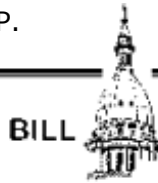




Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4450 (Substitute H-1 as reported with amendments)

House Bill 4451 (as reported with amendments)

House Bill 4452 (Substitute H-1 as reported with amendment)

House Bill 4453 (as reported with amendments)

House Bill 4454 (as reported without amendment)

Sponsor: Representative David Robertson (H.B. 4450)

Representative Kevin Green (H.B. 4451)

Representative Tupac Hunter (H.B. 4452)

Representative Andy Dillon (H.B. 4453)

Representative Joe Hune (H.B. 4454)

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

CONTENT

House Bills 4450 (H-1), 4451, and 4453 would amend various statutes to provide that the Secretary of State's receipt of an application for a certificate of title on which a security interest in a vehicle, watercraft, or off-road vehicle (ORV) was indicated, would be a condition of perfection of a security interest in the vehicle, watercraft, or ORV, and equivalent to the filing of a financing statement under the Uniform Commercial Code (UCC). When a security interest in a vehicle, watercraft, or ORV was perfected, it would have priority over the rights of a lien creditor.

House Bill 4450 (H-1) would amend Chapter II (Administration, Registration, Certificate of Title and Anti-Theft) of the Michigan Vehicle Code; House Bill 4451 would amend Part 803 (Watercraft Transfer and Certificate of Title) of the Natural Resources and Environmental Protection Act (NREPA); and House Bill 4453 would amend Part 811 (Off-Road Recreation Vehicles) of NREPA.

House Bill 4452 (H-1) would amend the Mobile Home Commission Act to provide that the Department of Labor and Economic Growth's receipt of an application for a certificate of title on which a security interest in a mobile home was indicated, would be a condition of perfection of a security interest in the mobile home and equivalent to the filing of a financing statement under the UCC. When a security interest in a mobile home was perfected, it would have priority over the rights of a lien creditor.

House Bill 4454 would amend Article 9 of the UCC to revise provisions under which filing a financing statement is not necessary or effective to perfect a security interest in property that is subject to a statute, regulation, or treaty described in the UCC. Under Article 9, as a rule, the filing of a financing statement is necessary to perfect a security interest. The filing of a financing statement, however, is not necessary or effective to perfect a security interest in property subject to one or more of the following:

- A U.S. statute, regulation, or treaty whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt the Article 9 requirement for filing a financing statement.

- Chapter II of the Michigan Vehicle Code; Part 803 or 811 of NREPA; or certain sections of the Mobile Home Commission Act.
- A certificate-of-title statute of another jurisdiction that provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

Compliance with a statute, regulation, or treaty described above is equivalent to the filing of a financing statement under Article 9. Also, except as otherwise provided in Article 9, duration and renewal of perfection of a security interest perfected by compliance with such a statute, regulation, or treaty are governed by the statute, regulation, or treaty. The bill specifies that compliance with *the requirements of* a statute, regulation, or treaty described above *for obtaining priority over the rights of a lien creditor* would be equivalent to the filing of a financing statement under Article 9, and that duration and renewal of perfection of a security interest perfected by compliance with *the requirements prescribed by* such a statute, regulation, or treaty would be governed by the statute, regulation, or treaty.

MCL 257.217 (H.B. 4450)
324.80320 (H.B. 4451)
125.2330d (H.B. 4452)
324.81108 (H.B. 4453)
440.9311 (H.B. 4454)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Date Completed: 5-5-05

Fiscal Analyst: Bill Bowerman
Elizabeth Pratt

S0506\4450sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.