
By: Delegate Slade

Introduced and read first time: February 2, 1996

Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Statutory Liens - Motor Vehicles**

3 FOR the purpose of increasing the maximum storage fees payable to a third party holder
4 of a motor vehicle when the motor vehicle is sold to satisfy a statutory lien on the
5 motor vehicle; and generally relating to statutory liens on motor vehicles.

6 BY repealing and reenacting, without amendments,
7 Article - Commercial Law
8 Section 16-202(c) and 16-207(a), (c), and (e)
9 Annotated Code of Maryland
10 (1990 Replacement Volume and 1995 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article - Commercial Law
13 Section 16-207(f)
14 Annotated Code of Maryland
15 (1990 Replacement Volume and 1995 Supplement)

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

18 **Article - Commercial Law**

19 16-202.

20 (c) (1) Any person who, with the consent of the owner, has custody of a motor
21 vehicle and who, at the request of the owner, provides a service to or materials for the
22 motor vehicle, has a lien on the motor vehicle for any charge incurred for any:

- 23 (i) Repair or rebuilding;
- 24 (ii) Storage; or
- 25 (iii) Tires or other parts or accessories.

26 (2) A lien is created under this subsection when any charges set out under
27 paragraph (1) of this subsection giving rise to the lien are incurred.

1 16-207.

2 (a) If the charges which give rise to a lien are due and unpaid for 30 days and the
3 lienor is in possession of the property subject to the lien, the lienor may sell the property
4 to which the lien attaches at public sale. The sale shall be in a location convenient and
5 accessible to the public and shall be held between the hours of 10 a.m. and 6 p.m.

6 (c) If a motor vehicle or mobile home which is subject to a lien is delivered by the
7 lienor to the possession of a third party for storage, and the charges for storage are due
8 and unpaid for 30 days or more, the third party holder is deemed to hold a perfected
9 security interest in the motor vehicle or mobile home notwithstanding §13-202 of the
10 Transportation Article and may sell the motor vehicle or mobile home in the same
11 manner as the lienor under this section if he has first published and sent notice as
12 required of the lienor under this subtitle.

13 (e) (1) If the notice required under § 16-203(b) of this subtitle was sent, the
14 proceeds of a sale under this section shall be applied, in the following order, to:

15 (i) The expenses of giving notice and holding the sale, including
16 reasonable attorney's fees;

17 (ii) Subject to subsection (f) of this section, storage fees of the third
18 party holder;

19 (iii) The amount of the lien claimed exclusive of any storage fees except
20 as provided in subsection (f)(2) of this section;

21 (iv) A purchase money security interest; and

22 (v) Any remaining secured parties of record who shall divide the
23 remaining balance equally if there are insufficient funds to completely satisfy their
24 respective interests, but not to exceed the amount of a security interest.

25 (2) Except as provided in paragraph (3) of this subsection, if the notice
26 required under § 16-203(b) of this subtitle was not sent, the proceeds of a sale under this
27 section shall be applied, in the following order, to:

28 (i) A purchase money security interest;

29 (ii) All additional holders of perfected security interests in the
30 property;

31 (iii) The expenses of giving notice and holding the sale, including
32 reasonable attorney's fees;

33 (iv) Subject to subsection (f) of this section, storage fees of the third
34 party holder;

35 (v) The amount of the lien claimed exclusive of any storage fees except
36 as provided in subsection (f)(2) of this section;

37 (vi) Any remaining secured parties of record who shall divide the
38 remaining balance equally if there are insufficient funds to completely satisfy their
39 respective interest, but not to exceed the amount of a security interest.

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1 (3) For a motor vehicle lien created under this subtitle, if the notice
2 required under § 16-203(b) of this subtitle was not sent:

3 (i) The proceeds of a sale under this section shall be applied in the
4 order described in paragraph (1) of this subsection; and

5 (ii) The amount of the lien claimed in paragraph (1)(iii) of this
6 subsection may not include any amount for storage charges incurred or imposed by the
7 lienor.

8 (4) After application of the proceeds in accordance with paragraph (1) or
9 (2) of this subsection, any remaining balance shall be paid to the owner of the property.

10 (f) (1) If property is stored, storage fees of the third party holder may not
11 exceed [~~\$5~~] \$10 per day or a total of [~~\$300~~] \$600.

12 (2) The exclusion or limitation of any storage fees as provided in subsections
13 (e)(1)(iii) and (f)(1) of this section does not apply to any person who conducts auctions as
14 a business in this State, and is required to maintain records under § 15-113 in the
15 Transportation Article, and that person is also exempt from the maximum storage fee
16 limits under this subsection.

17 (3) The notice requirements of § 16-203(b) of this subtitle do not apply
18 when:

19 (i) The lienor conducts auctions as a business in this State and is
20 required to maintain records under § 15-113 of the Transportation Article; and

21 (ii) The lien arises out of that business.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 1996.