

NORTH CAROLINA GENERAL ASSEMBLY  
1969 SESSION

CHAPTER 838  
SENATE BILL 85

1 AN ACT TO AMEND THE MOTOR VEHICLES LAW WITH REGARD TO NOTATION  
2 OF SECURITY INTERESTS ON TITLES SO AS TO CONFORM TO THE UNIFORM  
3 COMMERCIAL CODE.

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5 The General Assembly of North Carolina do enact:

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7 **Section 1.** Chapter 20 of the General Statutes is hereby amended to conform to the  
8 Uniform Commercial Code by rewriting G.S. 20-58 through G.S. 20-58.8 to read as follows:

9 **"Sec. 20-58. Perfection by indication of security interest on certificate of title.** (a) Except as  
10 provided in G.S. 20-58.8, a security interest in a vehicle of a type for which a certificate of title  
11 is required shall be perfected only as hereinafter provided.

12 "(1) If the vehicle is not registered in this State, the application for notation of a  
13 security interest shall be the application for certificate of title provided for in  
14 G.S. 20-52.

15 "(2) If the vehicle is registered in this State, the application for notation of a  
16 security interest shall be in the form prescribed by the Department, signed by  
17 the debtor, and containing the amount, date and nature of the security  
18 agreement, and the name and address of the secured party from whom  
19 information concerning the security interest may be obtained. The  
20 application must be accompanied by the existing certificate of title unless it  
21 is in the possession of a prior secured party. If there is an existing certificate  
22 of title issued by this or any other jurisdiction in the possession of a prior  
23 secured party, the application for notation of the security interest shall in  
24 addition, contain the name and address of such prior secured party.

25 "(3) If the application for notation of security interest is made in order to  
26 continue the perfection of a security interest perfected in another  
27 jurisdiction, it may be signed by the secured party instead of the debtor.  
28 Such application shall be accompanied by documentary evidence of a  
29 perfected security interest. No such application shall be valid unless an  
30 application for a certificate of title has been made in North Carolina.

31 **"Sec. 20-58.1. Duty of the Department upon receipt of application for notation of security**  
32 **interest.** (a) Upon receipt of an application for notation of security interest, the required fee and  
33 accompanying documents required by G.S. 20-58, the Department, if it finds the application  
34 and accompanying documents in order, shall either endorse upon the certificate of title or issue  
35 a new certificate of title containing, the name and address of each secured party, the amount of  
36 each security interest, and the date of perfection of each security interest as determined by the  
37 Department. The Department shall deliver or mail the certificate to the first secured party  
38 named in it and shall also notify the new secured party that his security interest has been noted  
39 upon the certificate of title.

40 "(b) If the certificate of title is in the possession of some prior secured party, the  
41 Department, when satisfied that the application is in order, shall procure the certificate of title  
42 from the secured party in whose possession it is being held, for the sole purpose of noting the  
43 new security interest. Upon request of the Department, a secured party in possession of a

certificate of title shall forthwith deliver or mail the certificate of title to the Department. Such delivery of the certificate does not affect the rights of any secured party under his security agreement.

**"Sec. 20-58.2. Date of perfection.** If the application for notation of security interest with the required fee is delivered to the Department within ten (10) days after the date of the security agreement, the security interest is perfected as of that date. Otherwise, the security interest is perfected as of the date of delivery of the application to the Department.

**"Sec. 20-58.3. Notation of assignment of security interest on certificate of title.** An assignee of a security interest may have the certificate of title endorsed or issued with the assignee named as the secured party, upon delivering to the Department on a form prescribed by the Department, with the required fee, an assignment by the secured party named in the certificate together with the certificate of title. The assignment must contain the address of the assignee from which information concerning the security interest may be obtained. If the certificate of title is in the possession of some other secured party the procedure prescribed by G.S. 20-58.1(b) shall be followed.

**"Sec. 20-58.4. Release of security interest.** (a) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title is in the possession of the secured party, the secured party shall within ten (10) days after demand and, in any event, within thirty (30) days, execute a release of his security interest, in the space provided therefor on the certificate or as the Department prescribes, and mail or deliver the certificate and release to the next secured party named therein, or if none, to the owner or other person authorized to receive the certificate for the owner.

"(b) Upon the satisfaction or other discharge of a security interest in a vehicle for which the certificate of title is in the possession of a prior secured party, the secured party whose security interest is satisfied shall within ten (10) days execute a release of his security interest in such form as the Department prescribes and mail or deliver the same to the owner or other person authorized to receive the same for the owner.

"(c) An owner, upon securing the release of any security interest in a vehicle shown upon the certificate of title issued therefor, may exhibit the documents evidencing such release, signed by the person or persons making such release, and the certificate of title to the Department which shall, when satisfied as to the genuineness and regularity of the release, issue to the owner either a new certificate of title in proper form or an endorsement or rider attached thereto showing the release of the security interest.

"(d) If an owner exhibits documents evidencing the release of a security interest as provided in subsection (c) of this Section but is unable to furnish the certificate of title to the Department because it is in possession of a prior secured party, the Department, when satisfied as to the genuineness and regularity of the release, shall procure the certificate of title from the person in possession thereof for the sole purpose of noting thereon the release of the subsequent security interest, following which the Department shall return the certificate of title to the person from whom it was obtained and notify the owner that the release has been noted on the certificate of title.

"(e) If it is impossible for the owner to secure from the secured party the release contemplated by this Section, the owner may exhibit to the Department such evidence as may be available showing satisfaction or other discharge of the debt secured, together with a sworn affidavit by the owner that the debt has been satisfied, which the Department may treat as a proper release for purposes of this Section when satisfied as to the genuineness, truth and sufficiency thereof. Prior to cancellation of a security interest under the provisions of this subsection, at least fifteen (15) days' notice of the pendency thereof shall be given to the secured party at his last known address by the Department by registered letter.

**"Sec. 20-58.5. Duration of security interests in favor of firms which cease to do business.** Any security interest recorded in favor of a firm or corporation which, since the recording of

such security interest, has dissolved, ceased to do business, or gone out of business for any reason, and which remains of record as a security interest of such firm or corporation for a period of more than three years from the date of the recording thereof, shall become null and void and of no further force and effect.

**"Sec. 20-58.6. Duty of secured party to disclose information.** A secured party named in a certificate of title shall, upon written request of the Department, the owner or another secured party named on the certificate, disclose information as to his security agreement and the indebtedness secured by it.

**"Sec. 20-58.7. Cancellation of certificate.** The cancellation of a certificate of title shall not, in and of itself, affect the validity of a security interest noted on it.

**"Sec. 20-58.8. Applicability of G.S. 20-58 through G.S. 20-58.8; use of term 'lien'.** (a) The provisions of G.S. 20-58 through 20-58.8 apply to the perfection of security interests pursuant to G.S. 25-9-302.

"(b) The provisions of G.S. 20-58 through 20-58.8 inclusive shall not apply to or affect:

"(1) A lien given by statute or rule of law for storage of a motor vehicle or to a supplier of services or materials for a vehicle;

"(2) A lien arising by virtue of a statute in favor of the United States, this State or any political subdivision of this State; or

"(3) A security interest in a vehicle created by a manufacturer or by a dealer in new or used vehicles who holds the vehicle in his inventory. Such security interests shall be perfected by filing a financing statement under Article 9 of the Uniform Commercial Code.

"(c) When the term 'lien' is used in other sections of this Chapter, or has been used prior to October 1, 1969, with reference to transactions governed by G.S. 20-58 through 20-58.8, to describe contractual agreements creating security interests in personal property, the term 'lien' shall be construed to refer to a 'security interest' as the term is used in G.S. 20-58 through 20-58.8 and the Uniform Commercial Code."

**Sec. 2.** This Act shall not be construed so as to invalidate any security interest in a motor vehicle properly perfected in North Carolina prior to the effective date of this Act.

**Sec. 3.** G.S. 20-58.9 is hereby repealed.

**Sec. 4.** All laws and clauses of laws in conflict with this Act are hereby repealed.

**Sec. 5.** This Act shall become effective on October 1, 1969.

In the General Assembly read three times and ratified, this the 16th day of June, 1969.