

SENATE TRANSPORTATION COMMITTEE

MINUTES OF MEETING

Tuesday, April 19, 1977

The meeting was called to order in Room #323, Legislative Building at 2:00 p.m. on Tuesday, April 19, 1977.

Senator Richard Blakemore was in the chair.

PRESENT: Senator Richard Blakemore, Chairman
Senator Keith Ashworth, Vice Chairman
Senator C. Clifton Young
Senator Margie Foote
Senator Joe Neal
Senator Wilbur Faiss
Senator William Hernstadt

OTHERS PRESENT: John Ciardella, Chief, Registration, DMV.
Harold Harmon, Ass't. Chief, Registration, DMV.
Don Hill, Deputy Attorney General.
Virgil Anderson, Triple A.

Hearing and action was then taken by the Committee on the following measure:

SB 512 CLARIFIES PROVISIONS CONCERNING IDENTIFICATION OF LIEN-HOLDERS ON VEHICLE CERTIFICATES OF TITLE.

John Ciardella, Chief, and Harold Harmon, Assistant Chief of the Registration Division of the Department of Motor Vehicles were the first to testify.

Mr. Ciardella said that the bill was requested by the Attorney General's Office. He said that the bill addresses the fact that when a dealer would sell a car the transfer on the records of the Department cannot be made unless an outstanding title is submitted together with the specified documentation on page 2, lines 14 through 20. This actually reemphasizes what the Department has been doing for years.

Mr. Ciardella referred to Page 3, line 37. He stated that this causes a problem. It provides that if there is more than one secured party of record, the department shall deliver the certificate of ownership to the secured party who has priority in time of filing or perfection of the security interest. It appeared to Mr. Ciardella that this meant if there were two lien holders, they are to be listed on the title. He said that this would be very difficult for the Department, inasmuch as the first lien holder could be, for example, \$1,000 and the second lien holder could be \$6,000; who does the Department give the title to?

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If they give the title to the lessor lien holder, Mr. Ciardella commented, the Department is in trouble, and, yet, he could be the first lien holder.

He added that, for example, on a motor home and there were two lien holders who wished to split the liability, at the present time, we could put, for instance, First National Bank and Dial Finance Company on the title. This would allow them both to perfect an interest in that manner. However, suppose there is a brand new vehicle and we have the manufacturer's certificate of ownership and the finance company had agreed to finance only the down payment. They would have a copy of the manufacturer's certificate of ownership and with this could come to the Department and get title to the vehicle. In the meantime, say a bank or another finance company have financed the bulk of the sale. This would be a second mortgage holder even though he may be loaning a much greater amount than the first lien holder. He said that they could put both names on the title and require both signatures, but who do we give the title certificate to? He felt that this bill was unnecessary and would just cause many problems.

Mr. Harmon said that they had only had problems with second lien holders under the present law, four times in the last seven years. He felt the bill was not necessary also.

Mr. Ciardella said that he felt that placing more than one lien holder on the title is very cumbersome for the department, would take the time of at least one full employee and there would be added costs because all title forms would have to be reprinted.

Mr. Don Hill, Deputy Attorney General and representing the Attorney General's Office on SB 512 was the next to testify. He said that his office is in favor of the bill because presently there is no provision in the law for protection of second lien holders from bonified purchasers. He said that the State could very well be held liable if these lien holders are not kept on file.

Senator Ashworth said that he felt that if a bank holds the title on a vehicle and a second lien holder is involved, then the responsibility should be placed on the bank and the second lien holder.

Mr. Hill said that the bill provides for the Department

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of Motor Vehicles to list all lien holders on the title.

Mr. Ciardella said that as soon as the new registration system (computer) is implemented that all legal information will be on the registration certificate.

Mr. Virgil Anderson, representing Triple A, testified that the language at the bottom of page 3 on line 46 could create a problem to the bonified purchaser of that vehicle if there are two or three liens outstanding. He said that the bill says that "If the secured party does not hold the certificate of ownership..." could mean that he might have two outstanding loans on his vehicle, he pays off one of the liens and he, in turn then sells it to a bonified purchaser. It seemed to him that there is a second, second-liener obligation that could burn the bonified purchaser.

After short discussion the following action was taken:

Senator Ashworth moved "indefinite postponement."
Senator Young seconded the motion.
Motion passed unanimously.

Because there were no other persons present to testify on AB 444, AB 30 or AB 370, they were rescheduled for the next meeting to be held on Thursday, April 21, at 3:00 p.m.

There being no further business, the meeting was adjourned.

Respectfully submitted:

Molly M. Torvik
Molly M. Torvik, Secretary

APPROVED BY:

Sen. Richard Blakemore
Senator Richard Blakemore, Chairman

S. B. 512

SENATE BILL NO. 512—COMMITTEE
ON TRANSPORTATION (by request)

APRIL 18, 1977

Referred to Committee on Transportation

SUMMARY—Clarifies provisions concerning identification of lienholders
on vehicle certificates of title. (BDR 43-1851)

FISCAL NOTE: Local Government Impact: No.
State or Industrial Insurance Impact: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to vehicle licensing and registration; clarifying provisions concerning identification of lienholders on certificates of title and other documents of transfer; providing for releasing security interests; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

- 1 SECTION 1. NRS 482.245 is hereby amended to read as follows:
2 482.245 Certificates of registration and of ownership shall meet the
3 following requirements:
4 1. The certificate of registration shall contain upon the face thereof
5 the date issued, the registration number assigned to the vehicle, the name
6 and address of the registered owner, the county where the vehicle is to
7 be based unless it is deemed to have no base, a description of the regis-
8 tered vehicle and such other statement of facts as may be determined by
9 the department.
10 2. The certificate of ownership shall contain upon the face thereof
11 the date issued, the name and address of *the* registered owner and *each*
12 owner or lienholder, if any, a description of the vehicle, any entries
13 required by NRS 482.423 to 482.428, inclusive, and such other state-
14 ment of facts as may be determined by the department. The reverse side
15 of the certificate of ownership shall contain forms for notice to the
16 department of a transfer of the title or interest of the owner or lienholder
17 and application for registration by the transferee.
18 SEC. 2. NRS 482.400 is hereby amended to read as follows:
19 482.400 1. Except as provided in subsection 3, upon a transfer of
20 the title to, or the interest of an owner in, a vehicle registered or issued
21 a certificate of ownership under the provisions of this chapter, the
22 person [or persons] whose title or interest is to be transferred and the

Original bill is 4 pages long.
Contact the Research Library for
a copy of the complete bill.