

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0686.01 Jery Payne x2157

SENATE BILL 16-140

SENATE SPONSORSHIP

Sonnenberg,

HOUSE SPONSORSHIP

Kraft-Tharp,

Senate Committees
Transportation

House Committees

A BILL FOR AN ACT

101 CONCERNING CERTIFICATES OF TITLE ISSUED FOR MOTOR VEHICLES
102 PURCHASED FROM MOTOR VEHICLE DEALERS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Under current law, a motor vehicle dealer has 30 days to facilitate the delivery of the certificate of title to a vehicle sold by the dealer. Until the certificate of title is delivered, the dealer issues a temporary registration number plate so that the purchaser may legally drive the vehicle. The bill provides that a day during which the dealer is awaiting information or action from another person does not count against the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

30-day deadline. The dealer may issue a second temporary registration number plate if the dealer has taken every reasonable action necessary to facilitate the delivery of the certificate of title.

The bill also clarifies that the holder of a lien on a motor vehicle need not file the certificate of title to perfect the lien.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 42-6-112 as
3 follows:

4 **42-6-112. Initial registration of a vehicle - dealer responsibility**
5 **to timely forward certificate of title to purchaser or holder of a**
6 **chattel mortgage.** (1) EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS
7 SECTION, a dealer of motor or off-highway vehicles shall, within thirty
8 days after the sale, deliver or facilitate the delivery of the certificate of
9 title to a purchaser or the holder of a chattel mortgage on the motor or
10 off-highway vehicle subject to section 42-6-109.

11 (2) WITHIN THE FIRST ONE HUNDRED TWENTY DAYS AFTER THE
12 SALE OF A MOTOR VEHICLE, A DAY DURING WHICH A DEALER IS AWAITING
13 ACTION FROM ANOTHER PERSON THAT IS NECESSARY TO DELIVER OR
14 FACILITATE THE DELIVERY OF THE CERTIFICATE OF TITLE AS REQUIRED BY
15 THIS SECTION DOES NOT COUNT AGAINST THE THIRTY-DAY DEADLINE. TO
16 CLAIM AN EXTENSION OF THE THIRTY-DAY DEADLINE UNDER THIS
17 SUBSECTION (2), A DEALER MUST HAVE TAKEN EVERY REASONABLE
18 ACTION NECESSARY TO DELIVER OR FACILITATE THE DELIVERY OF THE
19 CERTIFICATE OF TITLE WITHIN THIRTY DAYS.

20 **SECTION 2.** In Colorado Revised Statutes, 42-6-119, **amend** (3)
21 as follows:

22 **42-6-119. Certificates for vehicles registered in other states.**
23 (3) (a) ~~Upon the sale by a dealer of a motor or off-highway vehicle, the~~

1 ~~certificate of title to which was issued in a state other than Colorado~~
2 EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (3), the
3 dealer shall, within thirty days after the sale, deliver or facilitate the
4 delivery to the purchaser the certificate of title, duly and properly
5 endorsed or assigned to the purchaser, with a statement by the dealer
6 containing or accompanied by a written declaration that it is made under
7 the penalties of perjury in the second degree, as defined in section
8 18-8-503, C.R.S., and setting forth the following:

9 (a) (I) That the dealer, by the execution of the affidavit, warrants
10 to the purchaser and all persons who claim through the named purchaser
11 that, at the time of the sale, transfer, and delivery by the dealer, the
12 vehicle described was free and clear of all liens and mortgages except as
13 might appear in the certificate of title;

14 (b) (II) That the vehicle is not a stolen vehicle; and

15 (c) (III) That the dealer had good, sure, and adequate title to, and
16 full authority to sell and transfer, the vehicle.

17 (b) WITHIN THE FIRST ONE HUNDRED TWENTY DAYS AFTER THE
18 SALE OF A MOTOR VEHICLE, A DAY DURING WHICH A DEALER IS AWAITING
19 ACTION FROM ANOTHER PERSON THAT IS NECESSARY TO DELIVER OR
20 FACILITATE THE DELIVERY OF THE CERTIFICATE OF TITLE AS REQUIRED BY
21 THIS SUBSECTION (3) DOES NOT COUNT AGAINST THE THIRTY-DAY
22 DEADLINE. TO CLAIM AN EXTENSION OF THE THIRTY-DAY DEADLINE UNDER
23 THIS SUBSECTION (3), A DEALER MUST HAVE TAKEN EVERY REASONABLE
24 ACTION NECESSARY TO DELIVER OR FACILITATE THE DELIVERY OF THE
25 CERTIFICATE OF TITLE WITHIN THIRTY DAYS.

26 **SECTION 3.** In Colorado Revised Statutes, 42-6-121, **amend** (1)
27 and (5) as follows:

1 **42-6-121. Filing of mortgage - rules.** (1) (a) The holder of a
2 chattel mortgage on a motor or off-highway vehicle desiring to secure the
3 rights provided for in this part 1 and to have the existence of the mortgage
4 and the fact of the filing of the mortgage for public record noted in the
5 filing of the certificate of title to the encumbered vehicle must present
6 THE FOLLOWING TO THE AUTHORIZED AGENT IN THE COUNTY OR CITY AND
7 COUNTY WHERE THE MORTGAGOR OF THE VEHICLE RESIDES OR WHERE THE
8 VEHICLE IS LOCATED:

9 (I) The signed original or signed duplicate of the mortgage or
10 copy of the mortgage, certified by the holder of the mortgage or the
11 holder's agent to be a true copy of the signed original mortgage; and

12 (II) The certificate of title or application for certificate of title to
13 the ENCUMBERED vehicle. ~~encumbered to the authorized agent of the~~
14 ~~director in the county or city and county in which the mortgagor of the~~
15 ~~vehicle resides or where the vehicle is located.~~

16 (b) The holder may file either with paper documents or
17 electronically.

18 (c) The mortgage or refinancing of a loan secured by a mortgage
19 must state:

20 (I) The name and address of the debtor;

21 (II) The name and address of the mortgagee or name of the
22 mortgagee's assignee;

23 (III) The make, vehicle identification number, and year of
24 manufacture of the mortgaged vehicle; and

25 (IV) The date and amount of the loan secured by the mortgage.

26 (d) An owner of a motor or off-highway vehicle applying for a
27 certificate of title under section 42-6-115, 42-6-116, or 42-6-119 is

1 deemed to have filed under this section on behalf of the mortgage or
2 lienholder.

3 (5) The lien or mortgage ~~shall be~~ IS perfected pursuant to section
4 ~~42-6-120~~ on the date all documents required by subsection (1) of this
5 section ~~including without limitation, the signed original or signed~~
6 ~~duplicate of the mortgage or a copy containing the information required~~
7 ~~by subsection (1) of this section,~~ are received by the authorized agent and
8 payment is tendered on the fee imposed by section 42-6-137 (2). THE
9 HOLDER NEED NOT FILE A CERTIFICATE OF TITLE TO PERFECT A LIEN OR
10 MORTGAGE.

11 **SECTION 4.** In Colorado Revised Statutes, 42-3-203, **add** (3) (e)
12 as follows:

13 **42-3-203. Standardized plates - notice of funding through**
14 **gifts, grants, and donations - rules - repeal.** (3) (e) A DEALER MAY
15 ISSUE A SECOND TEMPORARY REGISTRATION NUMBER PLATE IN
16 ACCORDANCE WITH THIS SUBSECTION (3) IF:

17 (I) THE DEALER HAS ISSUED A TEMPORARY PLATE TO THE OWNER
18 WHEN SELLING THE MOTOR VEHICLE TO THE OWNER; AND

19 (II) THE DEALER HAS NOT DELIVERED OR FACILITATED THE
20 DELIVERY OF THE CERTIFICATE OF TITLE TO THE PURCHASER OR THE
21 HOLDER OF A CHATTEL MORTGAGE AS REQUIRED IN SECTION 42-6-112 OR
22 42-6-119 (3) WITHIN SIXTY DAYS AFTER THE MOTOR VEHICLE WAS
23 PURCHASED IF THE DEALER HAS TAKEN EVERY REASONABLE ACTION
24 NECESSARY TO DELIVER OR FACILITATE THE DELIVERY OF THE
25 CERTIFICATE OF TITLE IN ACCORDANCE WITH SECTION 42-6-112 OR
26 42-6-119 (3).

27 **SECTION 5. Act subject to petition - effective date -**

1 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
2 the expiration of the ninety-day period after final adjournment of the
3 general assembly (August 10, 2016, if adjournment sine die is on May 11,
4 2016); except that, if a referendum petition is filed pursuant to section 1
5 (3) of article V of the state constitution against this act or an item, section,
6 or part of this act within such period, then the act, item, section, or part
7 will not take effect unless approved by the people at the general election
8 to be held in November 2016 and, in such case, will take effect on the
9 date of the official declaration of the vote thereon by the governor.

10 (2) This act applies to purchases made or temporary certificates
11 of registration issued on or after the applicable effective date of this act.