

§704. Assignment of security interest

1. Assignment. A lienholder may assign a security interest to a person other than the owner without affecting the interest of the owner or the validity of the security interest. Except as provided in subsection 5, a lienholder who assigns a security interest to a person other than the owner must provide notice of the assignment to the Secretary of State within 30 days of the assignment. The notice must include the name, address and telephone number of the assignee, the name of the owner and the certificate of salvage, certificate of lien or certificate of title number. Failure to provide notice to the Secretary of State as required by this subsection is a civil violation for which the Secretary of State may assess a civil penalty of not more than \$500 per violation.

[PL 2005, c. 234, §1 (AMD).]

2. Obligations continue. A person without notice of an assignment is protected in dealing with the lienholder as the holder of the security interest.

[PL 1993, c. 683, Pt. A, §2 (NEW); PL 1993, c. 683, Pt. B, §5 (AFF).]

3. Liability. The lienholder remains liable for an obligation as lienholder until the assignee is named as lienholder on the certificate of title or certificate of salvage.

[PL 1993, c. 683, Pt. A, §2 (NEW); PL 1993, c. 683, Pt. B, §5 (AFF).]

4. Endorsement. Except as provided in subsection 5, the assignee must, in order to perfect the assignment, have a certificate of title, certificate of salvage or certificate of lien issued with the assignee named as lienholder, by delivering to the Secretary of State within 30 days of the assignment the certificate and an assignment by the lienholder named in the certificate in the form the Secretary of State prescribes, together with an application and the required fee.

[PL 2005, c. 234, §2 (AMD).]

5. Exceptions. The notice requirement described in subsection 1 and the filing requirement described in subsection 4 do not apply to an assignment of a security interest by a lienholder if the lienholder retains the obligation to perform servicing functions in connection with the security interest. As used in this subsection, "servicing functions" includes, without limitation, the obligations to release the lien or the obligation to obtain the release of lien upon satisfaction of the security interest as provided in section 705, to furnish information as provided in section 706, to respond to a request for information concerning the security interest from the Secretary of State and to retain possession of the certificate of title or certificate of salvage.

[PL 2005, c. 234, §3 (NEW).]

SECTION HISTORY

PL 1993, c. 683, §A2 (NEW). PL 1993, c. 683, §B5 (AFF). PL 2001, c. 671, §15 (AMD). PL 2005, c. 234, §§1-3 (AMD).

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