

**An Explanation of House Bill 09-1089
Concerning the Filing Requirements for Liens That Secure a Debt Upon a Vehicle
By Representative Primavera and Senator Spence**

Background

House Bill 09-1089 was developed by the Motor Vehicle Statute Review Committee of the Colorado County Clerks Association after identifying processes in the current statute that are antiquated and obsolete. This bill will make it easier for Clerks and the Department of Revenue to assist vehicle owners with title transactions.

42-6-121 & 122

Certain items are required on the security agreement or mortgage that is filed with the authorized motor vehicle agent. The information is most commonly provided to the Clerk's office on the title application and not on the security agreement or mortgage. The modifications made in H.B. 09-1089 will expedite the filing of a lien on the certificate of title and reduce the number of transaction rejected. The following changes in current statute are proposed.

- Add: The year of the vehicle to the items required to be listed on the security agreement or mortgage.
- Remove: Model and color. The model and color are not items that have been presented on the security agreement/mortgage but are captured at registration time when the owner is present.

42-6-125 and 42-6-132:

Eliminate reference to liens filed subsequent to August 1, 1949, as it is no longer relevant.

42-6-126 – 42-6-132:

An audit of procedures used to process new certificates of title or duplicate titles revealed that there was nothing in statute allowing for a separate lien release to complete specific transactions related to the status of lien on a certificate of title.

H.B. 09-1089 would allow the director to accept a separate lien release signed by the lien holder under penalty of perjury, or acknowledged by a notary, to remove the notation of security interest on a vehicle title in lieu of requiring the lien holder to sign the physical title. This will be helpful when titles are kept in one location and the pay off is accepted in another location. This procedure is also consistent with the transactions completed today when the lien is not filed in Colorado due to a previous out of state title with a lien. The recommended change in 42-6-132 would allow the agents to issue a duplicate title and remove the lien at the same time using a separate lien release instead of requiring two separate transactions for the owner or secured party.

Separate lien releases are currently accepted on out of state titles whereupon the release statements are either on company letterhead or out of state lien release documents and either contain the perjury statement or must be notarized. This may not apply to some state titles as their state laws are specific and require the lien release on the title, Wyoming for example.

42-6-127:

Changes the standard maturity date of liens from eight to ten years and adds multi-purpose trailers to the long-term liens requiring a maturity date on the title and security agreement. The law creating a definition of these trailers was passed last year. Now that a history has been established for these trailers, the counties have found that the financing maturity dates should be in line with the requirements of motor homes and trailer coaches due to the amounts of the liens.

The Colorado County Clerks Association requests your support for HB09-1089. The changes requested in the bill will allow Clerk's offices, as agents of the Department of Revenue, to more efficiently and expeditiously process title transactions for the owners, dealers or lien holders of current or new title transactions.

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