

State of Misconsin 2005 - 2006 LEGISLATURE

2005 ASSEMBLY BILL 386

- April 27, 2005 Introduced by Representatives FREESE, LAMB, TURNER, HAHN, MUSSER, FRISKE, HINES, PETROWSKI, TOWNSEND, LOTHIAN, MOULTON, OTT, VOS, PETTIS, KREIBICH, PRIDEMORE, KRAWCZYK, VAN ROY, SUDER, VRAKAS and BALLWEG, cosponsored by Senators HARSDORF, OLSEN, BRESKE, STEPP and BROWN. Referred to Committee on Financial Institutions.
- 1 AN ACT to amend 342.22 (1) of the statutes; relating to: the release of security
 - interests in vehicles.

Analysis by the Legislative Reference Bureau

Under current law, a security interest in a vehicle must generally be noted on the vehicle's certificate of title. When there is no outstanding obligation or commitment under a security agreement providing the security interest in the vehicle, the secured party must execute and deliver to the vehicle owner within one month, or within ten days following written demand by the owner, a release of the security interest in the manner prescribed by the Department of Transportation (DOT). The owner must then provide the vehicle certificate of title and the release to DOT, which issues a new certificate of title without the notation of a security interest in the vehicle.

This bill requires the secured party to execute and deliver a release of the security interest to the vehicle owner within ten days after there is no outstanding obligation or commitment under the security agreement providing the security interest in the vehicle, regardless of whether the owner has made a written demand for the release.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 342.22 (1) of the statutes is amended to read:

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342.22 (1) Within one month or within 10 days following written demand by 1 $\mathbf{2}$ the debtor after there is no outstanding obligation and no commitment to make 3 advances, incur obligations, or otherwise give value, secured by the security interest 4 in a vehicle under any security agreement between the owner and the secured party, $\mathbf{5}$ the secured party shall execute and deliver to the owner, as the department 6 prescribes, a release of the security interest in the form and manner prescribed by 7 the department and a notice to the owner stating in no less than 10-point boldface type the owner's obligation under sub. (2). If the secured party fails to execute and 8 9 deliver the release and notice of the owner's obligation as required by this subsection, the secured party is liable to the owner for \$25 and for any loss caused to the owner 10 11 by the failure.

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SECTION 2. Initial applicability.

13 (1) This act first applies to security agreements entered into on the effective14 date of this subsection.

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(END)