

HOUSE BILL No. 4451

March 3, 2005, Introduced by Rep. Green and referred to the Committee on Banking and Financial Services.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending section 80320 (MCL 324.80320), as added by 1995 PA 58.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 80320. ~~—(1) A security agreement covering a security~~
2 ~~interest in a watercraft, if the instrument is accompanied by~~
3 ~~delivery of a manufacturer's or importer's certificate and followed~~
4 ~~by actual and continued possession of the certificate by the holder~~
5 ~~of the instrument, or, in the case of a certificate of title, if a~~
6 ~~notation of the instrument is made by the secretary of state on the~~
7 ~~face of the certificate, shall be valid as against the creditors of~~
8 ~~the debtor, whether armed with process or not, and against~~
9 ~~subsequent purchasers, secured parties, and other lienholders or~~

1 ~~claimants. Liens, mortgages, and encumbrances noted upon a~~
2 ~~certificate of title shall take priority according to the order of~~
3 ~~time in which they are noted on the certificate of title by the~~
4 ~~secretary of state. Exposure for sale of a watercraft by the owner~~
5 ~~of the watercraft, with the knowledge or with the knowledge and~~
6 ~~consent of the holder of a lien, mortgage, or encumbrance on the~~
7 ~~watercraft, shall not render the lien, mortgage, or encumbrance~~
8 ~~ineffective as against the creditors of the owner, or against~~
9 ~~holders of subsequent liens, mortgages, or encumbrances upon the~~
10 ~~watercraft.~~

11 (1) ~~-(2)-~~ ~~The secured~~ **A party WITH A SECURED INTEREST IN A**
12 **WATERCRAFT**, upon presentation of a properly completed application
13 for certificate of title to the secretary of state, together with
14 the fee prescribed by section 80311, may have a notation of the
15 ~~lien~~ **SECURITY INTEREST** made on the face of the certificate of
16 title to be issued by the secretary of state. The secretary of
17 state shall enter the notation and the date and shall note the
18 ~~lien~~ **SECURITY INTEREST** and the date in his or her files.

19 (2) ~~-(3)-~~ When the ~~lien~~ **SECURITY INTEREST** is discharged, the
20 holder shall note the discharge on the certificate of title over
21 his or her signature.

22 (3) **RECEIPT BY THE SECRETARY OF STATE OF A PROPERLY TENDERED**
23 **APPLICATION FOR A CERTIFICATE OF TITLE ON WHICH A SECURITY INTEREST**
24 **IN A WATERCRAFT IS TO BE INDICATED IS PERFECTION OF A SECURITY**
25 **INTEREST IN THE WATERCRAFT AND IS EQUIVALENT TO FILING A FINANCING**
26 **STATEMENT UNDER THE UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL**
27 **440.1101 TO 440.11102, WITH RESPECT TO THE WATERCRAFT. WHEN A**

- 1 SECURITY INTEREST IN A WATERCRAFT IS PERFECTED, IT HAS PRIORITY
- 2 OVER THE RIGHTS OF A LIEN CREDITOR.