

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

1 SB211

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3
4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 Relating to vessels; to adopt the Uniform
12 Certificate of Title for Vessels Act, to provide for the
13 issuance by the Alabama State Law Enforcement Agency of
14 certificates of title on vessels; to require owners of vessels
15 to obtain a certificate of title; to provide for the
16 application process; to provide for the issuance of
17 certificates of title; to provide an issuance fee; to provide
18 for the perfecting of a security interest on a vessel; and to
19 provide for the maintenance of records and files regarding
20 security interests.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

24 Section 2. DEFINITIONS.

25 (a) In this act, the following terms shall have the
26 following meanings:

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

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

6 (3) BUYER. A person that buys or contracts to buy a
7 vessel.

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

10 (5) CERTIFICATE OF ORIGIN. A record created by a
11 manufacturer or importer as the manufacturer's or importer's
12 proof of identity of a vessel. The term includes a
13 manufacturer's certificate or statement of origin and an
14 importer's certificate or statement of origin. The term does
15 not include a builder's certificate.

16 (6) CERTIFICATE OF TITLE. A record, created by the
17 office under this act or by a governmental agency of another
18 jurisdiction under the law of that jurisdiction, that is
19 designated as a certificate of title by the office or agency
20 and is evidence of ownership of a vessel.

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

23 (8) DOCUMENTED VESSEL. A vessel covered by a
24 certificate of documentation issued pursuant to 46 U.S.C.
25 §12105, as amended. The term does not include a
26 foreign-documented vessel.

1 (9) ELECTRONIC. Relating to technology having
2 electrical, digital, magnetic, wireless, optical,
3 electromagnetic, or similar capabilities.

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

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

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

14 (13) HULL DAMAGE. Compromised with respect to the
15 integrity of a vessel's hull by a collision, allision,
16 lightning strike, fire, explosion, running aground, or similar
17 occurrence, or the sinking of a vessel in a manner that
18 creates a significant risk to the integrity of the vessel's
19 hull.

20 (14) HULL IDENTIFICATION NUMBER. The alphanumeric
21 designation assigned to a vessel pursuant to 33 C.F.R. Chapter
22 1, Part 181, as amended.

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

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

26 (B) an assignee for benefit of creditors from the
27 time of assignment;

1 (C) a trustee in bankruptcy from the date of the
2 filing of the petition;

3 (D) a receiver in equity from the time of
4 appointment; or

5 (E) a person with a lien arising under Section
6 35-11-60, Code of Alabama 1975.

7 (16) OFFICE. The Alabama State Law Enforcement
8 Agency.

9 (17) OWNER. A person that has legal title to a
10 vessel.

11 (18) OWNER OF RECORD. The owner indicated in the
12 files of the office or, if the files indicate more than one
13 owner, the one first indicated.

14 (19) PERSON. An individual, corporation, business
15 trust, estate, trust, statutory trust, partnership, limited
16 liability company, association, joint venture, public
17 corporation, government or governmental subdivision, agency,
18 or instrumentality, or any other legal or commercial entity.

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

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

23 (22) RECORD. Information that is inscribed on a
24 tangible medium or that is stored in an electronic or other
25 medium and is retrievable in perceivable form.

26 (23) SECURED PARTY. With respect to a vessel, means
27 a person:

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

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

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

9 (24) SECURED PARTY OF RECORD. The secured party
10 whose name is indicated as the name of the secured party in
11 the files of the office or, if the files indicate more than
12 one secured party, the one first indicated.

13 (25) SECURITY INTEREST. An interest in a vessel
14 which secures payment or performance of an obligation if the
15 interest is created by contract or arises under Section
16 7-2-401, 7-2-505, 7-2-711(3), or 7-2A-508(5) of the Code of
17 Alabama 1975. The term includes any interest of a consignor in
18 a vessel in a transaction that is subject to Article 9A of
19 Title 7 of the Code of Alabama 1975. The term does not include
20 the special property interest of a buyer of a vessel on
21 identification of that vessel to a contract for sale under
22 Section 7-2-501 of the Code of Alabama 1975, but a buyer also
23 may acquire a security interest by complying with Article 9A
24 of Title 7 of the Code of Alabama 1975. Except as otherwise
25 provided in Section 7-2-505, Code of Alabama 1975, the right
26 of a seller or lessor of a vessel under Article 2 of 2A Title
27 7, of the Code of Alabama 1975, to retain or acquire

1 possession of the vessel is not a security interest, but a
2 seller or lessor also may acquire a security interest by
3 complying with Article 9A, Title 7 of the Code of Alabama
4 1975. The retention or reservation of title by a seller of a
5 vessel notwithstanding shipment or delivery to the buyer under
6 Section 7-2-401 of the Code of Alabama 1975, is limited in
7 effect to a reservation of a security interest. Whether a
8 transaction in the form of a lease creates a security interest
9 is determined by Section 7-1-203 of the Code of Alabama 1975.

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

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

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

15 (27) STATE. A state of the United States, the
16 District of Columbia, Puerto Rico, the United States Virgin
17 Islands, or any territory or insular possession subject to the
18 jurisdiction of the United States.

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

23 (29) TITLE BRAND. A designation of previous damage,
24 use, or condition that must be indicated on a certificate of
25 title.

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

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

3 (A) a seaplane;

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

7 (C) watercraft less than 18 feet in length that is
8 propelled solely by:

9 (i) sail;

10 (ii) paddle;

11 (iii) oar; or

12 (iv) an engine of less than 75 horsepower;

13 (D) watercraft that operate only on a permanently
14 fixed, manufactured course and the movement of which is
15 restricted to or guided by means of a mechanical device to
16 which the watercraft is attached or by which the watercraft is
17 controlled;

18 (E) a stationary floating structure that:

19 (i) does not have and is not designed to have a mode
20 of propulsion of its own;

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

23 (iii) has a permanent, continuous hookup to a
24 shoreside sewage system;

25 (F) watercraft owned by the United States, a state,
26 or a foreign government or a political subdivision of any of
27 them; and

1 (G) watercraft used solely as a lifeboat on another
2 watercraft.

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

5 (33) WRITTEN CERTIFICATE OF TITLE. A certificate of
6 title consisting of information inscribed on a tangible
7 medium.

8 (b) The following definitions and terms also apply
9 to this act:

10 (1) AGREEMENT. The term, as defined in Section
11 7-1-201, Code of Alabama 1975.

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

14 (3) CONSPICUOUS. The term, as defined in Section
15 7-1-201, Code of Alabama 1975.

16 (4) CONSUMER GOODS. The term, as defined in Section
17 7-9A-102, Code of Alabama 1975.

18 (5) DEBTOR. The term, as defined in Section
19 7-9A-102, Code of Alabama 1975.

20 (6) KNOWLEDGE. The term, as defined in Section
21 7-1-202, Code of Alabama 1975.

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

24 (8) LESSOR. The term, as defined in Section
25 7-2A-103, Code of Alabama 1975.

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

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

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

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

7 (13) SELLER. The term, as defined in Section
8 7-2-103, Code of Alabama 1975.

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

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

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

17 Section 3. APPLICABILITY. Subject to Section 28,
18 this act applies to any transaction, certificate of title, or
19 record relating to a vessel, even if the transaction,
20 certificate of title, or record was entered into or created
21 before January 1, 2021.

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

25 Section 5. LAW GOVERNING VESSEL COVERED BY
26 CERTIFICATE OF TITLE.

1 (a) The law of the jurisdiction under whose
2 certificate of title a vessel is covered governs all issues
3 relating to the certificate from the time the vessel becomes
4 covered by the certificate until the vessel becomes covered by
5 another certificate or becomes a documented vessel, even if no
6 other relationship exists between the jurisdiction and the
7 vessel or its owner.

8 (b) A vessel becomes covered by a certificate of
9 title when an application for the certificate and the
10 applicable fee are delivered to the office in accordance with
11 this act or to the governmental agency that creates a
12 certificate in another jurisdiction in accordance with the law
13 of that jurisdiction.

14 Section 6. CERTIFICATE OF TITLE REQUIRED.

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

- 20 (1) the date of a transfer of ownership; or
21 (2) the date this state becomes the state of
22 principal use.

23 (b) An application for a certificate of title is not
24 required for:

- 25 (1) a documented vessel;
26 (2) a foreign-documented vessel;
27 (3) a barge;

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

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

6 (c) The office may not issue, transfer, or renew a
7 certificate of number for a vessel issued pursuant to the
8 requirements of 46 U.S.C. §12301, as amended, unless the
9 office has created a certificate of title for the vessel or an
10 application for a certificate of title for the vessel and the
11 applicable fee has been delivered to the office.

12 Section 7. APPLICATION FOR CERTIFICATE OF TITLE.

13 (a) Except as otherwise provided in Sections 10, 15,
14 19, 20, 21, and 22, only an owner may apply for a certificate
15 of title.

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

18 (1) the applicant's name, the street address of the
19 applicant's principal residence, and, if different, the
20 applicant's mailing address;

21 (2) the name and mailing address of each other owner
22 of the vessel;

23 (3) the driver license number or taxpayer
24 identification number of each owner;

25 (4) the hull identification number for the vessel
26 or, if none, an application for the issuance of a hull
27 identification number for the vessel;

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

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

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

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

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

10 (D) the overall length of the vessel;

11 (E) the vessel type;

12 (F) the hull material;

13 (G) the propulsion type;

14 (H) the engine drive type, if any; and

15 (I) the fuel type, if any;

16 (7) an indication of all security interests in the
17 vessel known to the applicant and the name and mailing address
18 of each secured party;

19 (8) a statement that the vessel is not a documented
20 vessel or a foreign-documented vessel;

21 (9) any title brand known to the applicant and, if
22 known, the jurisdiction under whose law the title brand was
23 created;

24 (10) if the applicant knows that the vessel is hull
25 damaged, a statement that the vessel is hull damaged;

26 (11) if the application is made in connection with a
27 transfer of ownership, the transferor's name, street address,

1 and, if different, mailing address, the sales price, if any,
2 and the date of the transfer; and

3 (12) if the vessel previously was registered or
4 titled in another jurisdiction, a statement identifying each
5 jurisdiction known to the applicant in which the vessel was
6 registered or titled.

7 (c) In addition to the information required by
8 subsection (b), an application for a certificate of title may
9 contain an electronic communication address of the owner,
10 transferor, or secured party.

11 (d) Except as otherwise provided in Section 19, 20,
12 21, or 22, an application for a certificate of title must be
13 accompanied by:

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

16 (A) identifies the applicant as the owner of the
17 vessel; or

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

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

21 (A) if the vessel was a documented vessel, a record
22 issued by the United States Coast Guard which shows the vessel
23 is no longer a documented vessel and identifies the applicant
24 as the owner;

25 (B) if the vessel was a foreign-documented vessel, a
26 record issued by the foreign country which shows the vessel is

1 no longer a foreign-documented vessel and identifies the
2 applicant as the owner; or

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

6 (e) A record submitted in connection with an
7 application is part of the application. The office shall
8 maintain the record in its files.

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

22 Section 8. CREATION AND CANCELLATION OF CERTIFICATE
23 OF TITLE.

24 (a) Unless an application for a certificate of title
25 is rejected under subsection (c) or (d), the office shall
26 create a certificate for the vessel in accordance with
27 subsection (b) not later than 20 days after delivery to it of

1 an application that complies with Section 7 and the applicable
2 fee.

3 (b) If the office creates electronic certificates of
4 title, the office shall create an electronic certificate
5 unless in the application the secured party of record or, if
6 none, the owner of record, requests that the office create a
7 written certificate.

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

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

12 (2) the application does not contain documentation
13 sufficient for the office to determine whether the applicant
14 is entitled to a certificate;

15 (3) there is a reasonable basis for concluding that
16 the application is fraudulent or issuance of a certificate
17 would facilitate a fraudulent or illegal act; or

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

20 (d) The office shall reject an application for a
21 certificate of title for a vessel that is a documented vessel
22 or a foreign-documented vessel.

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

25 (1) could have rejected the application for the
26 certificate under subsection (c);

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

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

5 (f) The office shall provide an opportunity for an
6 administrative review at which the owner and any other
7 interested party may present evidence in support of or
8 opposition to cancellation of a certificate of title. The
9 office shall serve all owners and secured parties indicated in
10 the files of the office with notice of the opportunity for an
11 administrative review. Service must be made personally or by
12 mail through the United States Postal Service, properly
13 addressed, postage paid, return receipt requested. Service by
14 mail is complete on deposit with the United States Postal
15 Service. The office, by rule, may authorize service by
16 electronic transmission if a copy is sent on the same day by
17 first-class mail or by a commercial delivery company. If not
18 later than 30 days after the notice was served the office
19 receives a request for an administrative review from an
20 interested party, the office shall hold the review not later
21 than 20 days after receiving the request.

22 Section 9. CONTENT OF CERTIFICATE OF TITLE.

23 (a) A certificate of title must contain:

24 (1) the date the certificate was created;

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

1 (3) the mailing address of the owner of record;
2 (4) the hull identification number;
3 (5) the information listed in Section 7(b)(6);
4 (6) except as otherwise provided in Section 15(b),
5 the name and mailing address of the secured party of record,
6 if any, and if not all secured parties are listed, an
7 indication that there are other security interests indicated
8 in the files of the office; and

9 (7) all title brands indicated in the files of the
10 office covering the vessel, including brands indicated on a
11 certificate created by a governmental agency of another
12 jurisdiction and delivered to the office.

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

16 (c) For each title brand indicated on a certificate
17 of title, the certificate must identify the jurisdiction under
18 whose law the title brand was created or the jurisdiction that
19 created the certificate on which the title brand was
20 indicated. If the meaning of a title brand is not easily
21 ascertainable or cannot be accommodated on the certificate,
22 the certificate may state: "Previously branded in (insert the
23 jurisdiction under whose law the title brand was created or
24 whose certificate of title previously indicated the title
25 brand)."

26 (d) If the files of the office indicate that a
27 vessel previously was registered or titled in a foreign

1 country, the office shall indicate on the certificate of title
2 that the vessel was registered or titled in that country.

3 (e) A written certificate of title must contain a
4 form that all owners indicated on the certificate may sign to
5 evidence consent to a transfer of an ownership interest to
6 another person. The form must include a certification, signed
7 under penalty for making an unsworn falsification to
8 authorities pursuant to Section 13A-10-109 of the Code of
9 Alabama 1975, as amended, that the statements made are true
10 and correct to the best of each owner's knowledge,
11 information, and belief.

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

16 (g) A written certificate of title must contain a
17 form for a secured party to indicate release of its security
18 interest.

19 Section 10. TITLE BRAND.

20 (a) Unless subsection (c) applies, at or before the
21 time the owner of record transfers an ownership interest in a
22 hull-damaged vessel that is covered by a certificate of title
23 created by the office, if the damage occurred while that
24 person was an owner of the vessel and the person has notice of
25 the damage at the time of the transfer, the owner shall:

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

4 (2) indicate on the certificate in the place
5 designated for that purpose that the vessel is hull damaged
6 and deliver the certificate to the transferee.

7 (b) Not later than 20 days after delivery to the
8 office of the application under subsection (a)(1) or the
9 certificate of title under subsection (a)(2), the office shall
10 create a new certificate that indicates that the vessel is
11 branded "Hull Damaged."

12 (c) Before an insurer transfers an ownership
13 interest in a hull-damaged vessel that is covered by a
14 certificate of title created by the office, the insurer shall
15 deliver to the office an application for a new certificate
16 that complies with Section 6 and includes the title brand
17 designation "Hull Damaged." Not later than 20 days after
18 delivery of the application to the office, the office shall
19 create a new certificate that indicates that the vessel is
20 branded "Hull Damaged."

21 (d) An owner of record that fails to comply with
22 subsection (a), a person that solicits or colludes in a
23 failure by an owner of record to comply with subsection (a),
24 or an insurer that fails to comply with subsection (c) is
25 subject to an administrative penalty of one thousand dollars
26 (\$1,000).

27 Section 11. MAINTENANCE OF AND ACCESS TO FILES.

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

3 (1) ascertain or assign the hull identification
4 number for the vessel;

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

9 (3) maintain the files for public inspection subject
10 to subsection (e); and

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

13 (b) The office shall maintain in its files the
14 information contained in all certificates of title created
15 under this act. The information in the files of the office
16 must be searchable by the hull identification number of the
17 vessel, the vessel number, the name of the owner of record,
18 and any other method used by the office.

19 (c) The office shall maintain in its files, for each
20 vessel for which it has created a certificate of title, all
21 title brands known to the office, the name of each secured
22 party known to the office, the name of each person known to
23 the office to be claiming an ownership interest, and all
24 stolen-property reports the office has received.

25 (d) Upon request, for safety, security, or
26 law-enforcement purposes, the office shall provide to federal,
27 state, or local government the information in its files

1 relating to any vessel for which the office has issued a
2 certificate of title.

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

7 Section 12. ACTION REQUIRED ON CREATION OF
8 CERTIFICATE OF TITLE.

9 (a) On creation of a written certificate of title,
10 the office promptly shall send the certificate to the secured
11 party of record or, if none, to the owner of record, at the
12 address indicated for that person in the files of the office.
13 On creation of an electronic certificate of title, the office
14 promptly shall send a record evidencing the certificate to the
15 owner of record and, if there is one, to the secured party of
16 record, at the address indicated for that person in the files
17 of the office. The office may send the record to the person's
18 mailing address or, if indicated in the files of the office,
19 an electronic address.

20 (b) If the office creates a written certificate of
21 title, any electronic certificate of title for the vessel is
22 canceled and replaced by the written certificate. The office
23 shall maintain in the files of the office the date and time of
24 cancellation.

25 (c) Before the office creates an electronic
26 certificate of title, any written certificate for the vessel
27 must be surrendered to the office. If the office creates an

1 electronic certificate, the office shall destroy or otherwise
2 cancel the written certificate for the vessel which has been
3 surrendered to the office and maintain in the files of the
4 office the date and time of destruction or other cancellation.
5 If a written certificate being canceled is not destroyed, the
6 office shall indicate on the face of the certificate that it
7 has been canceled.

8 Section 13. EFFECT OF CERTIFICATE OF TITLE. A
9 certificate of title is prima facie evidence of the accuracy
10 of the information in the record that constitutes the
11 certificate.

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

24 Section 15. PERFECTION OF SECURITY INTEREST.

25 (a) Except as otherwise provided in this section or
26 Section 28, a security interest in a vessel may be perfected
27 only by delivery to the office of an application for a

1 certificate of title that identifies the secured party and
2 otherwise complies with Section 7. The security interest is
3 perfected on the later of delivery to the office of the
4 application and the applicable fee or attachment of the
5 security interest under Section 7-9A-203 of the Code of
6 Alabama 1975.

7 (b) If the interest of a person named as owner in an
8 application for a certificate of title delivered to the office
9 is a security interest, the application sufficiently
10 identifies the person as a secured party. Identification on
11 the application for a certificate of a person as owner is not
12 by itself a factor in determining whether the person's
13 interest is a security interest.

14 (c) If the office has created a certificate of title
15 for a vessel, a security interest in the vessel may be
16 perfected by delivery to the office of an application, on a
17 form the office may require, to have the security interest
18 added to the certificate. The application must be signed by an
19 owner of the vessel or by the secured party and must include:

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

21 (2) the name and mailing address of the secured
22 party;

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

24 and

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

1 (d) A security interest perfected under subsection
2 (c) is perfected on the later of delivery to the office of the
3 application and all applicable fees or attachment of the
4 security interest under Section 7-9A-203 of the Code of
5 Alabama 1975.

6 (e) On delivery of an application that complies with
7 subsection (c) and payment of all applicable fees, the office
8 shall create a new certificate of title pursuant to Section 8
9 and deliver the new certificate or a record evidencing an
10 electronic certificate pursuant to Section 12(a). The office
11 shall maintain in the files of the office the date and time of
12 delivery of the application to the office.

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

24 (g) This section does not apply to a security
25 interest:

26 (1) created in a vessel by a person during any
27 period in which the vessel is inventory held for sale or lease

1 by the person or is leased by the person as lessor if the
2 person is a dealer;

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

5 (3) in a vessel before delivery if the vessel is
6 under construction, or completed, pursuant to contract and for
7 which no application for a certificate has been delivered to
8 the office.

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

17 (i) A security interest in a vessel arising under
18 Section 7-2-401, 7-2-505, 7-2-711(3), or 7-2A-508(5) of the
19 Code of Alabama 1975, is perfected when it attaches but
20 becomes unperfected when the debtor obtains possession of the
21 vessel, unless before the debtor obtains possession the
22 security interest is perfected pursuant to subsection (a) or
23 (c).

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

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

4 Section 16. TERMINATION STATEMENT.

5 (a) Except as provided in subsection (b), a secured
6 party indicated in the files of the office as having a
7 security interest in a vessel shall deliver a termination
8 statement to the office and, on request of the owner of record
9 in a signed record, shall deliver a copy of the termination
10 statement to the owner of record, by the earlier of:

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

16 (2) if the vessel is consumer goods, 30 days after
17 there is no obligation secured by the vessel and no commitment
18 to make an advance, incur an obligation, or otherwise give
19 value secured by the vessel; or

20 (b) If a written certificate of title has been
21 created and delivered to a secured party, the secured party
22 may comply with the requirements of subsection (a) by signing
23 the release form on the certificate and delivering the
24 certificate to the office or to the owner of record no later
25 than the date required by subsection (a). On request of the
26 owner of record, a secured party that delivers a written
27 certificate with a signed release form to the office shall,

1 not later than the date required by subsection (a), deliver a
2 copy of the certificate showing the signed release form to the
3 owner of record. If the certificate is lost, stolen,
4 mutilated, destroyed, or is otherwise unavailable or
5 illegible, the secured party shall deliver a termination
6 statement to the office as required by subsection (a) and
7 shall deliver to the office with the statement an application
8 for a replacement certificate meeting the requirements of
9 Section 22 and the applicable fee.

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

23 (d) A secured party that fails to comply with this
24 section is liable to the owner of record for a penalty in the
25 amount of five hundred dollars (\$500). Nothing in this
26 subsection precludes the owner of record or another owner from

1 recovering damages under the law of this state other than this
2 act.

3 Section 17. TRANSFER OF OWNERSHIP.

4 (a) On voluntary transfer of an ownership interest
5 in a vessel covered by a certificate of title, the following
6 rules apply:

7 (1) If the certificate is a written certificate of
8 title and the transferor's interest is noted on the
9 certificate, the transferor shall sign the certificate and
10 deliver it to the transferee. If the transferor does not have
11 possession of the certificate, the person in possession of the
12 certificate has a duty to facilitate the transferor's
13 compliance with this subdivision. A secured party does not
14 have a duty to facilitate the transferor's compliance with
15 this subdivision if the proposed transfer is prohibited by the
16 security agreement.

17 (2) If the certificate of title is an electronic
18 certificate of title, the transferor shall sign and deliver to
19 the transferee a record evidencing the transfer of ownership
20 to the transferee.

21 (3) The transferee has a right enforceable by
22 specific performance to require the transferor to comply with
23 subdivision (1) or (2).

24 (b) The creation of a certificate of title
25 identifying the transferee as owner of record satisfies
26 subsection (a).

1 (c) A failure to comply with subsection (a) or to
2 apply for a new certificate of title does not render a
3 transfer of ownership of a vessel ineffective between the
4 parties. Except as otherwise provided in Section 18, 19,
5 23(a), or 24, a transfer of ownership without compliance with
6 subsection (a) is not effective against another person
7 claiming an interest in the vessel.

8 (d) A transferor that complies with subsection (a)
9 is not liable solely in the capacity as owner of the vessel
10 for an event occurring after the transfer, regardless of
11 whether the transferee applies for a new certificate of title.

12 Section 18. EFFECT OF MISSING OR INCORRECT
13 INFORMATION.

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

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

21 (a) In this section, "secured party's transfer
22 statement" means a record signed by the secured party of
23 record stating:

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

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

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

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

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

7 (5) the name of the transferee;

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

9 (7) one of the following:

10 (A) that the certificate of title is an electronic
11 certificate;

12 (B) that the secured party does not have possession
13 of the written certificate of title created in the name of the
14 owner of record; or

15 (C) that the secured party of record is delivering
16 the written certificate of title created in the name of the
17 owner of record to the office, with the release form signed,
18 with the transfer statement.

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

23 (1) accept the statement;

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

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

1 (A) cancel the certificate;

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

4 (C) deliver the new certificate or a record
5 evidencing an electronic certificate pursuant to Section
6 12(a).

7 (c) An application under subsection (a) or the
8 creation of a certificate of title under subsection (b) is not
9 by itself a disposition of the vessel and does not by itself
10 relieve the secured party of its duties under Article 9A,
11 Title 7, Code of Alabama 1975.

12 Section 20. TRANSFER BY OPERATION OF LAW.

13 (a) In this section:

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

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

18 (B) through the exercise of the rights of a lien
19 creditor or a person having a lien created by statute or rule
20 of law; or

21 (C) through other legal process.

22 (2) "Transfer-by-law statement" means a record
23 signed by a transferee stating that by operation of law the
24 transferee has acquired or has the right to acquire an
25 ownership interest in a vessel.

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

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

4 (2) documentation sufficient to establish the
5 transferee's ownership interest or right to acquire the
6 ownership interest;

7 (3) a statement that:

8 (A) the certificate of title is an electronic
9 certificate of title;

10 (B) the transferee does not have possession of the
11 written certificate of title created in the name of the owner
12 of record; or

13 (C) the transferee is delivering the written
14 certificate to the office with the transfer-by-law statement;
15 and

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

21 (c) Unless the office rejects a transfer-by-law
22 statement for a reason stated in Section 8(c) or because the
23 statement does not include documentation satisfactory to the
24 office as to the transferee's ownership interest or right to
25 acquire the ownership interest, not later than 20 days after
26 delivery to the office of the statement and payment of fees
27 and taxes payable under the law of this state other than this

1 act in connection with the statement or with the acquisition
2 or use of the vessel, the office shall:

3 (1) accept the statement;

4 (2) amend the files of the office to reflect the
5 transfer; and

6 (3) if the name of the owner whose ownership
7 interest is being transferred is indicated on the certificate
8 of title:

9 (A) cancel the certificate even if the certificate
10 has not been delivered to the office;

11 (B) create a new certificate indicating the
12 transferee as owner;

13 (C) indicate on the new certificate any security
14 interest indicated on the canceled certificate, unless a court
15 order provides otherwise; and

16 (D) deliver the new certificate or a record
17 evidencing an electronic certificate.

18 (d) This section does not apply to a transfer of an
19 interest in a vessel by a secured party under Part 6, Article
20 9A, Title 7 of the Code of Alabama 1975.

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

23 (a) Except as otherwise provided in Section 19 or
24 20, if the office receives, unaccompanied by a signed
25 certificate of title, an application for a new certificate
26 that includes an indication of a transfer of ownership or a

1 termination statement, the office may create a new certificate
2 under this section only if:

3 (1) all other requirements under Sections 7 and 8
4 are met;

5 (2) the applicant provides an affidavit stating
6 facts showing the applicant is entitled to a transfer of
7 ownership or termination statement;

8 (3) the applicant provides the office with
9 satisfactory evidence that notification of the application has
10 been sent to the owner of record and all persons indicated in
11 the files of the office as having an interest, including a
12 security interest, in the vessel, at least 45 days have passed
13 since the notification was sent, and the office has not
14 received an objection from any of those persons; and

15 (4) the applicant submits any other information
16 required by the office as evidence of the applicant's
17 ownership or right to terminate the security interest, and the
18 office has no credible information indicating theft, fraud, or
19 an undisclosed or unsatisfied security interest, lien, or
20 other claim to an interest in the vessel.

21 (b) The office may indicate in a certificate of
22 title created under subsection (a) that the certificate was
23 created without submission of a signed certificate or
24 termination statement. Unless credible information indicating
25 theft, fraud, or an undisclosed or unsatisfied security
26 interest, lien, or other claim to an interest in the vessel is
27 delivered to the office not later than one year after creation

1 of the certificate, on request in a form and manner required
2 by the office, the office shall remove the indication from the
3 certificate.

4 (c) Before the office creates a certificate of title
5 under subsection (a), the office may require the applicant to
6 post a bond. The bond may not exceed twice the value of the
7 vessel as determined by the office. The bond must be in form,
8 amount, and term required by the office and provide for
9 indemnification of any owner, purchaser, or other claimant for
10 any expense, loss, delay, or damage, including reasonable
11 attorney's fees and costs, but not including incidental or
12 consequential damages, resulting from creation or amendment of
13 the certificate.

14 Section 22. REPLACEMENT CERTIFICATE OF TITLE.

15 (a) If a written certificate of title is lost,
16 stolen, mutilated, destroyed, or otherwise becomes unavailable
17 or illegible, the secured party of record or, if no secured
18 party is indicated in the files of the office, the owner of
19 record, may apply for and, by furnishing information
20 satisfactory to the office, obtain a replacement certificate
21 in the name of the owner of record.

22 (b) An applicant for a replacement certificate of
23 title must sign the application, and, except as otherwise
24 permitted by the office, the application must comply with
25 Section 7. The application must include the existing
26 certificate unless the certificate is lost, stolen, mutilated,
27 destroyed, or otherwise unavailable.

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

4 (d) If a person receiving a replacement certificate
5 of title subsequently obtains possession of the original
6 written certificate, the person promptly shall destroy the
7 original certificate of title.

8 Section 23. RIGHTS OF PURCHASER OTHER THAN SECURED
9 PARTY.

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

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

20 Section 24. RIGHTS OF SECURED PARTY.

21 (a) Subject to subsection (b), the effect of
22 perfection and nonperfection of a security interest and the
23 priority of a perfected or unperfected security interest with
24 respect to the rights of a purchaser or creditor, including a
25 lien creditor, is governed by Title 7 of the Code of Alabama
26 1975. For purposes of the application of the provisions of

1 Title 7 of the Code of Alabama 1975, lien creditor has the
2 meaning provided by this act.

3 (b) If, while a security interest in a vessel is
4 perfected by any method under this act, the office creates a
5 certificate of title that does not indicate that the vessel is
6 subject to the security interest or contain a statement that
7 it may be subject to security interests not indicated on the
8 certificate:

9 (1) a buyer of the vessel, other than a person in
10 the business of selling or leasing vessels of that kind, takes
11 free of the security interest if the buyer, acting in good
12 faith and without knowledge of the security interest, gives
13 value and receives possession of the vessel; and

14 (2) the security interest is subordinate to a
15 conflicting security interest in the vessel that is perfected
16 under Section 15 after creation of the certificate and without
17 the conflicting secured party's knowledge of the security
18 interest.

19 Section 25. DUTIES AND OPERATION OF OFFICE.

20 (a) The office shall retain the evidence used to
21 establish the accuracy of the information in its files
22 relating to the current ownership of a vessel and the
23 information on the certificate of title.

24 (b) The office shall retain in its files all
25 information regarding a security interest in a vessel for at
26 least 10 years after the office receives a termination
27 statement regarding the security interest. The information

1 must be accessible by the hull identification number for the
2 vessel and any other methods provided by the office.

3 (c) If a person submits a record to the office, or
4 submits information that is accepted by the office, and
5 requests an acknowledgment of the filing or submission, the
6 office shall send to the person an acknowledgment showing the
7 hull identification number of the vessel to which the record
8 or submission relates, the information in the filed record or
9 submission, and the date and time the record was received or
10 the submission accepted. A request under this section must
11 contain the hull identification number and be delivered by
12 means authorized by the office.

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

16 (1) whether the files of the office indicate, as of
17 a date and time specified by the office, but not a date
18 earlier than three days before the office received the
19 request, any certificate of title, security interest,
20 termination statement, or title brand that relates to a
21 vessel:

22 (A) identified by a hull identification number
23 designated in the request;

24 (B) identified by a vessel number designated in the
25 request; or

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

27 (2) with respect to the vessel:

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

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

6 (C) a copy of any termination statement indicated in
7 the files of the office and the effective date of the
8 termination statement; and

9 (3) with respect to the vessel, a copy of any
10 certificate of origin, secured party transfer statement,
11 transfer-by-law statement under Section 20, and other evidence
12 of previous or current transfers of ownership.

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

18 Section 26. FEES.

19 (a) There shall be a fee of twenty-five dollars
20 (\$25) to be collected by the office for processing and issuing
21 the required documents and performing the other duties
22 required by this act in connection with each of the following
23 transactions:

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

25 (2) an application for a replacement certificate of
26 title;

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

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

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

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

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

13 (c) Each county licensing official shall serve as an
14 agent of the office for the purpose of receiving a document
15 specified in subsection (a) or (b), collecting a fee as
16 provided for by subsection (a) and forwarding the document and
17 any fee to the office. A fee of fifteen dollars (\$15) shall be
18 paid to the appropriate licensing official for a transaction
19 specified in subsection (a) to be deposited in a separate fund
20 maintained by the licensing official to be used in his or her
21 sole discretion for any legal purpose in the operation of his
22 or her office. There shall be no fee for a transaction
23 specified in subsection (b).

24 (d) The office may designate as its agent a dealer
25 or financial institution located in this state for the purpose
26 of preparing an application for a certificate of title and
27 collecting the fee provided for by subsection (a) and

1 forwarding the application and fee to the office. An agent
2 acting under this subsection may charge a fee of no more than
3 five dollars (\$5) for its services.

4 (e) Fees collected under this section shall be
5 deposited into the State Treasury to the credit of the Public
6 Safety Fund. Amounts deposited into the Public Safety Fund
7 shall be budgeted and allotted in accordance with Sections
8 41-4-80 through 41-4-96 and 41-19-1 through 41-19-12, Code of
9 Alabama 1975.

10 Section 27. UNIFORMITY OF APPLICATION AND
11 CONSTRUCTION. In applying and construing this uniform act,
12 consideration must be given to the need to promote uniformity
13 of the law with respect to its subject matter among states
14 that enact it.

15 Section 28. RELATION TO ELECTRONIC SIGNATURES IN
16 GLOBAL AND NATIONAL COMMERCE ACT.

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

23 Section 29. EFFECTIVE DATE; TRANSITION RULES;
24 SAVINGS CLAUSE.

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

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

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

7 (d) Notwithstanding subsection (c), the owner of a
8 vessel that is 26 feet or more in length and to which
9 subsection (b) applies may voluntarily apply for a certificate
10 of title as provided in Section 6, in which case the
11 provisions of this act apply to the vessel for all purposes
12 when the application for a certificate of title is delivered
13 to the office and thereafter.

14 (e) The rights, duties, and interests flowing from a
15 transaction, certificate of title, or record relating to a
16 vessel which was validly entered into or created before the
17 date the provisions of this act became applicable to the
18 vessel and would be subject to this act if it had been entered
19 into or created on or after the date the provisions of this
20 act became applicable to the vessel, remain valid on and after
21 the date the provisions of this act became applicable to the
22 vessel.

23 (f) This act does not affect an action or proceeding
24 commenced before the date the provisions of this act became
25 applicable.

26 (g) Except as otherwise provided in subsection (i),
27 a security interest in a vessel that is enforceable

1 immediately before the date the provisions of this act became
2 applicable to the vessel and would have priority over the
3 rights of a person that becomes a lien creditor at that time
4 is a perfected security interest under this act.

5 (h) A security interest in a vessel perfected
6 immediately before the date the provisions of this act became
7 applicable to the vessel remains perfected until the earlier
8 of:

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

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

13 (i) This act does not affect the priority of a
14 security interest in a vessel if immediately before the date
15 the provisions of this act became applicable to the vessel the
16 security interest is enforceable and perfected, and that
17 priority is established.

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

1
2
3 Senate

4 Read for the first time and referred to the Senate
5 committee on Governmental Affairs..... 10-FEB-22
6
7 Read for the second time and placed on the calen-
8 dar..... 15-FEB-22
9
10 Read for the third time and passed as amended 16-FEB-22

11 Yeas 26
12 Nays 1

13
14
15 Patrick Harris,
16 Secretary.
17