

1 SB211
2 217494-1
3 By Senator Elliott
4 RFD: Governmental Affairs
5 First Read: 10-FEB-22

SYNOPSIS: Under existing law, the owner of a vessel is not required to obtain a certificate of title for the vessel.

This bill would adopt the Uniform Certificate of Title for Vessels Act.

This bill would require the owner of a vessel to obtain a certificate of title on the vessel and would provide a procedure for the owner of a vessel to make application with the Alabama State Law Enforcement Agency.

This bill would provide for an issuance fee.

This bill would specify the process for perfecting a security interest on a vessel and provide for the maintenance of records and files regarding the security agreement.

A BILL
TO BE ENTITLED
AN ACT

1 Relating to vessels; to adopt the Uniform
2 Certificate of Title for Vessels Act, to provide for the
3 issuance by the Alabama State Law Enforcement Agency of
4 certificates of title on vessels; to require owners of vessels
5 to obtain a certificate of title; to provide for the
6 application process; to provide for the issuance of
7 certificates of title; to provide an issuance fee; to provide
8 for the perfecting of a security interest on a vessel; and to
9 provide for the maintenance of records and files regarding
10 security interests.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. SHORT TITLE. This act may be cited as the
13 Uniform Certificate of Title for Vessels Act.

14 Section 2. DEFINITIONS.

15 (a) In this act, the following terms shall have the
16 following meanings:

17 (1) BARGE. A vessel that is not self-propelled or
18 fitted for propulsion by sail, paddle, oar, or similar device.

19 (2) BUILDER'S CERTIFICATE. A certificate of the
20 facts of build of a vessel described in 46 C.F.R. § 67.99, as
21 amended.

22 (3) BUYER. A person that buys or contracts to buy a
23 vessel.

24 (4) CANCEL. With respect to a certificate of title,
25 means to make the certificate ineffective.

26 (5) CERTIFICATE OF ORIGIN. A record created by a
27 manufacturer or importer as the manufacturer's or importer's

1 proof of identity of a vessel. The term includes a
2 manufacturer's certificate or statement of origin and an
3 importer's certificate or statement of origin. The term does
4 not include a builder's certificate.

5 (6) CERTIFICATE OF TITLE. A record, created by the
6 office under this act or by a governmental agency of another
7 jurisdiction under the law of that jurisdiction, that is
8 designated as a certificate of title by the office or agency
9 and is evidence of ownership of a vessel.

10 (7) DEALER. A person, including a manufacturer, in
11 the business of selling vessels.

12 (8) DOCUMENTED VESSEL. A vessel covered by a
13 certificate of documentation issued pursuant to 46 U.S.C.
14 §12105, as amended. The term does not include a
15 foreign-documented vessel.

16 (9) ELECTRONIC. Relating to technology having
17 electrical, digital, magnetic, wireless, optical,
18 electromagnetic, or similar capabilities.

19 (10) ELECTRONIC CERTIFICATE OF TITLE. A certificate
20 of title consisting of information that is stored solely in an
21 electronic medium and is retrievable in perceivable form.

22 (11) FOREIGN-DOCUMENTED VESSEL. A vessel the
23 ownership of which is recorded in a registry maintained by a
24 country other than the United States which identifies each
25 person that has an ownership interest in a vessel and includes
26 a unique alphanumeric designation for the vessel.

1 (12) GOOD FAITH. Honesty in fact and the observance
2 of reasonable commercial standards of fair dealing.

3 (13) HULL DAMAGE. Compromised with respect to the
4 integrity of a vessel's hull by a collision, allision,
5 lightning strike, fire, explosion, running aground, or similar
6 occurrence, or the sinking of a vessel in a manner that
7 creates a significant risk to the integrity of the vessel's
8 hull.

9 (14) HULL IDENTIFICATION NUMBER. The alphanumeric
10 designation assigned to a vessel pursuant to 33 C.F.R. Chapter
11 1, Part 181, as amended.

12 (15) LIEN CREDITOR. With respect to a vessel, means:

13 (A) a creditor that has acquired a lien on the
14 vessel by attachment, levy, or the like;

15 (B) an assignee for benefit of creditors from the
16 time of assignment;

17 (C) a trustee in bankruptcy from the date of the
18 filing of the petition;

19 (D) a receiver in equity from the time of
20 appointment; or

21 (E) a person with a lien arising under Section
22 35-11-60, Code of Alabama 1975.

23 (16) OFFICE. The Alabama State Law Enforcement
24 Agency.

25 (17) OWNER. A person that has legal title to a
26 vessel.

1 (18) OWNER OF RECORD. The owner indicated in the
2 files of the office or, if the files indicate more than one
3 owner, the one first indicated.

4 (19) PERSON. An individual, corporation, business
5 trust, estate, trust, statutory trust, partnership, limited
6 liability company, association, joint venture, public
7 corporation, government or governmental subdivision, agency,
8 or instrumentality, or any other legal or commercial entity.

9 (20) PURCHASE. To take by sale, lease, mortgage,
10 pledge, consensual lien, security interest, gift, or any other
11 voluntary transaction that creates an interest in a vessel

12 (21) PURCHASER. A person that takes by purchase.

13 (22) RECORD. Information that is inscribed on a
14 tangible medium or that is stored in an electronic or other
15 medium and is retrievable in perceivable form.

16 (23) SECURED PARTY. With respect to a vessel, means
17 a person:

18 (A) in whose favor a security interest is created or
19 provided for under a security agreement, whether or not any
20 obligation to be secured is outstanding;

21 (B) that is a consignor under Article 9A of Title 7
22 of the Code of Alabama 1975; or

23 (C) that holds a security interest arising under
24 Section 7-2-401, 7-2-505, 7-2-711(3), or 7-2A-508(5) of the
25 Code of Alabama 1975.

26 (24) SECURED PARTY OF RECORD. The secured party
27 whose name is indicated as the name of the secured party in

1 the files of the office or, if the files indicate more than
2 one secured party, the one first indicated.

3 (25) SECURITY INTEREST. An interest in a vessel
4 which secures payment or performance of an obligation if the
5 interest is created by contract or arises under Section
6 7-2-401, 7-2-505, 7-2-711(3), or 7-2A-508(5) of the Code of
7 Alabama 1975. The term includes any interest of a consignor in
8 a vessel in a transaction that is subject to Article 9A of
9 Title 7 of the Code of Alabama 1975. The term does not include
10 the special property interest of a buyer of a vessel on
11 identification of that vessel to a contract for sale under
12 Section 7-2-501 of the Code of Alabama 1975, but a buyer also
13 may acquire a security interest by complying with Article 9A
14 of Title 7 of the Code of Alabama 1975. Except as otherwise
15 provided in Section 7-2-505, Code of Alabama 1975, the right
16 of a seller or lessor of a vessel under Article 2 of 2A Title
17 7, of the Code of Alabama 1975, to retain or acquire
18 possession of the vessel is not a security interest, but a
19 seller or lessor also may acquire a security interest by
20 complying with Article 9A, Title 7 of the Code of Alabama
21 1975. The retention or reservation of title by a seller of a
22 vessel notwithstanding shipment or delivery to the buyer under
23 Section 7-2-401 of the Code of Alabama 1975, is limited in
24 effect to a reservation of a security interest. Whether a
25 transaction in the form of a lease creates a security interest
26 is determined by Section 7-1-203 of the Code of Alabama 1975.

1 (26) SIGN. With present intent to authenticate or
2 adopt a record, to:

3 (A) make or adopt a tangible symbol; or

4 (B) attach to or logically associate with the record
5 an electronic symbol, sound, or process.

6 (27) STATE. A state of the United States, the
7 District of Columbia, Puerto Rico, the United States Virgin
8 Islands, or any territory or insular possession subject to the
9 jurisdiction of the United States.

10 (28) STATE OF PRINCIPAL USE. The state on whose
11 waters a vessel is or will be used, operated, navigated, or
12 employed more than on the waters of any other state during a
13 calendar year.

14 (29) TITLE BRAND. A designation of previous damage,
15 use, or condition that must be indicated on a certificate of
16 title.

17 (30) TRANSFER OF OWNERSHIP. A voluntary or
18 involuntary conveyance of an interest in a vessel.

19 (31) VESSEL. Any watercraft used or capable of being
20 used as a means of transportation on water, except:

21 (A) a seaplane;

22 (B) an amphibious vehicle for which a certificate of
23 title is issued pursuant to Chapter 8 of Title 32 of the Code
24 of Alabama 1975, or a similar statute of another state;

25 (C) watercraft less than 16 feet in length that is
26 propelled solely by:

27 (i) sail;

1 (ii) paddle;
2 (iii) oar; or
3 (iv) an engine of less than 75 horsepower;
4 (D) watercraft that operate only on a permanently
5 fixed, manufactured course and the movement of which is
6 restricted to or guided by means of a mechanical device to
7 which the watercraft is attached or by which the watercraft is
8 controlled;

9 (E) a stationary floating structure that:
10 (i) does not have and is not designed to have a mode
11 of propulsion of its own;

12 (ii) is dependent for utilities upon a continuous
13 utility hookup to a source originating on shore; and

14 (iii) has a permanent, continuous hookup to a
15 shoreside sewage system;

16 (F) watercraft owned by the United States, a state,
17 or a foreign government or a political subdivision of any of
18 them; and

19 (G) watercraft used solely as a lifeboat on another
20 watercraft.

21 (32) VESSEL NUMBER. The alphanumeric designation for
22 a vessel issued pursuant to 46 U.S.C. §12301, as amended.

23 (33) WRITTEN CERTIFICATE OF TITLE. A certificate of
24 title consisting of information inscribed on a tangible
25 medium.

26 (b) The following definitions and terms also apply
27 to this act:

1 (1) AGREEMENT. The term, as defined in Section
2 7-1-201, Code of Alabama 1975.

3 (2) BUYER IN ORDINARY COURSE OF BUSINESS. The term,
4 as defined in Section 7-1-201, Code of Alabama 1975.

5 (3) CONSPICUOUS. The term, as defined in Section
6 7-1-201, Code of Alabama 1975.

7 (4) CONSUMER GOODS. The term, as defined in Section
8 7-9A-102, Code of Alabama 1975.

9 (5) DEBTOR. The term, as defined in Section
10 7-9A-102, Code of Alabama 1975.

11 (6) KNOWLEDGE. The term, as defined in Section
12 7-1-202, Code of Alabama 1975.

13 (7) LEASE. The term, as defined in Section 7-2A-103,
14 Code of Alabama 1975.

15 (8) LESSOR. The term, as defined in Section
16 7-2A-103, Code of Alabama 1975.

17 (9) NOTICE. The term, as defined in Section 7-1-202,
18 Code of Alabama 1975.

19 (10) REPRESENTATIVE. The term, as defined in Section
20 7-1-201, Code of Alabama 1975.

21 (11) SALE. The term, as defined in Section 7-2-106,
22 Code of Alabama 1975.

23 (12) SECURITY AGREEMENT. The term, as defined in
24 Section 7-9A-102, Code of Alabama 1975.

25 (13) SELLER. The term, as defined in Section
26 7-2-103, Code of Alabama 1975.

1 (14) SEND. The term, as defined in Section 7-1-201,
2 Code of Alabama 1975.

3 (15) VALUE. The term, as defined in Section 7-1-204,
4 Code of Alabama 1975.

5 (c) The definitions in subsections (a) and (b) do
6 not apply to any state or federal law governing licensing,
7 numbering, or registration if the same term is used in that
8 law.

9 Section 3. APPLICABILITY. Subject to Section 28,
10 this act applies to any transaction, certificate of title, or
11 record relating to a vessel, even if the transaction,
12 certificate of title, or record was entered into or created
13 before January 1, 2021.

14 Section 4. SUPPLEMENTAL PRINCIPLES OF LAW AND
15 EQUITY. Unless displaced by a provision of this act, the
16 principles of law and equity supplement its provisions.

17 Section 5. LAW GOVERNING VESSEL COVERED BY
18 CERTIFICATE OF TITLE.

19 (a) The law of the jurisdiction under whose
20 certificate of title a vessel is covered governs all issues
21 relating to the certificate from the time the vessel becomes
22 covered by the certificate until the vessel becomes covered by
23 another certificate or becomes a documented vessel, even if no
24 other relationship exists between the jurisdiction and the
25 vessel or its owner.

26 (b) A vessel becomes covered by a certificate of
27 title when an application for the certificate and the

1 applicable fee are delivered to the office in accordance with
2 this act or to the governmental agency that creates a
3 certificate in another jurisdiction in accordance with the law
4 of that jurisdiction.

5 Section 6. CERTIFICATE OF TITLE REQUIRED.

6 (a) Except as otherwise provided in subsections (b)
7 and (c), the owner of a vessel for which this state is the
8 state of principal use shall deliver to the office an
9 application for a certificate of title for the vessel, with
10 the applicable fee, not later than 20 days after the later of:

11 (1) the date of a transfer of ownership; or

12 (2) the date this state becomes the state of
13 principal use.

14 (b) An application for a certificate of title is not
15 required for:

16 (1) a documented vessel;

17 (2) a foreign-documented vessel;

18 (3) a barge;

19 (4) a vessel before delivery if the vessel is under
20 construction or completed pursuant to contract; or

21 (5) a vessel held by a dealer for sale or lease,
22 even if the vessel is used for demonstration purposes or
23 loaned out for use by the dealer.

24 (c) The office may not issue, transfer, or renew a
25 certificate of number for a vessel issued pursuant to the
26 requirements of 46 U.S.C. §12301, as amended, unless the
27 office has created a certificate of title for the vessel or an

1 application for a certificate of title for the vessel and the
2 applicable fee has been delivered to the office.

3 Section 7. APPLICATION FOR CERTIFICATE OF TITLE.

4 (a) Except as otherwise provided in Sections 10, 15,
5 19, 20, 21, and 22, only an owner may apply for a certificate
6 of title.

7 (b) An application for a certificate of title must
8 be signed by the applicant and contain:

9 (1) the applicant's name, the street address of the
10 applicant's principal residence, and, if different, the
11 applicant's mailing address;

12 (2) the name and mailing address of each other owner
13 of the vessel;

14 (3) the driver license number or taxpayer
15 identification number of each owner;

16 (4) the hull identification number for the vessel
17 or, if none, an application for the issuance of a hull
18 identification number for the vessel;

19 (5) the vessel number for the vessel or, if none
20 issued by the office, an application for a vessel number;

21 (6) a description of the vessel as required by the
22 office, which must include:

23 (A) the official number for the vessel, if any,
24 assigned by the United States Coast Guard;

25 (B) the name of the manufacturer, builder, or maker;

26 (C) the model year or, if none, the year in which
27 the manufacture or build of the vessel was completed;

1 (D) the overall length of the vessel;
2 (E) the vessel type;
3 (F) the hull material;
4 (G) the propulsion type;
5 (H) the engine drive type, if any; and
6 (I) the fuel type, if any;
7 (7) an indication of all security interests in the
8 vessel known to the applicant and the name and mailing address
9 of each secured party;
10 (8) a statement that the vessel is not a documented
11 vessel or a foreign-documented vessel;
12 (9) any title brand known to the applicant and, if
13 known, the jurisdiction under whose law the title brand was
14 created;
15 (10) if the applicant knows that the vessel is hull
16 damaged, a statement that the vessel is hull damaged;
17 (11) if the application is made in connection with a
18 transfer of ownership, the transferor's name, street address,
19 and, if different, mailing address, the sales price, if any,
20 and the date of the transfer; and
21 (12) if the vessel previously was registered or
22 titled in another jurisdiction, a statement identifying each
23 jurisdiction known to the applicant in which the vessel was
24 registered or titled.
25 (c) In addition to the information required by
26 subsection (b), an application for a certificate of title may

1 contain an electronic communication address of the owner,
2 transferor, or secured party.

3 (d) Except as otherwise provided in Section 19, 20,
4 21, or 22, an application for a certificate of title must be
5 accompanied by:

6 (1) a certificate of title signed by the owner shown
7 on the certificate and which:

8 (A) identifies the applicant as the owner of the
9 vessel; or

10 (B) is accompanied by a record that identifies the
11 applicant as the owner; or

12 (2) if there is no certificate of title:

13 (A) if the vessel was a documented vessel, a record
14 issued by the United States Coast Guard which shows the vessel
15 is no longer a documented vessel and identifies the applicant
16 as the owner;

17 (B) if the vessel was a foreign-documented vessel, a
18 record issued by the foreign country which shows the vessel is
19 no longer a foreign-documented vessel and identifies the
20 applicant as the owner; or

21 (C) in all other cases, a certificate of origin,
22 bill of sale, or other record that to the satisfaction of the
23 office identifies the applicant as the owner.

24 (e) A record submitted in connection with an
25 application is part of the application. The office shall
26 maintain the record in its files.

1 (f) The office may require that an application for a
2 certificate of title be accompanied by payment or evidence of
3 payment of fees and taxes payable by the applicant under law
4 of this state other than this act in connection with the
5 application or the acquisition or use of the vessel. If a
6 provision of this act places a duty on the office on delivery
7 to it of an application for a certificate of title and the
8 applicable fee and the office requires that the application be
9 accompanied by payment or evidence of payment of fees and
10 taxes payable by the applicant under the law of this state
11 other than this act, the office is not required to carry out
12 its duty in the absence of such payment or evidence of
13 payment.

14 Section 8. CREATION AND CANCELLATION OF CERTIFICATE
15 OF TITLE.

16 (a) Unless an application for a certificate of title
17 is rejected under subsection (c) or (d), the office shall
18 create a certificate for the vessel in accordance with
19 subsection (b) not later than 20 days after delivery to it of
20 an application that complies with Section 7 and the applicable
21 fee.

22 (b) If the office creates electronic certificates of
23 title, the office shall create an electronic certificate
24 unless in the application the secured party of record or, if
25 none, the owner of record, requests that the office create a
26 written certificate.

1 (c) Except as otherwise provided in subsection (d),
2 the office may reject an application for a certificate of
3 title only if:

4 (1) the application does not comply with Section 7;

5 (2) the application does not contain documentation
6 sufficient for the office to determine whether the applicant
7 is entitled to a certificate;

8 (3) there is a reasonable basis for concluding that
9 the application is fraudulent or issuance of a certificate
10 would facilitate a fraudulent or illegal act; or

11 (4) the application does not comply with the law of
12 this state other than this act.

13 (d) The office shall reject an application for a
14 certificate of title for a vessel that is a documented vessel
15 or a foreign-documented vessel.

16 (e) The office may cancel a certificate of title
17 created by it only if the office:

18 (1) could have rejected the application for the
19 certificate under subsection (c);

20 (2) is required to cancel the certificate under
21 another provision of this act; or

22 (3) receives satisfactory evidence that the vessel
23 is a documented vessel or a foreign-documented vessel.

24 (f) The office shall provide an opportunity for an
25 administrative review at which the owner and any other
26 interested party may present evidence in support of or
27 opposition to cancellation of a certificate of title. The

1 office shall serve all owners and secured parties indicated in
2 the files of the office with notice of the opportunity for an
3 administrative review. Service must be made personally or by
4 mail through the United States Postal Service, properly
5 addressed, postage paid, return receipt requested. Service by
6 mail is complete on deposit with the United States Postal
7 Service. The office, by rule, may authorize service by
8 electronic transmission if a copy is sent on the same day by
9 first-class mail or by a commercial delivery company. If not
10 later than 30 days after the notice was served the office
11 receives a request for an administrative review from an
12 interested party, the office shall hold the review not later
13 than 20 days after receiving the request.

14 Section 9. CONTENT OF CERTIFICATE OF TITLE.

15 (a) A certificate of title must contain:

16 (1) the date the certificate was created;

17 (2) the name of the owner of record and, if not all
18 owners are listed, an indication that there are additional
19 owners indicated in the files of the office;

20 (3) the mailing address of the owner of record;

21 (4) the hull identification number;

22 (5) the information listed in Section 7(b)(6);

23 (6) except as otherwise provided in Section 15(b),
24 the name and mailing address of the secured party of record,
25 if any, and if not all secured parties are listed, an
26 indication that there are other security interests indicated
27 in the files of the office; and

1 (7) all title brands indicated in the files of the
2 office covering the vessel, including brands indicated on a
3 certificate created by a governmental agency of another
4 jurisdiction and delivered to the office.

5 (b) This act does not preclude the office from
6 noting on a certificate of title the name and mailing address
7 of a secured party that is not a secured party of record.

8 (c) For each title brand indicated on a certificate
9 of title, the certificate must identify the jurisdiction under
10 whose law the title brand was created or the jurisdiction that
11 created the certificate on which the title brand was
12 indicated. If the meaning of a title brand is not easily
13 ascertainable or cannot be accommodated on the certificate,
14 the certificate may state: "Previously branded in (insert the
15 jurisdiction under whose law the title brand was created or
16 whose certificate of title previously indicated the title
17 brand)."

18 (d) If the files of the office indicate that a
19 vessel previously was registered or titled in a foreign
20 country, the office shall indicate on the certificate of title
21 that the vessel was registered or titled in that country.

22 (e) A written certificate of title must contain a
23 form that all owners indicated on the certificate may sign to
24 evidence consent to a transfer of an ownership interest to
25 another person. The form must include a certification, signed
26 under penalty for making an unsworn falsification to
27 authorities pursuant to Section 13A-10-109 of the Code of

1 Alabama 1975, as amended, that the statements made are true
2 and correct to the best of each owner's knowledge,
3 information, and belief.

4 (f) A written certificate of title must contain a
5 form for the owner of record to indicate, in connection with a
6 transfer of an ownership interest, that the vessel is hull
7 damaged.

8 (g) A written certificate of title must contain a
9 form for a secured party to indicate release of its security
10 interest.

11 Section 10. TITLE BRAND.

12 (a) Unless subsection (c) applies, at or before the
13 time the owner of record transfers an ownership interest in a
14 hull-damaged vessel that is covered by a certificate of title
15 created by the office, if the damage occurred while that
16 person was an owner of the vessel and the person has notice of
17 the damage at the time of the transfer, the owner shall:

18 (1) deliver to the office an application for a new
19 certificate that complies with Section 7 and includes the
20 title brand designation "Hull Damaged"; or

21 (2) indicate on the certificate in the place
22 designated for that purpose that the vessel is hull damaged
23 and deliver the certificate to the transferee.

24 (b) Not later than 20 days after delivery to the
25 office of the application under subsection (a) (1) or the
26 certificate of title under subsection (a) (2), the office shall

1 create a new certificate that indicates that the vessel is
2 branded "Hull Damaged."

3 (c) Before an insurer transfers an ownership
4 interest in a hull-damaged vessel that is covered by a
5 certificate of title created by the office, the insurer shall
6 deliver to the office an application for a new certificate
7 that complies with Section 6 and includes the title brand
8 designation "Hull Damaged." Not later than 20 days after
9 delivery of the application to the office, the office shall
10 create a new certificate that indicates that the vessel is
11 branded "Hull Damaged."

12 (d) An owner of record that fails to comply with
13 subsection (a), a person that solicits or colludes in a
14 failure by an owner of record to comply with subsection (a),
15 or an insurer that fails to comply with subsection (c) is
16 subject to an administrative penalty of one thousand dollars
17 (\$1,000).

18 Section 11. MAINTENANCE OF AND ACCESS TO FILES.

19 (a) For each record relating to a certificate of
20 title submitted to the office, the office shall:

21 (1) ascertain or assign the hull identification
22 number for the vessel;

23 (2) maintain the hull identification number and all
24 the information submitted with the application pursuant to
25 Section 7(b) to which the record relates, including the date
26 and time the record was delivered to the office;

1 (3) maintain the files for public inspection subject
2 to subsection (e); and

3 (4) index the files of the office as required by
4 subsection (b).

5 (b) The office shall maintain in its files the
6 information contained in all certificates of title created
7 under this act. The information in the files of the office
8 must be searchable by the hull identification number of the
9 vessel, the vessel number, the name of the owner of record,
10 and any other method used by the office.

11 (c) The office shall maintain in its files, for each
12 vessel for which it has created a certificate of title, all
13 title brands known to the office, the name of each secured
14 party known to the office, the name of each person known to
15 the office to be claiming an ownership interest, and all
16 stolen-property reports the office has received.

17 (d) Upon request, for safety, security, or
18 law-enforcement purposes, the office shall provide to federal,
19 state, or local government the information in its files
20 relating to any vessel for which the office has issued a
21 certificate of title.

22 (e) Except as otherwise provided by the law of this
23 state other than this act, the information required under
24 Section 9 is a public record. The information provided under
25 Section 7(b)(3) is not a public record.

26 Section 12. ACTION REQUIRED ON CREATION OF
27 CERTIFICATE OF TITLE.

1 (a) On creation of a written certificate of title,
2 the office promptly shall send the certificate to the secured
3 party of record or, if none, to the owner of record, at the
4 address indicated for that person in the files of the office.
5 On creation of an electronic certificate of title, the office
6 promptly shall send a record evidencing the certificate to the
7 owner of record and, if there is one, to the secured party of
8 record, at the address indicated for that person in the files
9 of the office. The office may send the record to the person's
10 mailing address or, if indicated in the files of the office,
11 an electronic address.

12 (b) If the office creates a written certificate of
13 title, any electronic certificate of title for the vessel is
14 canceled and replaced by the written certificate. The office
15 shall maintain in the files of the office the date and time of
16 cancellation.

17 (c) Before the office creates an electronic
18 certificate of title, any written certificate for the vessel
19 must be surrendered to the office. If the office creates an
20 electronic certificate, the office shall destroy or otherwise
21 cancel the written certificate for the vessel which has been
22 surrendered to the office and maintain in the files of the
23 office the date and time of destruction or other cancellation.
24 If a written certificate being canceled is not destroyed, the
25 office shall indicate on the face of the certificate that it
26 has been canceled.

1 Section 13. EFFECT OF CERTIFICATE OF TITLE. A
2 certificate of title is prima facie evidence of the accuracy
3 of the information in the record that constitutes the
4 certificate.

5 Section 14. EFFECT OF POSSESSION OF CERTIFICATE OF
6 TITLE; JUDICIAL PROCESS. Possession of a certificate of title
7 does not by itself provide a right to obtain possession of a
8 vessel. Garnishment, attachment, levy, replevin, or other
9 judicial process against the certificate is not effective to
10 determine possessory rights to the vessel. This act does not
11 prohibit enforcement under the law of this state other than
12 this act of a security interest in, levy on, or foreclosure of
13 a statutory or common-law lien on a vessel. Absence of an
14 indication of a security interest, statutory lien, or
15 common-law lien on a certificate does not invalidate the
16 security interest or lien.

17 Section 15. PERFECTION OF SECURITY INTEREST.

18 (a) Except as otherwise provided in this section or
19 Section 28, a security interest in a vessel may be perfected
20 only by delivery to the office of an application for a
21 certificate of title that identifies the secured party and
22 otherwise complies with Section 7. The security interest is
23 perfected on the later of delivery to the office of the
24 application and the applicable fee or attachment of the
25 security interest under Section 7-9A-203 of the Code of
26 Alabama 1975.

1 (b) If the interest of a person named as owner in an
2 application for a certificate of title delivered to the office
3 is a security interest, the application sufficiently
4 identifies the person as a secured party. Identification on
5 the application for a certificate of a person as owner is not
6 by itself a factor in determining whether the person's
7 interest is a security interest.

8 (c) If the office has created a certificate of title
9 for a vessel, a security interest in the vessel may be
10 perfected by delivery to the office of an application, on a
11 form the office may require, to have the security interest
12 added to the certificate. The application must be signed by an
13 owner of the vessel or by the secured party and must include:

14 (1) the name of the owner of record;

15 (2) the name and mailing address of the secured
16 party;

17 (3) the hull identification number for the vessel;

18 and

19 (4) if the office has created a written certificate
20 of title for the vessel, the certificate.

21 (d) A security interest perfected under subsection
22 (c) is perfected on the later of delivery to the office of the
23 application and all applicable fees or attachment of the
24 security interest under Section 7-9A-203 of the Code of
25 Alabama 1975.

26 (e) On delivery of an application that complies with
27 subsection (c) and payment of all applicable fees, the office

1 shall create a new certificate of title pursuant to Section 8
2 and deliver the new certificate or a record evidencing an
3 electronic certificate pursuant to Section 12(a). The office
4 shall maintain in the files of the office the date and time of
5 delivery of the application to the office.

6 (f) If a secured party assigns a perfected security
7 interest in a vessel, the receipt by the office of a statement
8 providing the name of the assignee as secured party is not
9 required to continue the perfected status of the security
10 interest against creditors of and transferees from the
11 original debtor. A purchaser of a vessel subject to a security
12 interest which obtains a release from the secured party
13 indicated in the files of the office or on the certificate
14 takes free of the security interest and of the rights of a
15 transferee unless the transfer is indicated in the files of
16 the office or on the certificate.

17 (g) This section does not apply to a security
18 interest:

19 (1) created in a vessel by a person during any
20 period in which the vessel is inventory held for sale or lease
21 by the person or is leased by the person as lessor if the
22 person is a dealer;

23 (2) in a barge for which no application for a
24 certificate of title has been delivered to the office; or

25 (3) in a vessel before delivery if the vessel is
26 under construction, or completed, pursuant to contract and for

1 which no application for a certificate has been delivered to
2 the office.

3 (h) This subsection applies if a certificate of
4 documentation for a documented vessel is deleted or canceled.
5 If a security interest in the vessel was valid immediately
6 before deletion or cancellation against a third party as a
7 result of compliance with 46 U.S.C. §31321, the security
8 interest is and remains perfected until the earlier of four
9 months after cancellation of the certificate or the time the
10 security interest becomes perfected under this act.

11 (i) A security interest in a vessel arising under
12 Section 7-2-401, 7-2-505, 7-2-711(3), or 7-2A-508(5) of the
13 Code of Alabama 1975, is perfected when it attaches but
14 becomes unperfected when the debtor obtains possession of the
15 vessel, unless before the debtor obtains possession the
16 security interest is perfected pursuant to subsection (a) or
17 (c).

18 (j) A security interest in a vessel as proceeds of
19 other collateral is perfected to the extent provided in
20 Section 7-9A-315 of the Code of Alabama 1975.

21 (k) A security interest in a vessel perfected under
22 the law of another jurisdiction is perfected to the extent
23 provided in Section 7-9A-316(d) of the Code of Alabama 1975.

24 Section 16. TERMINATION STATEMENT.

25 (a) Except as provided in subsection (b), a secured
26 party indicated in the files of the office as having a
27 security interest in a vessel shall deliver a termination

1 statement to the office and, on request of the owner of record
2 in a signed record, shall deliver a copy of the termination
3 statement to the owner of record, by the earlier of:

4 (1) twenty days after the secured party receives a
5 signed demand from an owner for a termination statement and
6 there is no obligation secured by the vessel subject to the
7 security interest and no commitment to make an advance, incur
8 an obligation, or otherwise give value secured by the vessel.

9 (2) if the vessel is consumer goods, 30 days after
10 there is no obligation secured by the vessel and no commitment
11 to make an advance, incur an obligation, or otherwise give
12 value secured by the vessel; or

13 (b) If a written certificate of title has been
14 created and delivered to a secured party, the secured party
15 may comply with the requirements of subsection (a) by signing
16 the release form on the certificate and delivering the
17 certificate to the office or to the owner of record no later
18 than the date required by subsection (a). On request of the
19 owner of record, a secured party that delivers a written
20 certificate with a signed release form to the office shall,
21 not later than the date required by subsection (a), deliver a
22 copy of the certificate showing the signed release form to the
23 owner of record. If the certificate is lost, stolen,
24 mutilated, destroyed, or is otherwise unavailable or
25 illegible, the secured party shall deliver a termination
26 statement to the office as required by subsection (a) and
27 shall deliver to the office with the statement an application

1 for a replacement certificate meeting the requirements of
2 Section 22 and the applicable fee.

3 (c) On delivery to the office of a termination
4 statement under subsection (a) or (b), or on delivery of a
5 written certificate of title with a signed release form to the
6 office or the owner of record under subsection (b), any
7 security interest to which the statement or certificate
8 relates ceases to be perfected. If the security interest to
9 which the statement relates was indicated on the certificate,
10 the office shall create a new certificate and deliver the new
11 certificate or a record evidencing an electronic certificate
12 pursuant to Section 12(a). The office shall maintain in its
13 files the date and time of delivery to the office of a
14 termination statement or written certificate with a signed
15 release form.

16 (d) A secured party that fails to comply with this
17 section is liable to the owner of record for a penalty in the
18 amount of five hundred dollars (\$500). Nothing in this
19 subsection precludes the owner of record or another owner from
20 recovering damages under the law of this state other than this
21 act.

22 Section 17. TRANSFER OF OWNERSHIP.

23 (a) On voluntary transfer of an ownership interest
24 in a vessel covered by a certificate of title, the following
25 rules apply:

26 (1) If the certificate is a written certificate of
27 title and the transferor's interest is noted on the

1 certificate, the transferor shall sign the certificate and
2 deliver it to the transferee. If the transferor does not have
3 possession of the certificate, the person in possession of the
4 certificate has a duty to facilitate the transferor's
5 compliance with this subdivision. A secured party does not
6 have a duty to facilitate the transferor's compliance with
7 this subdivision if the proposed transfer is prohibited by the
8 security agreement.

9 (2) If the certificate of title is an electronic
10 certificate of title, the transferor shall sign and deliver to
11 the transferee a record evidencing the transfer of ownership
12 to the transferee.

13 (3) The transferee has a right enforceable by
14 specific performance to require the transferor to comply with
15 subdivision (1) or (2).

16 (b) The creation of a certificate of title
17 identifying the transferee as owner of record satisfies
18 subsection (a).

19 (c) A failure to comply with subsection (a) or to
20 apply for a new certificate of title does not render a
21 transfer of ownership of a vessel ineffective between the
22 parties. Except as otherwise provided in Section 18, 19,
23 23(a), or 24, a transfer of ownership without compliance with
24 subsection (a) is not effective against another person
25 claiming an interest in the vessel.

26 (d) A transferor that complies with subsection (a)
27 is not liable solely in the capacity as owner of the vessel

1 for an event occurring after the transfer, regardless of
2 whether the transferee applies for a new certificate of title.

3 Section 18. EFFECT OF MISSING OR INCORRECT
4 INFORMATION.

5 Except as otherwise provided in Section 7-9A-337 of
6 the Code of Alabama 1975, a certificate of title or other
7 record required or authorized by this act is effective even if
8 it contains incorrect information or does not contain required
9 information.

10 Section 19. TRANSFER OF OWNERSHIP BY SECURED PARTY'S
11 TRANSFER STATEMENT.

12 (a) In this section, "secured party's transfer
13 statement" means a record signed by the secured party of
14 record stating:

15 (1) that there has been a default on an obligation
16 secured by the vessel;

17 (2) that the secured party of record has exercised
18 post-default remedies with respect to the vessel;

19 (3) that, by reason of the exercise, a transferee
20 has acquired the ownership interest of an owner;

21 (4) the name of the owner whose ownership interest
22 has been acquired by the transferee;

23 (5) the name and last known mailing address of the
24 owner of record and the secured party of record;

25 (5) the name of the transferee;

26 (6) other information required by Section 7(b); and

27 (7) one of the following:

1 (A) that the certificate of title is an electronic
2 certificate;

3 (B) that the secured party does not have possession
4 of the written certificate of title created in the name of the
5 owner of record; or

6 (C) that the secured party of record is delivering
7 the written certificate of title created in the name of the
8 owner of record to the office, with the release form signed,
9 with the transfer statement.

10 (b) Unless the office rejects a secured party's
11 transfer statement for a reason stated in Section 8(c), not
12 later than 20 days after delivery to the office of the
13 statement and the applicable fee the office shall:

14 (1) accept the statement;

15 (2) amend its files to reflect the transfer; and

16 (3) if the name of the owner whose ownership
17 interest has been transferred is indicated on the certificate
18 of title:

19 (A) cancel the certificate;

20 (B) create a new certificate substituting the name
21 of the transferee for the name of the owner; and

22 (C) deliver the new certificate or a record
23 evidencing an electronic certificate pursuant to Section
24 12(a).

25 (c) An application under subsection (a) or the
26 creation of a certificate of title under subsection (b) is not
27 by itself a disposition of the vessel and does not by itself

1 relieve the secured party of its duties under Article 9A,
2 Title 7, Code of Alabama 1975.

3 Section 20. TRANSFER BY OPERATION OF LAW.

4 (a) In this section:

5 (1) "By operation of law" means pursuant to a law or
6 judicial order affecting ownership of a vessel:

7 (A) because of death, divorce or other family law
8 proceeding, merger, consolidation, dissolution, or bankruptcy;

9 (B) through the exercise of the rights of a lien
10 creditor or a person having a lien created by statute or rule
11 of law; or

12 (C) through other legal process.

13 (2) "Transfer-by-law statement" means a record
14 signed by a transferee stating that by operation of law the
15 transferee has acquired or has the right to acquire an
16 ownership interest in a vessel.

17 (b) A transfer-by-law statement must contain:

18 (1) the name and last known mailing address of the
19 owner of record and the transferee and the other information
20 required by Section 7(b);

21 (2) documentation sufficient to establish the
22 transferee's ownership interest or right to acquire the
23 ownership interest;

24 (3) a statement that:

25 (A) the certificate of title is an electronic
26 certificate of title;

1 (B) the transferee does not have possession of the
2 written certificate of title created in the name of the owner
3 of record; or

4 (C) the transferee is delivering the written
5 certificate to the office with the transfer-by-law statement;
6 and

7 (4) except for a transfer described in subsection
8 (a) (1) (A), evidence that notification of the transfer and the
9 intent to file the transfer-by-law statement has been sent to
10 all persons indicated in the files of the office as having an
11 interest, including a security interest, in the vessel.

12 (c) Unless the office rejects a transfer-by-law
13 statement for a reason stated in Section 8(c) or because the
14 statement does not include documentation satisfactory to the
15 office as to the transferee's ownership interest or right to
16 acquire the ownership interest, not later than 20 days after
17 delivery to the office of the statement and payment of fees
18 and taxes payable under the law of this state other than this
19 act in connection with the statement or with the acquisition
20 or use of the vessel, the office shall:

21 (1) accept the statement;

22 (2) amend the files of the office to reflect the
23 transfer; and

24 (3) if the name of the owner whose ownership
25 interest is being transferred is indicated on the certificate
26 of title:

1 (A) cancel the certificate even if the certificate
2 has not been delivered to the office;

3 (B) create a new certificate indicating the
4 transferee as owner;

5 (C) indicate on the new certificate any security
6 interest indicated on the canceled certificate, unless a court
7 order provides otherwise; and

8 (D) deliver the new certificate or a record
9 evidencing an electronic certificate.

10 (d) This section does not apply to a transfer of an
11 interest in a vessel by a secured party under Part 6, Article
12 9A, Title 7 of the Code of Alabama 1975.

13 Section 21. APPLICATION FOR TRANSFER OF OWNERSHIP OR
14 TERMINATION OF SECURITY INTEREST WITHOUT CERTIFICATE OF TITLE.

15 (a) Except as otherwise provided in Section 19 or
16 20, if the office receives, unaccompanied by a signed
17 certificate of title, an application for a new certificate
18 that includes an indication of a transfer of ownership or a
19 termination statement, the office may create a new certificate
20 under this section only if:

21 (1) all other requirements under Sections 7 and 8
22 are met;

23 (2) the applicant provides an affidavit stating
24 facts showing the applicant is entitled to a transfer of
25 ownership or termination statement;

26 (3) the applicant provides the office with
27 satisfactory evidence that notification of the application has

1 been sent to the owner of record and all persons indicated in
2 the files of the office as having an interest, including a
3 security interest, in the vessel, at least 45 days have passed
4 since the notification was sent, and the office has not
5 received an objection from any of those persons; and

6 (4) the applicant submits any other information
7 required by the office as evidence of the applicant's
8 ownership or right to terminate the security interest, and the
9 office has no credible information indicating theft, fraud, or
10 an undisclosed or unsatisfied security interest, lien, or
11 other claim to an interest in the vessel.

12 (b) The office may indicate in a certificate of
13 title created under subsection (a) that the certificate was
14 created without submission of a signed certificate or
15 termination statement. Unless credible information indicating
16 theft, fraud, or an undisclosed or unsatisfied security
17 interest, lien, or other claim to an interest in the vessel is
18 delivered to the office not later than one year after creation
19 of the certificate, on request in a form and manner required
20 by the office, the office shall remove the indication from the
21 certificate.

22 (c) Before the office creates a certificate of title
23 under subsection (a), the office may require the applicant to
24 post a bond. The bond may not exceed twice the value of the
25 vessel as determined by the office. The bond must be in form,
26 amount, and term required by the office and provide for
27 indemnification of any owner, purchaser, or other claimant for

1 any expense, loss, delay, or damage, including reasonable
2 attorney's fees and costs, but not including incidental or
3 consequential damages, resulting from creation or amendment of
4 the certificate.

5 Section 22. REPLACEMENT CERTIFICATE OF TITLE.

6 (a) If a written certificate of title is lost,
7 stolen, mutilated, destroyed, or otherwise becomes unavailable
8 or illegible, the secured party of record or, if no secured
9 party is indicated in the files of the office, the owner of
10 record, may apply for and, by furnishing information
11 satisfactory to the office, obtain a replacement certificate
12 in the name of the owner of record.

13 (b) An applicant for a replacement certificate of
14 title must sign the application, and, except as otherwise
15 permitted by the office, the application must comply with
16 Section 7. The application must include the existing
17 certificate unless the certificate is lost, stolen, mutilated,
18 destroyed, or otherwise unavailable.

19 (c) A replacement certificate of title created by
20 the office must comply with Section 9 and indicate on the face
21 of the certificate that it is a replacement certificate.

22 (d) If a person receiving a replacement certificate
23 of title subsequently obtains possession of the original
24 written certificate, the person promptly shall destroy the
25 original certificate of title.

26 Section 23. RIGHTS OF PURCHASER OTHER THAN SECURED
27 PARTY.

1 (a) A buyer in ordinary course of business has the
2 protections afforded by Sections 7-2-403(2) and 7-9A-320(a) of
3 the Code of Alabama 1975, even if an existing certificate of
4 title was not signed and delivered to the buyer or a new
5 certificate listing the buyer as owner of record was not
6 created.

7 (b) Except as otherwise provided in Sections 17 and
8 24, the rights, with respect to a vessel, of a purchaser that
9 is not a buyer in ordinary course of business are governed by
10 Title 7 of the Code of Alabama 1975.

11 Section 24. RIGHTS OF SECURED PARTY.

12 (a) Subject to subsection (b), the effect of
13 perfection and nonperfection of a security interest and the
14 priority of a perfected or unperfected security interest with
15 respect to the rights of a purchaser or creditor, including a
16 lien creditor, is governed by Title 7 of the Code of Alabama
17 1975. For purposes of the application of the provisions of
18 Title 7 of the Code of Alabama 1975, lien creditor has the
19 meaning provided by this act.

20 (b) If, while a security interest in a vessel is
21 perfected by any method under this act, the office creates a
22 certificate of title that does not indicate that the vessel is
23 subject to the security interest or contain a statement that
24 it may be subject to security interests not indicated on the
25 certificate:

26 (1) a buyer of the vessel, other than a person in
27 the business of selling or leasing vessels of that kind, takes

1 free of the security interest if the buyer, acting in good
2 faith and without knowledge of the security interest, gives
3 value and receives possession of the vessel; and

4 (2) the security interest is subordinate to a
5 conflicting security interest in the vessel that is perfected
6 under Section 15 after creation of the certificate and without
7 the conflicting secured party's knowledge of the security
8 interest.

9 Section 25. DUTIES AND OPERATION OF OFFICE.

10 (a) The office shall retain the evidence used to
11 establish the accuracy of the information in its files
12 relating to the current ownership of a vessel and the
13 information on the certificate of title.

14 (b) The office shall retain in its files all
15 information regarding a security interest in a vessel for at
16 least 10 years after the office receives a termination
17 statement regarding the security interest. The information
18 must be accessible by the hull identification number for the
19 vessel and any other methods provided by the office.

20 (c) If a person submits a record to the office, or
21 submits information that is accepted by the office, and
22 requests an acknowledgment of the filing or submission, the
23 office shall send to the person an acknowledgment showing the
24 hull identification number of the vessel to which the record
25 or submission relates, the information in the filed record or
26 submission, and the date and time the record was received or
27 the submission accepted. A request under this section must

1 contain the hull identification number and be delivered by
2 means authorized by the office.

3 (d) The office shall send or otherwise make
4 available in a record the following information to any person
5 that requests it and pays the applicable fee:

6 (1) whether the files of the office indicate, as of
7 a date and time specified by the office, but not a date
8 earlier than three days before the office received the
9 request, any certificate of title, security interest,
10 termination statement, or title brand that relates to a
11 vessel:

12 (A) identified by a hull identification number
13 designated in the request;

14 (B) identified by a vessel number designated in the
15 request; or

16 (C) owned by a person designated in the request;

17 (2) with respect to the vessel:

18 (A) the name and address of any owner as indicated
19 in the files of the office or on the certificate of title;

20 (B) the name and address of any secured party as
21 indicated in the files of the office or on the certificate,
22 and the effective date of the information; and

23 (C) a copy of any termination statement indicated in
24 the files of the office and the effective date of the
25 termination statement; and

26 (3) with respect to the vessel, a copy of any
27 certificate of origin, secured party transfer statement,

1 transfer-by-law statement under Section 20, and other evidence
2 of previous or current transfers of ownership.

3 (e) In responding to a request under this section,
4 the office may provide the requested information in any medium
5 as determined by the office. On request, the office shall send
6 the requested information in a record that is
7 self-authenticating under Alabama Rule of Evidence 902(1).

8 Section 26. FEES.

9 (a) There shall be a fee of twenty-five dollars
10 (\$25) to be collected by the office for processing and issuing
11 the required documents and performing the other duties
12 required by this act in connection with each of the following
13 transactions:

14 (1) an application for a certificate of title;

15 (2) an application for a replacement certificate of
16 title;

17 (3) an application for a transfer of ownership by
18 operation of law using a transfer-by-law statement;

19 (4) an application for a transfer of ownership using
20 a transfer statement;

21 (5) an application for a transfer of ownership
22 without a certificate of title, transfer-by-law statement, or
23 transfer statement; and

24 (6) a search request, including upon request the
25 certification required by Section 11(e).

1 (b) There shall be no fee for processing a
2 termination statement or a statement merely providing the
3 office with the name of a secured party's assignee.

4 (c) Each county licensing official shall serve as an
5 agent of the office for the purpose of receiving a document
6 specified in subsection (a) or (b), collecting a fee as
7 provided for by subsection (a) and forwarding the document and
8 any fee to the office. A fee of fifteen dollars (\$15) shall be
9 paid to the appropriate licensing official for a transaction
10 specified in subsection (a) to be deposited in a separate fund
11 maintained by the licensing official to be used in his or her
12 sole discretion for any legal purpose in the operation of his
13 or her office. There shall be no fee for a transaction
14 specified in subsection (b).

15 (d) The office may designate as its agent a dealer
16 or financial institution located in this state for the purpose
17 of preparing an application for a certificate of title and
18 collecting the fee provided for by subsection (a) and
19 forwarding the application and fee to the office. An agent
20 acting under this subsection may charge a fee of no more than
21 five dollars (\$5) for its services.

22 (e) Fees collected under this section shall be
23 deposited into the State Treasury to the credit of the Public
24 Safety Fund. Amounts deposited into the Public Safety Fund
25 shall be budgeted and allotted in accordance with Sections
26 41-4-80 through 41-4-96 and 41-19-1 through 41-19-12, Code of
27 Alabama 1975.

1 Section 27. UNIFORMITY OF APPLICATION AND
2 CONSTRUCTION. In applying and construing this uniform act,
3 consideration must be given to the need to promote uniformity
4 of the law with respect to its subject matter among states
5 that enact it.

6 Section 28. RELATION TO ELECTRONIC SIGNATURES IN
7 GLOBAL AND NATIONAL COMMERCE ACT.

8 This act modifies, limits, and supersedes the
9 federal Electronic Signatures in Global and National Commerce
10 Act, 15 U.S.C. §7001, et seq., but does not modify, limit, or
11 supersede Section 101(c) of that act, 15 U.S.C. §7001(c), or
12 authorize electronic delivery of any of the notices described
13 in Section 103(b) of that act, 15 U.S.C. §7003(b).

14 Section 29. EFFECTIVE DATE; TRANSITION RULES;
15 SAVINGS CLAUSE.

16 (a) This act takes effect on January 1, 2023.

17 (b) Except as provided in subsection (c), this act
18 applies to any vessel for which this state is the state of
19 principal use on or after January 1, 2023.

20 (c) Except as provided in subsection (d), the
21 provisions of this act do not apply to a vessel as to which
22 construction has been completed as of December 31, 2022.

23 (d) Notwithstanding subsection (c), the owner of a
24 vessel that is 26 feet or more in length and to which
25 subsection (b) applies may voluntarily apply for a certificate
26 of title as provided in Section 6, in which case the
27 provisions of this act apply to the vessel for all purposes

1 when the application for a certificate of title is delivered
2 to the office and thereafter.

3 (e) The rights, duties, and interests flowing from a
4 transaction, certificate of title, or record relating to a
5 vessel which was validly entered into or created before the
6 date the provisions of this act became applicable to the
7 vessel and would be subject to this act if it had been entered
8 into or created on or after the date the provisions of this
9 act became applicable to the vessel, remain valid on and after
10 the date the provisions of this act became applicable to the
11 vessel.

12 (f) This act does not affect an action or proceeding
13 commenced before the date the provisions of this act became
14 applicable.

15 (g) Except as otherwise provided in subsection (i),
16 a security interest in a vessel that is enforceable
17 immediately before the date the provisions of this act became
18 applicable to the vessel and would have priority over the
19 rights of a person that becomes a lien creditor at that time
20 is a perfected security interest under this act.

21 (h) A security interest in a vessel perfected
22 immediately before the date the provisions of this act became
23 applicable to the vessel remains perfected until the earlier
24 of:

25 (1) the time perfection would have ceased under the
26 law under which the security interest was perfected; or

1 (2) three years after the date the provisions of
2 this act became applicable to the vessel.

3 (i) This act does not affect the priority of a
4 security interest in a vessel if immediately before the date
5 the provisions of this act became applicable to the vessel the
6 security interest is enforceable and perfected, and that
7 priority is established.

8 Section 30. This act shall become effective on
9 January 1, 2023, following its passage and approval by the
10 Governor, or its otherwise become law.