



## **Senate Bill 778 – Vehicle Laws – Liens – Electric Recording**

**Senate Finance Committee**

**February 19, 2020**

*Favorable with Amendments*

The Maryland Bankers Association (MBA) supports SB 778 – 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 SB 778 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 SB 778 with the amendment described above.