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1997 Regular Session
7lr1115

By: Chairman, Judicial Proceedings Committee (Departmental - Transportation)

Introduced and read first time: January 27, 1997

Rule 32(e) suspended

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 1997

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws - Assurance Fund**

3 FOR the purpose of ~~abolishing the Motor Vehicle Administration's Assurance Fund;~~
 4 ~~requiring the Administration to ensure that certain security interests are properly~~
 5 ~~filed, recorded, and indexed; repealing certain provisions relating to certain claims~~
 6 ~~for payment from the Assurance Fund; altering provisions relating to the~~
 7 ~~distribution of certain filing fees; providing for the transfer of certain funds~~
 8 ~~remaining in the Assurance Fund on the effective date of this Act establishing a~~
 9 limit on certain payments made from the Motor Vehicle Administration's
 10 Assurance Fund; providing for the handling of certain claims; and generally relating
 11 to security interests in vehicles and the Assurance Fund.

12 BY repealing and reenacting, with amendments,

13 Article - Transportation

14 Section ~~13-208~~ 13-210

15 Annotated Code of Maryland

16 (1992 Replacement Volume and 1996 Supplement)

17 (As enacted by Chapter 163 of the Acts of the General Assembly of 1996)

18 ~~BY repealing~~

19 ~~Article - Transportation~~

20 ~~Section 13-209 and 13-210~~

21 ~~Annotated Code of Maryland~~

22 ~~(1992 Replacement Volume and 1996 Supplement)~~

23 ~~BY adding to~~

2

1 ~~Article—Transportation~~
2 ~~Section 13-209~~
3 ~~Annotated Code of Maryland~~
4 ~~(1992 Replacement Volume and 1996 Supplement)~~

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

7 **Article - Transportation**

8 ~~13-208.~~

9 ~~(a) (1) The Administration shall deposit \$14 of each filing fee received under~~
10 ~~this subtitle in the General Fund.~~

11 ~~[(b)] (2) For each fiscal year, the Comptroller shall distribute to Baltimore City~~
12 ~~an amount equal to \$5 for each filing fee received under this subtitle.~~

13 ~~(B) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION, THE~~
14 ~~ADMINISTRATION SHALL DEPOSIT THE FILING FEES COLLECTED UNDER THIS~~
15 ~~SUBTITLE INTO THE TRANSPORTATION TRUST FUND.~~

16 ~~{13-209.~~

17 ~~(a) The Administration shall maintain an Assurance Fund and deposit in it that~~
18 ~~part of the filing fees collected under this subtitle that is not credited to the General Fund~~
19 ~~under § 13-208 of this subtitle.~~

20 ~~(b) When the Assurance Fund reaches \$25,000, any money in excess of that~~
21 ~~amount shall be transferred to the Transportation Trust Fund.]~~

22 ~~13-209.~~

23 ~~THE ADMINISTRATION SHALL ENSURE THAT SECURITY INTERESTS ARE~~
24 ~~PROPERLY FILED, RECORDED, AND INDEXED.~~

25 ~~{13-210.~~

26 (a) (1) If an omission or error in the filing, recording, or indexing of a security
27 interest has been made by an employee of the Administration in the course of
28 employment and, as a result of the omission or error, any interested person has sustained
29 loss or damage, the person may file a claim with the Administration for payment of the
30 loss or damage out of the Assurance Fund maintained under § 13-209 of this subtitle. The
31 claim for payment shall include a request for a hearing on the matter and shall be made
32 in the manner and on the form that the Administration requires.

33 (2) A claim for payment under this section may not be made unless it is filed
34 with the Administration within 3 years from the date the cause of action arose.

35 (3) THE AMOUNT OF PAYMENT MADE FOR A CLAIM UNDER THIS
36 SECTION MAY NOT EXCEED \$100,000.

37 (b) After notice to all interested parties and a hearing on the claim, the
38 Administration may:

3

1 (1) Order that any loss or damage sustained by the claimant be paid out of
2 the Assurance Fund, subject to the limitations set forth in this section; or

3 (2) Order that the claim be dismissed and deny payment of the claim.

4 (c) (1) Any aggrieved party to a hearing under this section may appeal from the
5 decision of the Administration as follows:

6 (i) To the circuit court for the county in which the party resides or has
7 his principal place of business; or

8 (ii) If the party does not reside or have a principal place of business in
9 this State, to the Circuit Court for Anne Arundel County.

10 (2) The circuit court to which an appeal is made under this section has
11 jurisdiction to examine the facts of the case and to determine if the claimant is entitled
12 under this section to recover for any loss or damage. The Administration shall pay the
13 amount of any judgment recovered against the Assurance Fund up to the amount of the
14 security interest to which the claim relates.

15 (d) The Assurance Fund is not liable under any circumstances for:

16 (1) Any loss or damage that exceeds the amount of the security interest to
17 which the claim relates; or

18 (2) Any loss or damage that results from:

19 (i) The claimant's breach of any trust, whether expressed, implied, or
20 constructive;

21 (ii) The improper use of the seal of any corporation to deal with the
22 property or interest involved or to execute or take the benefit of the instrument recorded;
23 or

24 (iii) The recording of an instrument executed by a person under legal
25 disability, unless the fact of the disability is disclosed on the instrument.

26 (e) If, in an appeal against the Administration, judgment is given in favor of the
27 Administration or the appeal is dismissed at the request of the claimant, the claimant
28 shall pay the full costs of the appeal.}

29 ~~SECTION 2. AND BE IT FURTHER ENACTED, That any money remaining in~~
30 ~~the Assurance Fund on the effective date of this Act shall be transferred to the~~
31 ~~Transportation Trust Fund.~~

32 ~~SECTION 3. 2. AND BE IT FURTHER ENACTED, That any claim filed with~~
33 ~~the Motor Vehicle Administration prior to the effective date of this Act shall be decided~~
34 ~~under the law in effect at the time the claim was filed and any payment shall be made~~
35 ~~from the Transportation Trust Fund, subject to any statutory limitations in effect at the~~
36 ~~time the claim was filed.~~

37 ~~SECTION 4. 3. AND BE IT FURTHER ENACTED, That this Act shall take~~
38 ~~effect October 1, 1997.~~

