-201 to 3-209, inclusive, of the same Article, title and subtitle are hereby enacted and all to read as follows:

3-108. *Certificate mailed to owner.*

The Certificate of Title shall be mailed to the owner.

3-116. *When Department to issue new certificate.*

(a) 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 and articles required by law, shall issue a new certificate of title in the name of the transferee as owner [.] and mail it to the owner.

(b) The Department shall file and retain every surrendered certificate of title, the file to be maintained to permit the tracing of title of the vehicle designated therein.

3-201. *Security Interests; definitions.*

(a) *For the purpose of Sections 3-201 to 3-209 the term "proceeds" as used herein has the same meaning as defined in Article 95B of this Code, title "Uniform Commercial Code."*

(b) *Sections 3-201 to 3-209 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 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, but a buyer in the ordinary course of trade from the manufacturer or dealer takes free of the security interest;*