



House Bill 1033 – Vehicle Laws – Liens – Electric Recording

House Environment and Transportation Committee

February 27, 2020

Favorable with Amendments

The Maryland Bankers Association (MBA) supports HB 1033 – Vehicle Laws – Liens – Electric Recording with amendments. According to the Fiscal and Policy Note, this legislation requires a lien release pertaining to a motor vehicle to be filed electronically with the Motor Vehicle Administration (MVA) within three business days. The bill also requires MVA to develop and implement an electronic system for recording and releasing security interests. A motor vehicle lienholder must file electronically with MVA (1) each of its liens and (2) when a lien is paid in full, the lien release.

MBA discussed this legislation with our member banks and they indicated that releasing liens in 3-days is unworkable. Prior to releasing a vehicle lien, and thus the collateral that secures the related loan, the lender needs to make sure funds paying off the loan clear; this process can take longer than three days. MBA will support HB 1033 **with an amendment that changes the timeframe for releasing liens to five business days** after the funds are available to the lien holder. MBA has discussed this amendment with the Maryland Automobile Dealers Association and they are agreeable to this change.

MBA supports HB 1033 with the amendment described above.