

MAR 19 1987

HOUSE FILE 595  
BY COMMITTEE ON NATURAL RE-  
SOURCES AND OUTDOOR  
RECREATION

Place On Calendar

(Formerly House Study Bill 117)

Passed House, Date 3-27-87 (p. 904) Passed Senate, Date 4-20-87 (P.1391)  
Vote: Ayes 61 Nays 30 Vote: Ayes 36 Nays 12  
Approved May 15, 1987

A BILL FOR

1 An Act authorizing the department of natural resources to  
2 establish a system of certificates of title for vessels.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 595

H-3442

1 Amend amendment H-3436 to House File 595 as  
2 follows:  
3 1. Page 1, line 16, by inserting after the word  
4 "length" the words "or to a vessel with a value of  
5 less than \$500.00".

H-3442 FILED MARCH 27, 1987  
LOST (p. 905)

BY PAULIN of Plymouth  
SCHRADER of Marion

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

1 Section 1. Section 106.2, Code 1987, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 29. "Certificate" means a certificate of  
4 title.

5 NEW SUBSECTION. 30. "Dealer" means a person who engages  
6 in whole or in part in the business of buying, selling, or ex-  
7 changing vessels either outright or on conditional sale,  
8 bailment, lease, security interest, or otherwise, and who has  
9 an established place of business for sale, trade, and display  
10 of vessels. A yachtbroker is a dealer.

11 NEW SUBSECTION. 31. "Lienholder" means a person holding a  
12 security interest.

13 NEW SUBSECTION. 32. "Manufacturer" means a person engaged  
14 in the business of manufacturing or importing new and unused  
15 vessels, or new and unused outboard motors, for the purpose of  
16 sale or trade.

17 NEW SUBSECTION. 33. "Security interest" means an interest  
18 which is reserved or created by an agreement which secures  
19 payment or performance of an obligation and is valid against  
20 third parties generally.

21 NEW SUBSECTION. 34. "State of principal use" means the  
22 state on whose waters a vessel is used or to be used most  
23 during a calendar year.

24 NEW SUBSECTION. 35. "Use" means to operate, navigate, or  
25 employ a vessel. A vessel is in use whenever it is upon the  
26 water.

27 NEW SUBSECTION. 36. "Vessel" means every description of  
28 watercraft, other than a seaplane, used or capable of being  
29 used as a means of transportation on water or ice. Ice boats  
30 are watercraft. The term includes the vessel's motor, spars,  
31 sails, and accessories.

32 NEW SUBSECTION. 37. "Proceeds" includes whatever is  
33 received when collateral or proceeds are sold, exchanged,  
34 collected, or otherwise disposed of. The term also includes  
35 the account arising when the right to payment is earned under

1 a contract right. Money, checks, and the like are cash  
2 "proceeds". All other proceeds are "noncash proceeds".

3 Sec. 2. Section 106.2, subsections 1 and 16, Code 1987,  
4 are amended by striking the subsections.

5 Sec. 3. NEW SECTION. 106.72 OWNER'S CERTIFICATE OF TITLE  
6 -- IN GENERAL.

7 1. Except as provided in subsection 4, an owner of a  
8 vessel seventeen feet or longer in length principally used on  
9 the waters of the state and to be numbered pursuant to section  
10 106.4 shall apply to the department for a certificate of title  
11 for the vessel.

12 2. Each certificate of title shall contain the information  
13 and shall be issued in a form the department prescribes.

14 3. The department shall not issue or renew a certificate  
15 of number to any vessel required to be registered and numbered  
16 in the state unless the department has issued a certificate of  
17 title to the owner.

18 4. A person who, on the effective date of this Act, is the  
19 owner of a vessel with a valid certificate of number issued by  
20 the state is not required to file an application for a  
21 certificate of title for the vessel unless the person  
22 transfers an interest in the vessel.

23 5. Every owner of a vessel subject to titling under this  
24 chapter shall apply to the department for issuance of a cer-  
25 tificate of title for the vessel within thirty days after ac-  
26 quisition. The application shall be on forms the department  
27 prescribes, and accompanied by the required fee. The applica-  
28 tion shall be signed and sworn to before a notary public or  
29 other person who administers oaths, or shall include a  
30 certification signed in writing containing substantially the  
31 representation that statements made are true and correct to  
32 the best of the applicant's knowledge, information, and  
33 belief, under penalty of perjury. The application shall  
34 contain the date of sale and gross price of the vessel or the  
35 fair market value if no sale immediately preceded the

1 transfer, and any additional information the department  
2 requires. If the application is made for a vessel last  
3 previously registered or titled in another state or foreign  
4 country, it shall contain this information and any other  
5 information the department requires.

6 6. If a dealer buys or acquires a used vessel for resale,  
7 the dealer shall report the acquisition to the department on  
8 the forms the department provides, or the dealer may apply for  
9 and obtain a certificate of title as provided in this chapter.  
10 If a dealer buys or acquires a used unnumbered vessel, the  
11 dealer shall apply for a certificate of title in the dealer's  
12 name within fifteen days. If a dealer buys or acquires a new  
13 vessel for resale, the dealer may apply for a certificate of  
14 title in the dealer's name.

15 7. Every dealer transferring a vessel requiring titling  
16 under this chapter shall assign the title to the new owner, or  
17 in the case of a new vessel assign the certificate of origin.  
18 Within fifteen days the dealer shall forward all moneys and  
19 applications to the department.

20 8. The department shall maintain a record of any  
21 certificate of title it issues.

22 9. A person shall not sell, assign, or transfer a vessel  
23 titled by the state without delivering to the purchaser or  
24 transferee a certificate of title with an assignment on it  
25 showing title in the purchaser or transferee. A person shall  
26 not purchase or otherwise acquire a vessel required to be  
27 titled by the state without obtaining a certificate of title  
28 for it in that person's name.

29 Sec. 4. NEW SECTION. 106.73 FEES -- DUPLICATES.

30 1. The department shall charge a five dollar fee to issue  
31 a certificate of title, a transfer of title, a duplicate, or a  
32 corrected certificate of title.

33 2. If a certificate of title is lost, stolen, mutilated,  
34 destroyed, or becomes illegible, the first lienholder or, if  
35 there is none, the owner named in the certificate, as shown by

1 the department's records, shall within thirty days obtain a  
2 duplicate by applying to the department. The applicant shall  
3 furnish information the department requires concerning the  
4 original certificate and the circumstances of its loss,  
5 mutilation, or destruction. Mutilated or illegible  
6 certificates shall be returned to the department with the  
7 application for a duplicate.

8 3. The duplicate certificate of title shall be marked  
9 plainly "duplicate" across its face, and mailed or delivered  
10 to the applicant.

11 4. If a lost or stolen original certificate of title for  
12 which a duplicate has been issued is recovered, the original  
13 shall be surrendered promptly to the department for cancella-  
14 tion.

15 Sec. 5. NEW SECTION. 106.74 OBTAINING MANUFACTURER'S OR  
16 IMPORTER'S CERTIFICATE OF ORIGIN.

17 A manufacturer or dealer shall not transfer ownership of a  
18 new vessel without supplying the transferee with the  
19 manufacturer's or importer's certificate of origin signed by  
20 the manufacturer's or importer's authorized agent. The  
21 certificate shall contain information the department requires.  
22 The department may adopt rules providing for the issuance of a  
23 certificate of origin for a vessel by the department upon good  
24 cause shown by the owner.

25 Sec. 6. NEW SECTION. 106.75 HULL IDENTIFICATION NUMBER  
26 OF VESSEL.

27 1. Every vessel whose construction began after October 31,  
28 1972, shall have a hull identification number assigned and af-  
29 fixed as required by the federal Boat Safety Act of 1971. The  
30 department shall determine the procedures for application and  
31 for issuance of the hull identification number for homebuilt  
32 boats.

33 2. A person shall not destroy, remove, alter, cover, or  
34 deface the manufacturer's hull identification number, the  
35 plate bearing it, or any hull identification number the

1 department assigns to a vessel without the department's  
2 permission.

3 3. A person other than a manufacturer who constructs a  
4 vessel or uses an unconventional device as a vessel for  
5 navigation shall submit detailed specifications of such vessel  
6 or device to the department. The department shall assign a  
7 hull identification number to the vessel or device. The  
8 applicant shall cause the number to be carved, burned,  
9 stamped, embossed, or otherwise permanently affixed to the  
10 outboard side of the transom or, if there is no transom, to  
11 the outermost starboard side at the end of the hull that bears  
12 the rudder or other steering mechanism, above the waterline of  
13 the vessel or device in such a way that alteration, removal,  
14 or replacement would be obvious and evident.

15 The builder or owner of such vessel or device shall execute  
16 a certificate of origin in the same manner as is required of a  
17 manufacturer, and in the registration or sale of such vessel  
18 or device the certificate of origin shall be required and  
19 surrendered in the same manner as for manufactured or imported  
20 vessels.

21 Sec. 7. NEW SECTION. 106.76 DEALER'S RECORD OF VESSELS  
22 BOUGHT, SOLD, OR TRANSFERRED.

23 Every dealer shall maintain for three years a record of any  
24 vessel bought, sold, exchanged, or received for sale or ex-  
25 change. This record shall be open to inspection by department  
26 representatives during reasonable business hours.

27 Sec. 8. NEW SECTION. 106.77 TRANSFER OR REPOSSESSION OF  
28 VESSEL BY OPERATION OF LAW.

29 1. If ownership of a vessel is transferred by operation of  
30 law, such as by inheritance, order in bankruptcy, insolvency,  
31 replevin, or execution sale, the transferee, within thirty  
32 days after acquiring the right to possession of the vessel by  
33 operation of law, shall mail or deliver to the department  
34 satisfactory proof of ownership as the department requires,  
35 together with an application for a new certificate of title,

1 and the required fee. A title tax is not required on these  
2 transactions.

3 2. If a lienholder repossesses a vessel by operation of  
4 law and holds it for resale, the lienholder shall secure a new  
5 certificate of title and shall pay the required fee.

6 Sec. 9. NEW SECTION. 106.78 SECURITY INTEREST IN VESSELS  
7 -- EXEMPTIONS.

8 Sections 106.72 through 106.77 and 106.79 through 106.85 do  
9 not apply to or affect any of the following:

10 1. A lien given by statute or rule of law to a supplier of  
11 services or materials for a vessel.

12 2. A lien given by statute to the United States, this  
13 state, or any political subdivision of this state.

14 3. A security interest in a vessel created by a  
15 manufacturer or dealer who holds the vessel for sale, but a  
16 buyer in the ordinary course of trade from the manufacturer or  
17 dealer takes free of the security interest.

18 4. A lien arising out of an attachment of a vessel.

19 5. A security interest claimed on proceeds if the original  
20 security interest did not have to be noted on the certificate  
21 of title in order to be perfected.

22 6. A vessel for which a certificate of title is not re-  
23 quired under this chapter.

24 Sec. 10. NEW SECTION. 106.79 PERFECTION GENERALLY.

25 1. A security interest in a vessel is not valid against  
26 creditors of the owner or subsequent transferees or secured  
27 parties of the vessel unless perfected as provided under this  
28 chapter.

29 2. A security interest is perfected by the delivery to the  
30 department of the existing certificate of title, if any, and  
31 an application for certificate of title on a form provided or  
32 approved by the department containing information regarding  
33 the security interest, and upon payment of a filing fee of  
34 five dollars. The security interest is perfected as of the  
35 time of its creation if delivery and payment to the department

1 are completed within ten days of the date of its creation,  
2 otherwise perfection is as of the time of its delivery and  
3 payment.

4 3. If a vessel is already subject to a security interest  
5 when it is brought into this state, the validity of the  
6 security interest in this state is to be determined by the  
7 law, including the conflict of law rules, of the jurisdiction  
8 where the vessel was when the security interest attached,  
9 subject to the following:

10 a. If the parties to the transaction understood at the  
11 time the security interest attached that the vessel would be  
12 kept in this state, and it was brought into this state within  
13 thirty days after the security interest attached for purposes  
14 other than transportation through this state, the validity of  
15 the security interest in this state is to be determined by the  
16 law of this state.

17 b. If the security interest was perfected already under  
18 the laws of the jurisdiction where the vessel was when the se-  
19 curity interest attached and before being brought into this  
20 state, one of the following applies:

21 (1) If the name of the secured party is shown on an exist-  
22 ing certificate of title issued by that jurisdiction, then the  
23 security interest continues perfected in this state.

24 (2) If the name of the secured party is not shown on an  
25 existing certificate of title issued by that jurisdiction and  
26 if the law of that jurisdiction does not provide for  
27 certificates of title disclosing security interests, then the  
28 security interest continues perfected in this state for four  
29 months, and thereafter if within the four-month period it is  
30 perfected in this state. This security interest may also be  
31 perfected in this state after the expiration of the four-month  
32 period, in which case perfection dates from the time of per-  
33 fection in this state.

34 (3) If the security interest was not perfected under the  
35 law of the jurisdiction in which the vessel was when the se-



1 curity interest attached before being brought into this state,  
2 then it may be perfected in this state, but perfection dates  
3 from the time of perfection in this state.

4 Sec. 11. NEW SECTION. 106.80 EXECUTION OF APPLICATION --  
5 TIME WHEN PERFECTED -- ENDORSEMENT OF CERTIFICATE.

6 If an owner creates a security interest in a vessel:

7 1. The owner immediately shall execute the application in  
8 the space provided on the certificate of title or a separate  
9 form the department prescribes, naming the secured party on  
10 the certificate of title and showing the address of the  
11 secured party, the amount of the security interest, and the  
12 date of the security agreement, and cause the certificate of  
13 title and application to be delivered to the department.

14 2. At the time of delivery of the documents described in  
15 subsection 1 to the department, the secured party shall pay to  
16 the department a filing fee as required for perfection of the  
17 security interest under section 106.79. The security interest  
18 is perfected as of the time of its creation if delivery and  
19 payment to the department are completed within ten days of the  
20 date of its creation, otherwise perfection shall be as of the  
21 time of its delivery and payment.

22 3. Upon receipt of the certificate of title, the  
23 application, and the required filing fee, the department shall  
24 endorse on the existing certificate of title or on a new  
25 certificate which it then issues, the name and address of all  
26 secured parties, and mail or deliver the certificate of title  
27 to the secured parties.

28 Sec. 12. NEW SECTION. 106.81 ASSIGNABILITY.

29 1. A secured party may assign, absolutely or otherwise,  
30 all or part of the party's secured interest in the vessel to a  
31 person other than the owner without affecting the interest of  
32 the owner or the validity of the security interest, but any  
33 person without notice of the assignment is protected in  
34 dealing with the secured party as the holder of the security  
35 interest and the secured party remains liable for any obliga-

1 tions as secured party until the assignee is named as secured  
2 party on the certificate of title.

3 2. The assignee shall deliver to the department the cer-  
4 tificate of title if available and an assignment by the  
5 secured party named in the certificate of title in the form  
6 the department may prescribe accompanied by a filing fee as  
7 required for perfection of the security interest under section  
8 106.79. The assignee's security interest is perfected as of  
9 the time of its creation if delivery and payment to the  
10 department are completed within ten days of the date of its  
11 creation, otherwise perfection is as of the time of its  
12 delivery and payment.

13 Sec. 13. NEW SECTION. 106.82 RELIEF UPON SATISFACTION.

14 1. Upon the satisfaction of a security interest in a  
15 vessel, the secured party shall securely attach to the  
16 certificate of title a release of security interest, in a form  
17 prescribed by or acceptable to the department, and within  
18 fifteen days mail or deliver the certificate of title with  
19 attached release to the owner and a copy of the release to the  
20 department. The department shall correct its records and,  
21 upon request of the owner and the receipt by the department of  
22 the certificate of title with attached release, the department  
23 may issue a new certificate of title to the owner.

24 2. If the department determines after a hearing and  
25 following due notice to all parties interested that an  
26 indebtedness does not constitute a security interest, it shall  
27 release the indebtedness upon the certificate of title or  
28 issue a new certificate of title, or issue a new certificate  
29 and mail or deliver the certificate of title to the owner. A  
30 person aggrieved by a decision of the department may appeal in  
31 accordance with chapter 17A.

32 Sec. 14. NEW SECTION. 106.83 DISCLOSURE OF INFORMATION.

33 A secured party named in a certificate of title, on written  
34 request of the owner, shall disclose any pertinent information  
35 as to the security agreement and the indebtedness secured by

1 it in accordance with section 554.9208.

2 Sec. 15. NEW SECTION. 106.84 EXCLUSIVE METHOD.

3 The method provided in this chapter of perfecting and giv-  
4 ing notice of security interests in vessels is exclusive and  
5 chapter 554 does not apply to perfecting and giving notice of  
6 security interests in vessels.

7 Sec. 16. NEW SECTION. 106.85 FORMS -- INVESTIGATIONS.

8 1. The department shall prescribe and provide suitable  
9 forms for applications, certificates of title, notices of  
10 security interests, and all other notices and forms necessary  
11 to carry out sections 106.72 through 106.84.

12 2. The department may make necessary investigations to  
13 procure information required to carry out sections 106.72  
14 through 106.84.

15 Sec. 17. Section 554.9302, subsection 3, paragraph b, Code  
16 1987, is amended to read as follows:

17 b. the following statutes of this state; sections 106.72  
18 through 106.85, 321.18, 321.20 and 321.50; but during any  
19 period in which collateral is inventory held for sale by a  
20 person who is in the business of selling goods of that kind,  
21 the filing provisions of this Article (Part 4) apply to a  
22 security interest in that collateral created by that person as  
23 debtor; or

24 EXPLANATION

25 This bill establishes a certificate of title system for  
26 vessels administered by the department of natural resources.  
27 The bill also provides that the recording and perfecting of  
28 security interests in vessels would be done through filings  
29 with the department of natural resources instead of filings  
30 with the county recorder or the secretary of state under the  
31 uniform commercial code. The creation of the certificate of  
32 title system does not affect the existing requirements  
33 regarding the registration or transfer of registration of  
34 vessels.

35

## HOUSE FILE 595

H-3436

- 1 Amend House File 595 as follows:
- 2 1. Page 2, by inserting after line 4 the
- 3 following:
- 4 "Sec. 3. Section 106.5, Code 1987, is amended by
- 5 adding the following new subsection:
- 6 NEW SUBSECTION. 8. The registration certificate
- 7 shall indicate if the vessel is subject to the
- 8 requirement of a certificate of title and the county
- 9 from which the certificate of title is issued."
- 10 2. Page 2, line 10, by striking the word
- 11 "department" and inserting the following: "county
- 12 recorder of the county in which the owner resides".
- 13 3. Page 2, line 11, by inserting after the word
- 14 "vessel." the following: "The requirement of a
- 15 certificate of title does not apply to canoes or
- 16 inflatable vessels regardless of length."
- 17 4. Page 2, by striking lines 14 through 17.
- 18 5. Page 2, line 19, by inserting after the word
- 19 "vessel" the following: "seventeen feet or longer in
- 20 length".
- 21 6. Page 2, line 24, by striking the word
- 22 "department" and inserting the words "county
- 23 recorder".
- 24 7. Page 3, line 7, by striking the word
- 25 "department" and inserting the words "county
- 26 recorder".
- 27 8. Page 3, line 19, by striking the word
- 28 "department" and inserting the words "county
- 29 recorder".
- 30 9. Page 3, line 20, by striking the word
- 31 "department" and inserting the words "county
- 32 recorder".
- 33 10. Page 3, line 30, by striking the word
- 34 "department" and inserting the words "county
- 35 recorder".
- 36 11. Page 4, line 1, by striking the word
- 37 "department" and inserting the words "county
- 38 recorder's".
- 39 12. Page 4, line 2, by striking the word
- 40 "department" and inserting the words "county
- 41 recorder".
- 42 13. Page 4, by inserting after line 14 the
- 43 following:
- 44 "5. The funds collected under this section shall
- 45 be placed in the general fund of the county and used
- 46 for the expenses of the county conservation board if
- 47 one exists in that county."
- 48 14. Page 5, line 6, by inserting after the word
- 49 "department" the words "in cooperation with the county
- 50 recorder".

H-3436

Page Two

1 15. Page 5, by striking lines 15 through 20 and  
2 inserting the following:

3 "The owner of the vessel or device shall file an  
4 affidavit with the department which describes the  
5 vessel or device."

6 16. Page 5, line 33, by striking the word  
7 "department" and inserting the words "county  
8 recorder".

9 17. Page 5, line 34, by striking the word  
10 "department" and inserting the words "county  
11 recorder".

12 18. Page 6, by inserting after line 23 the  
13 following:

14 "7. A security interest perfected under chapter  
15 554 before the effective date of this Act."

16 19. By striking page 6, line 24 through page 10,  
17 line 6, and inserting the following:

18 "Sec. 10. NEW SECTION. 106.79 PERFECTION AND  
19 TITLES.

20 1. In addition to the requirements of chapter 554,  
21 a security interest created in this state in a vessel  
22 required to have a certificate of title is not  
23 perfected unless and until the security interest is  
24 noted on the certificate of title.

25 2. The certificate of title shall be filed with  
26 the county recorder when the financing statement for  
27 that security interest or assigning the security  
28 interest is filed and a new or endorsed certificate of  
29 title shall be issued to the secured party with the  
30 name and address of the secured party upon it.

31 3. The secured party shall file the certificate of  
32 title with the county recorder when a termination or  
33 release statement is filed and a new or endorsed  
34 certificate shall be issued to the owner."

35 20. Page 10, line 10, by inserting after the word  
36 "forms" the following: ", other than those provided  
37 under chapter 554,".

38 21. Page 10, line 11, by striking the figure  
39 "106.84" and inserting the following: "106.79".

40 22. Page 10, line 14, by striking the figure  
41 "106.84" and inserting the figure "106.79".

42 23. Page 10, by striking lines 15 through 23.

43 24. Title page, line 1, by striking the words  
44 "authorizing the department of natural resources".

BY FOGARTY of Palo Alto  
PLATT of Muscatine  
SCHRADER of Marion  
GRONINGA of Cerro Gordo

H-3436 FILED MARCH 26, 1987

*Adopted 3/27/87 (p 904)*

HOUSE FILE 595  
AS AMENDED BY THE SENATE  
FISCAL NOTE

REQUESTED BY REPRESENTATIVE FOGARTY

In compliance with a written request received April 27, 1987, a fiscal note for HOUSE FILE 595 AS AMENDED BY THE SENATE is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

HOUSE FILE 595 AS AMENDED BY THE SENATE establishes a system of certificates for vessels through the county recorder with the assistance of the Department of Natural Resources. The bill provides an effective date of January 1, 1988.

FISCAL EFFECT:

The Department of Natural Resources is required to supply the county recorder with the necessary forms and to issue certificates of origin. The Department anticipates the following expenses:

	FY88	FY89
	-----	-----
1. Design and distribution of forms	\$ 10,500	\$ 4,000
2. Update computer system to reference certification of title number	3,500	0
3. Certification of origin issuance (for 50 investigations annually)	15,000	15,000
	-----	-----
TOTAL EXPENSES	\$ 29,000	\$ 19,000

The county recorder shall charge a fee of \$5 to issue a certificate of title, a transfer of title, a duplicate, or a corrected certificate of title. Assuming 6,500 boats are financed annually and an additional 1,000 transactions for corrections, duplications and transfers are conducted annually, approximately \$37,500 in fees would be collected. Any funds collected are deposited in the general fund of the county for use by the county conservation board.

SOURCE: Department of Natural Resources

FILED APRIL 27, 1987

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 595  
BY COMMITTEE ON NATURAL RE-  
SOURCES AND OUTDOOR  
RECREATION  
*Substituted for S.F. 4.36 4/10/87*

(As Amended and Passed by the House March 27, 1987)

Be Passed House, Date 4/27/87 (p. 1615) Passed Senate, Date 4-20-87 (p. )  
Vote: Ayes 69 Nays 25 Vote: Ayes 36 Nays 12  
Approved May 15, 1987

A BILL FOR

\*1 An Act to establish a system of certificates of title for  
2 vessels.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
HOUSE FILE 595

S-3691

1 Amend House File 595 as amended, passed and  
2 reprinted by the House as follows:  
3 1. Page 3, by inserting after line 33 the  
4 following:  
5 "9. A person who owns a vessel which is not  
6 required to have a certificate of title may apply for  
7 and receive a certificate of title for the vessel and  
8 the vessel shall subsequently be subject to the  
9 requirements of this Act as though the vessel was  
10 required to be titled."  
11 2. Page 5, by striking lines 13 through 15 and  
12 inserting the following: "navigation shall submit an  
13 affidavit which describes the vessel or device to the  
14 department. In cooperation with the county recorder,  
15 the department shall assign a hull identification".  
16 3. Page 5, by striking lines 24 and 25.  
17 4. Page 7, by inserting after line 20 the  
18 following:  
19 "Sec. 13. This Act takes effect January 1, 1988."  
20 5. Title page, line 2, by inserting after the  
21 word "vessels" the following: "and providing an  
22 effective date".

S-3691

Filed April 20, 1987  
ADOPTED (p. 1390)

BY BEVERLY A. HANNON

1 Section 1. Section 106.2, Code 1987, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 29. "Certificate" means a certificate of  
4 title.

5 NEW SUBSECTION. 30. "Dealer" means a person who engages  
6 in whole or in part in the business of buying, selling, or ex-  
7 changing vessels either outright or on conditional sale,  
8 bailment, lease, security interest, or otherwise, and who has  
9 an established place of business for sale, trade, and display  
10 of vessels. A yachtbroker is a dealer.

11 NEW SUBSECTION. 31. "Lienholder" means a person holding a  
12 security interest.

13 NEW SUBSECTION. 32. "Manufacturer" means a person engaged  
14 in the business of manufacturing or importing new and unused  
15 vessels, or new and unused outboard motors, for the purpose of  
16 sale or trade.

17 NEW SUBSECTION. 33. "Security interest" means an interest  
18 which is reserved or created by an agreement which secures  
19 payment or performance of an obligation and is valid against  
20 third parties generally.

21 NEW SUBSECTION. 34. "State of principal use" means the  
22 state on whose waters a vessel is used or to be used most  
23 during a calendar year.

24 NEW SUBSECTION. 35. "Use" means to operate, navigate, or  
25 employ a vessel. A vessel is in use whenever it is upon the  
26 water.

27 NEW SUBSECTION. 36. "Vessel" means every description of  
28 watercraft, other than a seaplane, used or capable of being  
29 used as a means of transportation on water or ice. Ice boats  
30 are watercraft. The term includes the vessel's motor, spars,  
31 sails, and accessories.

32 NEW SUBSECTION. 37. "Proceeds" includes whatever is  
33 received when collateral or proceeds are sold, exchanged,  
34 collected, or otherwise disposed of. The term also includes  
35 the account arising when the right to payment is earned under



1 a contract right. Money, checks, and the like are cash  
2 "proceeds". All other proceeds are "noncash proceeds".

3 Sec. 2. Section 106.2, subsections 1 and 16, Code 1987,  
4 are amended by striking the subsections.

5 Sec. 3. Section 106.5, Code 1987, is amended by adding the  
6 following new subsection:

7 NEW SUBSECTION. 8. The registration certificate shall  
8 indicate if the vessel is subject to the requirement of a  
9 certificate of title and the county from which the certificate  
10 of title is issued.

11 Sec. 4. NEW SECTION. 106.72 OWNER'S CERTIFICATE OF TITLE  
12 --IN GENERAL.

13 1. Except as provided in subsection 4, an owner of a  
14 vessel seventeen feet or longer in length principally used on  
15 the waters of the state and to be numbered pursuant to section  
16 106.4 shall apply to the county recorder of the county in  
17 which the owner resides for a certificate of title for the  
18 vessel. The requirement of a certificate of title does not  
19 apply to canoes or inflatable vessels regardless of length.

20 2. Each certificate of title shall contain the information  
21 and shall be issued in a form the department prescribes.

\* 22 3. A person who, on the effective date of this Act, is the  
23 owner of a vessel seventeen feet or longer in length with a  
24 valid certificate of number issued by the state is not  
25 required to file an application for a certificate of title for  
26 the vessel unless the person transfers an interest in the  
27 vessel.

28 4. Every owner of a vessel subject to titling under this  
29 chapter shall apply to the county recorder for issuance of a  
30 certificate of title for the vessel within thirty days after  
31 acquisition. The application shall be on forms the department  
32 prescribes, and accompanied by the required fee. The applica-  
33 tion shall be signed and sworn to before a notary public or  
34 other person who administers oaths, or shall include a  
35 certification signed in writing containing substantially the

1 representation that statements made are true and correct to  
2 the best of the applicant's knowledge, information, and  
3 belief, under penalty of perjury. The application shall  
4 contain the date of sale and gross price of the vessel or the  
5 fair market value if no sale immediately preceded the  
6 transfer, and any additional information the department  
7 requires. If the application is made for a vessel last  
8 previously registered or titled in another state or foreign  
9 country, it shall contain this information and any other  
10 information the department requires.

11 5. If a dealer buys or acquires a used vessel for resale,  
12 the dealer shall report the acquisition to the county recorder  
13 on the forms the department provides, or the dealer may apply  
14 for and obtain a certificate of title as provided in this  
15 chapter. If a dealer buys or acquires a used unnumbered  
16 vessel, the dealer shall apply for a certificate of title in  
17 the dealer's name within fifteen days. If a dealer buys or  
18 acquires a new vessel for resale, the dealer may apply for a  
19 certificate of title in the dealer's name.

20 6. Every dealer transferring a vessel requiring titling  
21 under this chapter shall assign the title to the new owner, or  
22 in the case of a new vessel assign the certificate of origin.  
23 Within fifteen days the dealer shall forward all moneys and  
24 applications to the county recorder.

25 7. The county recorder shall maintain a record of any  
26 certificate of title it issues.

27 8. A person shall not sell, assign, or transfer a vessel  
28 titled by the state without delivering to the purchaser or  
29 transferee a certificate of title with an assignment on it  
30 showing title in the purchaser or transferee. A person shall  
31 not purchase or otherwise acquire a vessel required to be  
32 titled by the state without obtaining a certificate of title  
33 for it in that person's name.

34 Sec. 5. NEW SECTION. 106.73 FEES -- DUPLICATES.

35 1. The county recorder shall charge a five dollar fee to

1 issue a certificate of title, a transfer of title, a  
2 duplicate, or a corrected certificate of title.

3 2. If a certificate of title is lost, stolen, mutilated,  
4 destroyed, or becomes illegible, the first lienholder or, if  
5 there is none, the owner named in the certificate, as shown by  
6 the county recorder's records, shall within thirty days obtain  
7 a duplicate by applying to the county recorder. The applicant  
8 shall furnish information the department requires concerning  
9 the original certificate and the circumstances of its loss,  
10 mutilation, or destruction. Mutilated or illegible  
11 certificates shall be returned to the department with the  
12 application for a duplicate.

13 3. The duplicate certificate of title shall be marked  
14 plainly "duplicate" across its face, and mailed or delivered  
15 to the applicant.

16 4. If a lost or stolen original certificate of title for  
17 which a duplicate has been issued is recovered, the original  
18 shall be surrendered promptly to the department for cancella-  
19 tion.

20 5. The funds collected under this section shall be placed  
21 in the general fund of the county and used for the expenses of  
22 the county conservation board if one exists in that county.

23 Sec. 6. NEW SECTION. 106.74 OBTAINING MANUFACTURER'S OR  
24 IMPORTER'S CERTIFICATE OF ORIGIN.

25 A manufacturer or dealer shall not transfer ownership of a  
26 new vessel without supplying the transferee with the  
27 manufacturer's or importer's certificate of origin signed by  
28 the manufacturer's or importer's authorized agent. The  
29 certificate shall contain information the department requires.  
30 The department may adopt rules providing for the issuance of a  
31 certificate of origin for a vessel by the department upon good  
32 cause shown by the owner.

33 Sec. 7. NEW SECTION. 106.75 HULL IDENTIFICATION NUMBER  
34 OF VESSEL.

35 1. Every vessel whose construction began after October 31,

1 1972, shall have a hull identification number assigned and af-  
2 fixed as required by the federal Boat Safety Act of 1971. The  
3 department shall determine the procedures for application and  
4 for issuance of the hull identification number for homebuilt  
5 boats.

6 2. A person shall not destroy, remove, alter, cover, or  
7 deface the manufacturer's hull identification number, the  
8 plate bearing it, or any hull identification number the  
9 department assigns to a vessel without the department's  
10 permission.

11 3. A person other than a manufacturer who constructs a  
12 vessel or uses an unconventional device as a vessel for  
13 navigation shall submit detailed specifications of such vessel  
14 or device to the department in cooperation with the county  
15 recorder. The department shall assign a hull identification  
16 number to the vessel or device. The applicant shall cause the  
17 number to be carved, burned, stamped, embossed, or otherwise  
18 permanently affixed to the outboard side of the transom or, if  
19 there is no transom, to the outermost starboard side at the  
20 end of the hull that bears the rudder or other steering  
21 mechanism, above the waterline of the vessel or device in such  
22 a way that alteration, removal, or replacement would be  
23 obvious and evident.

24 The owner of the vessel or device shall file an affidavit  
25 with the department which describes the vessel or device.

26 Sec. 8. NEW SECTION. 106.76 DEALER'S RECORD OF VESSELS  
27 BOUGHT, SOLD, OR TRANSFERRED.

28 Every dealer shall maintain for three years a record of any  
29 vessel bought, sold, exchanged, or received for sale or ex-  
30 change. This record shall be open to inspection by department  
31 representatives during reasonable business hours.

32 Sec. 9. NEW SECTION. 106.77 TRANSFER OR REPOSSESSION OF  
33 VESSEL BY OPERATION OF LAW.

34 1. If ownership of a vessel is transferred by operation of  
35 law, such as by inheritance, order in bankruptcy, insolvency,

1 replevin, or execution sale, the transferee, within thirty  
2 days after acquiring the right to possession of the vessel by  
3 operation of law, shall mail or deliver to the county recorder  
4 satisfactory proof of ownership as the county recorder  
5 requires, together with an application for a new certificate  
6 of title, and the required fee. A title tax is not required  
7 on these transactions.

8 2. If a lienholder repossesses a vessel by operation of  
9 law and holds it for resale, the lienholder shall secure a new  
10 certificate of title and shall pay the required fee.

11 Sec. 10. NEW SECTION. 106.78 SECURITY INTEREST IN  
12 VESSELS -- EXEMPTIONS.

13 Sections 106.72 through 106.77 and 106.79 through 106.85 do  
14 not apply to or affect any of the following:

15 1. A lien given by statute or rule of law to a supplier of  
16 services or materials for a vessel.

17 2. A lien given by statute to the United States, this  
18 state, or any political subdivision of this state.

19 3. A security interest in a vessel created by a  
20 manufacturer or dealer who holds the vessel for sale, but a  
21 buyer in the ordinary course of trade from the manufacturer or  
22 dealer takes free of the security interest.

23 4. A lien arising out of an attachment of a vessel.

24 5. A security interest claimed on proceeds if the original  
25 security interest did not have to be noted on the certificate  
26 of title in order to be perfected.

27 6. A vessel for which a certificate of title is not re-  
28 quired under this chapter.

\* 29 7. A security interest perfected under chapter 554 before  
30 the effective date of this Act.

31 Sec. 11. NEW SECTION. 106.79 PERFECTION AND TITLES.

32 1. In addition to the requirements of chapter 554, a  
33 security interest created in this state in a vessel required  
34 to have a certificate of title is not perfected unless and  
35 until the security interest is noted on the certificate of

1 title.

2 2. The certificate of title shall be filed with the county  
3 recorder when the financing statement for that security  
4 interest or assigning the security interest is filed and a new  
5 or endorsed certificate of title shall be issued to the  
6 secured party with the name and address of the secured party  
7 upon it.

8 3. The secured party shall file the certificate of title  
9 with the county recorder when a termination or release  
10 statement is filed and a new or endorsed certificate shall be  
11 issued to the owner.

12 Sec. 12. NEW SECTION. 106.85 FORMS -- INVESTIGATIONS.

13 1. The department shall prescribe and provide suitable  
14 forms for applications, certificates of title, notices of  
15 security interests, and all other notices and forms, other  
16 than those provided under chapter 554, necessary to carry out  
17 sections 106.72 through 106.79.

18 2. The department may make necessary investigations to  
19 procure information required to carry out sections 106.72  
20 through 106.79.

\* 21

SENATE AMENDMENT TO HOUSE FILE 595

H-3894

23 1 Amend House File 595 as amended, passed and  
24 2 reprinted by the House as follows:

25 3 1. Page 3, by inserting after line 33 the  
26 4 following:

27 5 "9. A person who owns a vessel which is not  
28 6 required to have a certificate of title may apply for  
29 7 and receive a certificate of title for the vessel and  
30 8 the vessel shall subsequently be subject to the  
31 9 requirements of this Act as though the vessel was  
32 10 required to be titled."

33 11 2. Page 5, by striking lines 13 through 15 and  
34 12 inserting the following: "navigation shall submit an  
35 13 affidavit which describes the vessel or device to the  
14 department. In cooperation with the county recorder,  
15 the department shall assign a hull identification".

16 3. Page 5, by striking lines 24 and 25.

17 4. Page 7, by inserting after line 20 the  
18 following:

19 "Sec. 13. This Act takes effect January 1, 1988."

20 5. Title page, line 2, by inserting after the  
21 word "vessels" the following: "and providing an  
22 effective date".

H-3894 FILED APRIL 22, 1987 RECEIVED FROM THE SENATE  
*(House returned 4/27/87/3/1678)*

NSB 117

NATURAL RESOURCES AND  
OUTDOOR RECREATION

*11/12/87*  
*NSB*

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
NATURAL RESOURCES AND  
OUTDOOR RECREATION BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act authorizing the department of natural resources to  
2 establish a system of certificates of title for vessels and  
3 snowmobiles.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

SUB COMMITTEE ASSIGNMENTS

CHAIR: *Fogarty*

COMMITTEE: *Natural Resources*

*2-11-87*

1 Section 1. Section 106.2, Code 1987, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 29. "Certificate" means a certificate of  
4 title.

5 NEW SUBSECTION. 30. "Dealer" means a person who engages  
6 in whole or in part in the business of buying, selling, or ex-  
7 changing vessels either outright or on conditional sale,  
8 bailment, lease, security interest, or otherwise, and who has  
9 an established place of business for sale, trade, and display  
10 of vessels. A yacht broker is a dealer.

11 NEW SUBSECTION. 31. "Lienholder" means a person holding a  
12 security interest.

13 NEW SUBSECTION. 32. "Manufacturer" means a person engaged  
14 in the business of manufacturing or importing new and unused  
15 vessels, or new and unused outboard motors, for the purpose of  
16 sale or trade.

17 NEW SUBSECTION. 33. "Security interest" means an interest  
18 which is reserved or created by an agreement which secures  
19 payment or performance of an obligation and is valid against  
20 third parties generally.

21 NEW SUBSECTION. 34. "State of principal use" means the  
22 state on whose waters a vessel is used or to be used most  
23 during a calendar year.

24 NEW SUBSECTION. 35. "Use" means to operate, navigate, or  
25 employ a vessel. A vessel is in use whenever it is upon the  
26 water.

27 NEW SUBSECTION. 36. "Vessel" means every description of  
28 watercraft, other than a seaplane, used or capable of being  
29 used as a means of transportation on water or ice. Ice boats  
30 are watercraft. The term includes the vessel's motor, spars,  
31 sails, and accessories.

32 NEW SUBSECTION. 37. "Proceeds" includes whatever is  
33 received when collateral or proceeds are sold, exchanged,  
34 collected, or otherwise disposed of. The term also includes  
35 the account arising when the right to payment is earned under



1 a contract right. Money, checks, and the like are cash  
2 "proceeds". All other proceeds are "noncash proceeds".

3 Sec. 2. Section 106.2, subsections 1 and 16, Code 1987,  
4 are amended by striking the subsections.

5 Sec. 3. NEW SECTION. 106.72 OWNER'S CERTIFICATE OF TITLE  
6 -- IN GENERAL.

7 1. Except as provided in subsection 4, an owner of a  
8 vessel seventeen feet or longer in length principally used on  
9 the waters of the state and to be numbered pursuant to section  
10 106.4 shall apply to the department for a certificate of title  
11 for the vessel.

12 2. Each certificate of title shall contain the information  
13 and shall be issued in a form the department prescribes.

14 3. The department shall not issue or renew a certificate  
15 of number to any vessel required to be registered and numbered  
16 in the state unless the department has issued a certificate of  
17 title to the owner.

18 4. A person who, on the effective date of this Act, is the  
19 owner of a vessel with a valid certificate of number issued by  
20 the state is not required to file an application for a  
21 certificate of title for the vessel unless the person  
22 transfers an interest in the vessel.

23 5. Every owner of a vessel subject to titling under this  
24 chapter shall apply to the department for issuance of a cer-  
25 tificate of title for the vessel within thirty days after ac-  
26 quisition. The application shall be on forms the department  
27 prescribes, and accompanied by the required fee. The applica-  
28 tion shall be signed and sworn to before a notary public or  
29 other person who administers oaths, or shall include a  
30 certification signed in writing containing substantially the  
31 representation that statements made are true and correct to  
32 the best of the applicant's knowledge, information, and  
33 belief, under penalty of perjury. The application shall  
34 contain the date of sale and gross price of the vessel or the  
35 fair market value if no sale immediately preceded the

1 transfer, and any additional information the department  
2 requires. If the application is made for a vessel last  
3 previously registered or titled in another state or foreign  
4 country, it shall contain this information and any other  
5 information the department requires.

6 6. If a dealer buys or acquires a used vessel for resale,  
7 the dealer shall report the acquisition to the department on  
8 the forms the department provides, or the dealer may apply for  
9 and obtain a certificate of title as provided in this chapter.  
10 If a dealer buys or acquires a used unnumbered vessel, the  
11 dealer shall apply for a certificate of title in the dealer's  
12 name within fifteen days. If a dealer buys or acquires a new  
13 vessel for resale, the dealer may apply for a certificate of  
14 title in the dealer's name.

15 7. Every dealer transferring a vessel requiring titling  
16 under this chapter shall assign the title to the new owner, or  
17 in the case of a new vessel assign the certificate of origin.  
18 Within fifteen days the dealer shall forward all moneys and  
19 applications to the department.

20 8. The department shall maintain a record of any  
21 certificate of title it issues.

22 9. A person shall not sell, assign, or transfer a vessel  
23 titled by the state without delivering to the purchaser or  
24 transferee a certificate of title with an assignment on it  
25 showing title in the purchaser or transferee. A person shall  
26 not purchase or otherwise acquire a vessel required to be  
27 titled by the state without obtaining a certificate of title  
28 for it in that person's name.

29 Sec. 4. NEW SECTION. 106.73 FEES -- DUPLICATES.

30 1. The department shall charge a five dollar fee to issue  
31 a certificate of title, a transfer of title, a duplicate, or a  
32 corrected certificate of title.

33 2. If a certificate of title is lost, stolen, mutilated,  
34 destroyed, or becomes illegible, the first lienholder or, if  
35 there is none, the owner named in the certificate, as shown by

1 the department's records, shall within thirty days obtain a  
2 duplicate by applying to the department. The applicant shall  
3 furnish information the department requires concerning the  
4 original certificate and the circumstances of its loss,  
5 mutilation, or destruction. Mutilated or illegible  
6 certificates shall be returned to the department with the  
7 application for a duplicate.

8 3. The duplicate certificate of title shall be marked  
9 plainly "duplicate" across its face, and mailed or delivered  
10 to the applicant.

11 4. If a lost or stolen original certificate of title for  
12 which a duplicate has been issued is recovered, the original  
13 shall be surrendered promptly to the department for cancella-  
14 tion.

15 Sec. 5. NEW SECTION. 106.74 OBTAINING MANUFACTURER'S OR  
16 IMPORTER'S CERTIFICATE OF ORIGIN.

17 A manufacturer or dealer shall not transfer ownership of a  
18 new vessel without supplying the transferee with the  
19 manufacturer's or importer's certificate of origin signed by  
20 the manufacturer's or importer's authorized agent. The  
21 certificate shall contain information the department requires.  
22 The department may adopt rules providing for the issuance of a  
23 certificate of origin for a vessel by the department upon good  
24 cause shown by the owner.

25 Sec. 6. NEW SECTION. 106.75 HULL IDENTIFICATION NUMBER  
26 OF VESSEL.

27 1. Every vessel whose construction began after October 31,  
28 1972 shall have a hull identification number assigned and af-  
29 fixed as required by the federal Boat Safety Act of 1971. The  
30 department shall determine the procedures for application and  
31 for issuance of the hull identification number for homebuilt  
32 boats.

33 2. A person shall not destroy, remove, alter, cover, or  
34 deface the manufacturer's hull identification number, the  
35 plate bearing it, or any hull identification number the

1 department assigns to a vessel without the department's  
2 permission.

3 3. A person other than a manufacturer who constructs a  
4 vessel or uses an unconventional device as a vessel for  
5 navigation shall submit detailed specifications of such vessel  
6 or device to the department. The department shall assign a  
7 hull identification number to the vessel or device. The  
8 applicant shall cause the number to be carved, burned,  
9 stamped, embossed, or otherwise permanently affixed to the  
10 outboard side of the transom or, if there is no transom, to  
11 the outermost starboard side at the end of the hull that bears  
12 the rudder or other steering mechanism, above the waterline of  
13 the vessel or device in such a way that alteration, removal,  
14 or replacement would be obvious and evident.

15 The builder or owner of such vessel or device shall execute  
16 a certificate of origin in the same manner as is required of a  
17 manufacturer, and in the registration or sale of such vessel  
18 or device the certificate of origin shall be required and  
19 surrendered in the same manner as for manufactured or imported  
20 vessels.

21 Sec. 7. NEW SECTION. 106.76 DEALER'S RECORD OF VESSELS  
22 BOUGHT, SOLD, OR TRANSFERRED.

23 Every dealer shall maintain for three years a record of any  
24 vessel bought, sold, exchanged, or received for sale or ex-  
25 change. This record shall be open to inspection by department  
26 representatives during reasonable business hours.

27 Sec. 8. NEW SECTION. 106.77 TRANSFER OR REPOSSESSION OF  
28 VESSEL BY OPERATION OF LAW.

29 1. If ownership of a vessel is transferred by operation of  
30 law, such as by inheritance, order in bankruptcy, insolvency,  
31 replevin, or execution sale, the transferee, within thirty  
32 days after acquiring the right to possession of the vessel by  
33 operation of law, shall mail or deliver to the department  
34 satisfactory proof of ownership as the department requires,  
35 together with an application for a new certificate of title,

1 and the required fee. A title tax is not required on these  
2 transactions.

3 2. If a lienholder repossesses a vessel by operation of  
4 law and holds it for resale, the lienholder shall secure a new  
5 certificate of title and shall pay the required fee.

6 Sec. 9. NEW SECTION. 106.78 SECURITY INTEREST IN VESSELS  
7 -- EXEMPTIONS.

8 Sections 106.72 through 106.77 and 106.79 through 106.85 do  
9 not apply to or affect any of the following:

10 1. A lien given by statute or rule of law to a supplier of  
11 services or materials for a vessel.

12 2. A lien given by statute to the United States, this  
13 state, or any political subdivision of this state.

14 3. A security interest in a vessel created by a  
15 manufacturer or dealer who holds the vessel for sale, but a  
16 buyer in the ordinary course of trade from the manufacturer or  
17 dealer takes free of the security interest.

18 4. A lien arising out of an attachment of a vessel.

19 5. A security interest claimed on proceeds if the original  
20 security interest did not have to be noted on the certificate  
21 of title in order to be perfected.

22 6. A vessel for which a certificate of title is not re-  
23 quired under this chapter.

24 Sec. 10. NEW SECTION. 106.79 PERFECTION GENERALLY.

25 1. A security interest in a vessel is not valid against  
26 creditors of the owner or subsequent transferees or secured  
27 parties of the vessel unless perfected as provided under this  
28 chapter.

29 2. A security interest is perfected by the delivery to the  
30 department of the existing certificate of title, if any, and  
31 an application for certificate of title on a form provided or  
32 approved by the department containing information regarding  
33 the security interest, and upon payment of a filing fee of  
34 five dollars. The security interest is perfected as of the  
35 time of its creation if delivery and payment to the department

1 are completed within ten days of the date of its creation,  
2 otherwise perfection is as of the time of its delivery and  
3 payment.

4 3. If a vessel is already subject to a security interest  
5 when it is brought into this state, the validity of the  
6 security interest in this state is to be determined by the  
7 law, including the conflict of law rules, of the jurisdiction  
8 where the vessel was when the security interest attached,  
9 subject to the following:

10 a. If the parties to the transaction understood at the  
11 time the security interest attached that the vessel would be  
12 kept in this state, and it was brought into this state within  
13 thirty days after the security interest attached for purposes  
14 other than transportation through this state, the validity of  
15 the security interest in this state is to be determined by the  
16 law of this state.

17 b. If the security interest was perfected already under  
18 the laws of the jurisdiction where the vessel was when the se-  
19 curity interest attached and before being brought into this  
20 state, one of the following applies:

21 (1) If the name of the secured party is shown on an exist-  
22 ing certificate of title issued by that jurisdiction, then the  
23 security interest continues perfected in this state.

24 (2) If the name of the secured party is not shown on an  
25 existing certificate of title issued by that jurisdiction and  
26 if the law of that jurisdiction does not provide for  
27 certificates of title disclosing security interests, then the  
28 security interest continues perfected in this state for four  
29 months, and thereafter if within the four-month period it is  
30 perfected in this state. This security interest may also be  
31 perfected in this state after the expiration of the four-month  
32 period, in which case perfection dates from the time of per-  
33 fection in this state.

34 (3) If the security interest was not perfected under the  
35 law of the jurisdiction in which the vessel was when the se-

1 curity interest attached before being brought into this state,  
2 then it may be perfected in this state, but perfection dates  
3 from the time of perfection in this state.

4 Sec. 11. NEW SECTION. 106.80 EXECUTION OF APPLICATION --  
5 TIME WHEN PERFECTED -- ENDORSEMENT OF CERTIFICATE.

6 If an owner creates a security interest in a vessel:

7 1. The owner immediately shall execute the application in  
8 the space provided on the certificate of title or a separate  
9 form the department prescribes, naming the secured party on  
10 the certificate of title and showing the address of the  
11 secured party, the amount of the security interest, and the  
12 date of the security agreement, and cause the certificate of  
13 title and application to be delivered to the department.

14 2. At the time of delivery of the documents described in  
15 subsection 1 to the department, the secured party shall pay to  
16 the department a filing fee as required for perfection of the  
17 security interest under section 106.79. The security interest  
18 is perfected as of the time of its creation if delivery and  
19 payment to the department are completed within ten days of the  
20 date of its creation, otherwise perfection shall be as of the  
21 time of its delivery and payment.

22 3. Upon receipt of the certificate of title, the  
23 application, and the required filing fee, the department shall  
24 endorse on the existing certificate of title or on a new  
25 certificate which it then issues, the name and address of all  
26 secured parties, and mail or deliver the certificate of title  
27 to the secured parties.

28 Sec. 12. NEW SECTION. 106.81 ASSIGNABILITY.

29 1. A secured party may assign, absolutely or otherwise,  
30 all or part of the party's secured interest in the vessel to a  
31 person other than the owner without affecting the interest of  
32 the owner or the validity of the security interest, but any  
33 person without notice of the assignment is protected in  
34 dealing with the secured party as the holder of the security  
35 interest and the secured party remains liable for any obliga-

1 tions as secured party until the assignee is named as secured  
2 party on the certificate of title.

3 2. The assignee shall deliver to the department the cer-  
4 tificate of title if available and an assignment by the  
5 secured party named in the certificate of title in the form  
6 the department may prescribe accompanied by a filing fee as  
7 required for perfection of the security interest under section  
8 106.79. The assignee's security interest is perfected as of  
9 the time of its creation if delivery and payment to the  
10 department are completed within ten days of the date of its  
11 creation, otherwise perfection is as of the time of its  
12 delivery and payment.

13 Sec. 13. NEW SECTION. 106.82 RELIEF UPON SATISFACTION.

14 1. Upon the satisfaction of a security interest in a  
15 vessel, the secured party shall securely attach to the  
16 certificate of title a release of security interest, in a form  
17 prescribed by or acceptable to the department, and within  
18 fifteen days mail or deliver the certificate of title with  
19 attached release to the owner and a copy of the release to the  
20 department. The department shall correct its records and,  
21 upon request of the owner and the receipt by the department of  
22 the certificate of title with attached release, the department  
23 may issue a new certificate of title to the owner.

24 2. If the department determines after a hearing and  
25 following due notice to all parties interested that an  
26 indebtedness does not constitute a security interest, it shall  
27 release the indebtedness upon the certificate of title or  
28 issue a new certificate of title, or issue a new certificate  
29 and mail or deliver the certificate of title to the owner. A  
30 person aggrieved by a decision of the department may appeal in  
31 accordance with chapter 17A.

32 Sec. 14. NEW SECTION. 106.83 DISCLOSURE OF INFORMATION.

33 A secured party named in a certificate of title, on written  
34 request of the owner, shall disclose any pertinent information  
35 as to the security agreement and the indebtedness secured by



1 it in accordance with section 554.9208.

2 Sec. 15. NEW SECTION. 106.84 EXCLUSIVE METHOD.

3 The method provided in this chapter of perfecting and giv-  
4 ing notice of security interests in vessels is exclusive and  
5 chapter 554 does not apply to perfecting and giving notice of  
6 security interests in vessels.

7 Sec. 16. NEW SECTION. 106.85 FORMS -- INVESTIGATIONS.

8 1. The department shall prescribe and provide suitable  
9 forms for applications, certificates of title, notices of  
10 security interests, and all other notices and forms necessary  
11 to carry out sections 106.72 through 106.84.

12 2. The department may make necessary investigations to  
13 procure information required to carry out sections 106.72  
14 through 106.84.

15 Sec. 17. Section 321G.1, Code 1987, is amended by adding  
16 the following new subsections:

17 NEW SUBSECTION. 17. "Certificate" means a certificate of  
18 title.

19 NEW SUBSECTION. 18. "Lienholder" means a person holding a  
20 security interest.

21 NEW SUBSECTION. 19. "Manufacturer" means a person holding  
22 a security interest.

23 NEW SUBSECTION. 20. "Security interest" means an interest  
24 which is reserved or created by an agreement which secures  
25 payment or performance of an obligation and is valid against  
26 third parties generally.

27 NEW SUBSECTION. 21. "State of principal use" means the  
28 state on whose land or ice a snowmobile is used or to be used  
29 most during a calendar year.

30 NEW SUBSECTION. 22. "Use" means to operate or employ a  
31 snowmobile.

32 NEW SUBSECTION. 23. "Proceeds" includes whatever is  
33 received when collateral or proceeds are sold, exchanged, col-  
34 lected, or otherwise disposed of. The term also includes the  
35 account arising when the right to payment is earned under a

1 contract right. Money, checks, and the like are cash  
2 "proceeds". All other proceeds are "noncash proceeds".

3 Sec. 18. NEW SECTION. 321G.29 OWNER'S CERTIFICATE OF  
4 TITLE -- IN GENERAL.

5 1. Except as provided in subsection 4, an owner of a  
6 snowmobile principally used on the land or ice of the state  
7 and to be numbered pursuant to section 321G.3 shall apply to  
8 the department for a certificate of title for the snowmobile.

9 2. Each certificate of title shall contain the information  
10 and shall be issued in a form the department prescribes.

11 3. The department shall not issue or renew a certificate  
12 of number to any snowmobile required to be registered and  
13 numbered in the state unless the department has issued a  
14 certificate of title to the owner.

15 4. A person who, on the effective date of this Act, is the  
16 owner of a snowmobile with a valid certificate of number  
17 issued by the state is not required to file an application for  
18 a certificate of title for the snowmobile unless the person  
19 transfers an interest in the snowmobile or renews the cer-  
20 tificate of number for the snowmobile.

21 5. Every owner of a snowmobile subject to titling under  
22 this chapter shall apply to the department for issuance of a  
23 certificate of title for the snowmobile within thirty days  
24 after acquisition. The application shall be on forms the  
25 department prescribes, and accompanied by the required fee.  
26 The application shall be signed and sworn to before a notary  
27 public or other person who administers oaths, or shall include  
28 a certification signed in writing containing substantially the  
29 representation that statements made are true and correct to  
30 the best of the applicant's knowledge, information, and  
31 belief, under penalty of perjury. The application shall  
32 contain the date and gross price of the snowmobile or the fair  
33 market value if no sale immediately preceded the transfer, and  
34 any additional information the department requires. If the  
35 application is made for a snowmobile last previously regis-

1 tered or titled in another state or foreign country, it shall  
2 contain this information and any other information the  
3 department requires.

4 6. If a dealer buys or acquires a used snowmobile for  
5 resale, the dealer shall report the acquisition to the de-  
6 partment on the forms the department provides, or the dealer  
7 may apply for and obtain a certificate of title as provided in  
8 this chapter. If a dealer buys or acquires a used unnumbered  
9 snowmobile, the dealer shall apply for a certificate of title  
10 in the dealer's name within fifteen days. If a dealer buys or  
11 acquires a new snowmobile for resale, the dealer may apply for  
12 a certificate of title in the dealer's name.

13 7. Every dealer transferring a snowmobile requiring  
14 titling under this chapter shall assign the title to the new  
15 owner, or in the case of a new snowmobile assign the  
16 certificate of origin. Within fifteen days the dealer shall  
17 forward all moneys and applications to the department.

18 8. The department shall maintain a record of any cer-  
19 tificate of title it issues.

20 9. A person shall not sell, assign, or transfer a  
21 snowmobile titled by the state without delivering to the pur-  
22 chaser or transferee a certificate of title with an assignment  
23 on it showing title in the purchaser or transferee. A person  
24 shall not purchase or otherwise acquire a snowmobile required  
25 to be titled by the state without obtaining a certificate of  
26 title for it in that person's name.

27 Sec. 19. NEW SECTION. 321G.30 FEES -- DUPLICATES.

28 1. The department shall charge a five dollar fee to issue  
29 a certificate of title, transfer of title, a duplicate, or a  
30 corrected certificate of title.

31 2. If a certificate of title is lost, stolen, mutilated,  
32 destroyed, or becomes illegible, the first lienholder or, if  
33 there is none, the owner named in the certificate, as shown by  
34 the department's records, shall within thirty days obtain a  
35 duplicate by applying to the department. The applicant shall

1 furnish information the department requires concerning the  
2 original certificate and the circumstance of its loss,  
3 mutilation, or destruction. Mutilated or illegible certifi-  
4 cates shall be returned to the department with the application  
5 for a duplicate.

6 3. The duplicate certificate of title shall be marked  
7 plainly "duplicate" across its face, and mailed or delivered  
8 to the applicant.

9 4. If a lost or stolen original certificate of title for  
10 which a duplicate has been issued is recovered, the original  
11 shall be surrendered promptly to the department for cancella-  
12 tion.

13 Sec. 20. NEW SECTION. 321G.31 OBTAINING MANUFACTURER'S  
14 OR IMPORTER'S CERTIFICATE OF ORIGIN.

15 A manufacturer or dealer shall not transfer ownership of a  
16 new snowmobile without supplying the transferee with the  
17 manufacturer's or importer's certificates of origin signed by  
18 the manufacturer's or importer's authorized agent. The  
19 certificate shall contain information the department requires.  
20 The department may adopt rules that provide for the issuance  
21 of a certificate of origin by the department for a snowmobile  
22 upon good cause shown by the owner.

23 Sec. 21. NEW SECTION. 321G.32 DEALER'S RECORD OF SNOW-  
24 MOBILES BOUGHT, SOLD, OR TRANSFERRED.

25 Every dealer shall maintain for three years a record of any  
26 snowmobile bought, sold, exchanged, or received for sale or  
27 exchange. This record shall be open to inspection by depart-  
28 ment representatives during reasonable business hours.

29 Sec. 22. NEW SECTION. 321G.33 TRANSFER OR REPOSSESSION  
30 OF SNOWMOBILE BY OPERATION OF LAW.

31 1. If ownership of a snowmobile is transferred by opera-  
32 tion of law, such as by inheritance, order in bankruptcy, in-  
33 solvency, replevin, or execution sale, the transferee, within  
34 thirty days after acquiring the right to possession of the  
35 snowmobile by operation of law, shall mail or deliver to the

1 department satisfactory proof of ownership as the department  
2 requires, together with an application for a new certificate  
3 of title, and the required fee. A title tax is not required  
4 on these transactions.

5 2. If a lienholder repossesses a snowmobile by operation  
6 of law and holds it for resale, the lienholder shall secure a  
7 new certificate of title and shall pay the required fee.

8 Sec. 23. NEW SECTION. 321G.34 SECURITY INTEREST IN  
9 SNOWMOBILES -- EXEMPTIONS.

10 Sections 321G.29 through 321G.33 and 321G.35 through  
11 321G.41 do not apply to or affect any of the following:

12 1. A lien given by statute or rule of law to a supplier of  
13 services or materials for a snowmobile.

14 2. A lien given by statute to the United States, this  
15 state, or any political subdivision of this state.

16 3. A security interest in a snowmobile created by a  
17 manufacturer or dealer who holds the snowmobile for sale, but  
18 a buyer in the ordinary course of trade from the manufacturer  
19 or dealer takes free of the security interest.

20 4. A lien arising out of an attachment of a snowmobile.

21 5. A security interest claimed on proceeds if the original  
22 security interest did not have to be noted on the certificate  
23 of title in order to be perfected.

24 6. A snowmobile for which a certificate of title is not  
25 required under this chapter.

26 Sec. 24. NEW SECTION. 321G.35 PERFECTION GENERALLY.

27 1. A security interest in a snowmobile is not valid  
28 against creditors of the owner or subsequent transferees or  
29 secured parties of the snowmobile unless perfected as provided  
30 under this chapter.

31 2. A security interest is perfected by the delivery to the  
32 department of the existing certificate of title, if any, and  
33 an application for certificate of title on a form provided or  
34 approved by the department containing information regarding  
35 the security interest, and upon payment of a filing fee of

1 five dollars. The security interest is perfected as of the  
2 time of its creation if delivery and payment to the department  
3 are completed within ten days of the date of its creation,  
4 otherwise perfection is as of the time of its delivery and  
5 payment.

6 3. If a snowmobile is already subject to a security in-  
7 terest when it is brought into this state, the validity of the  
8 security interest in this state is to be determined by the  
9 law, including the conflict of law rules, of the jurisdiction  
10 where the snowmobile was when the security interest attached,  
11 subject to the following:

12 a. If the parties to the transaction understood at the  
13 time the security interest attached that the snowmobile would  
14 be kept in this state, and it was brought into this state  
15 within thirty days after the security interest attached for  
16 purposes other than transportation through this state; the  
17 validity of the security interest in this state is to be  
18 determined by the law of this state.

19 b. If the security interest was perfected already under  
20 the laws of the jurisdiction where the snowmobile was when the  
21 security interest attached before being brought into this  
22 state, one of the following applies:

23 (1) If the name of the secured party is shown on an ex-  
24 isting certificate of title issued by that jurisdiction, then  
25 the security interest continues perfected in this state.

26 (2) If the name of the secured party is not shown on an  
27 existing certificate of title issued by that jurisdiction and  
28 if the law of that jurisdiction does not provide for  
29 certificates of title disclosing security interests, then the  
30 security interest continues perfected in this state for four  
31 months, and thereafter if within the four-month period it is  
32 perfected in this state. This security interest may also be  
33 perfected in this state after the expiration of the four-month  
34 period, in which case perfection dates from the time of  
35 perfection in this state.

1 3. If the security interest was not perfected under the  
2 law of the jurisdiction in which the snowmobile was when the  
3 security interest attached before being brought into this  
4 state, then it may be perfected in this state, but perfection  
5 dates from the time of perfection in this state.

6 Sec. 25. NEW SECTION. 321G.36 EXECUTION OF APPLICATION -  
7 - TIME WHEN PERFECTED -- ENDORSEMENT OF CERTIFICATE.

8 If an owner creates a security interest in a snowmobile:

9 1. The owner immediately shall execute the application in  
10 the space provided on the certificate of title or a separate  
11 form the department prescribes, naming the secured party, the  
12 amount of the security interest, and the date of the security  
13 agreement, and cause the certificate of title and application  
14 to be delivered to the department.

15 2. At the time of delivery of the documents described in  
16 subsection 1 to the department, the secured party shall pay to  
17 the department a filing fee as required for perfection of the  
18 security interest under section 321G.35. The security  
19 interest is perfected as of the time of its creation if de-  
20 livery and payment to the department are completed within ten  
21 days of the date of its creation, otherwise perfection shall  
22 be as of the time of its delivery and payment.

23 3. Upon receipt of the certificate of title, the applica-  
24 tion, and the required filing fee, the department shall  
25 endorse on the existing certificate of title or on a new  
26 certificate which it then issues, the name and address of all  
27 secured parties, and mail or deliver the certificate of title  
28 to the secured parties.

29 Sec. 26. NEW SECTION. 321G.37 ASSIGNABILITY.

30 1. A secured party may assign, absolutely or otherwise,  
31 all or part of the party's secured interest in the snowmobile  
32 to a person other than the owner without affecting the  
33 interest of the owner or the validity of the security  
34 interest, but any person without notice of the assignment is  
35 protected in dealing with the secured party as the holder of

1 the security interest and the secured party remains liable for  
2 any obligations as secured party until the assignee is named  
3 as secured party on the certificate of title.

4 2. The assignee shall deliver to the department the  
5 certificate of title if available and an assignment by the  
6 secured party named in the certificate of title in the form  
7 the department may prescribe accompanied by a filing fee as  
8 required for perfection of the security interest under section  
9 321G.35. The assignee's security interest is perfected as of  
10 the time of its creation if delivery and payment to the  
11 department are completed within ten days of the date of its  
12 creation, otherwise perfection is as of the time of its  
13 delivery and payment.

14 Sec. 27. NEW SECTION. 321G.38 RELIEF UPON SATISFACTION.

15 1. Upon the satisfaction of a security interest in a snow-  
16 mobile, the secured party shall securely attach to the  
17 certificate of title a release of security interest, in a form  
18 prescribed by or acceptable to the department, and within  
19 fifteen days mail or deliver the certificate of title with  
20 attached release to the owner and a copy of the release to the  
21 department. The department shall correct its records and,  
22 upon request of the owner and the receipt by the department of  
23 the certificate of title with attached release, the department  
24 may issue a new certificate of title to the owner.

25 2. If the department determines after a hearing and  
26 following due notice to all parties interested that an  
27 indebtedness does not constitute a security interest, it shall  
28 release the indebtedness upon the certificate of title or  
29 issue a new certificate of title or issue a new certificate  
30 and mail or deliver the certificate of title to the owner. A  
31 person aggrieved by a decision of the department may appeal in  
32 accordance with chapter 17A.

33 Sec. 28. NEW SECTION. 321G.39 DISCLOSURE OF INFORMATION.

34 A secured party named in a certificate of title, on written  
35 request of the owner, shall disclose any pertinent information



1 as to the security agreement and the indebtedness secured by  
2 it in accordance with section 554.9208.

3 Sec. 29. NEW SECTION. 321G.40 EXCLUSIVE METHOD.

4 The method provided in this chapter of perfecting and  
5 giving notice of security interests in snowmobiles is  
6 exclusive and chapter 554 does not apply to perfecting and  
7 giving notice of security interests in snowmobiles.

8 Sec. 30. NEW SECTION. 321G.41 FORMS -- INVESTIGATIONS.

9 1. The department shall prescribe and provide suitable  
10 forms for applications, certificates of title, notices of  
11 security interests, and all other notices and forms necessary  
12 to carry out sections 321G.29 through 321G.40.

13 2. The department may make necessary investigations to  
14 procure information required to carry out sections 321G.29  
15 through 321G.40.

16 Sec. 31. Section 554.9302, subsection 3, paragraph b, Code  
17 1987, is amended to read as follows:

18 b. the following statutes of this state; sections 106.72  
19 through 106.85, 321.18, 321.20 and 321.50 and 321G.29 through  
20 321G.41; but during any period in which collateral is  
21 inventory held for sale by a person who is in the business of  
22 selling goods of that kind, the filing provisions of this  
23 Article (Part 4) apply to a security interest in that  
24 collateral created by that person as debtor; or

25 EXPLANATION

26 This bill establishes a certificate of title system for  
27 vessels and snowmobiles administered by the department of  
28 natural resources. The bill also provides that the recording  
29 and perfecting of security interests in vessels and  
30 snowmobiles would be done through filings with the department  
31 of natural resources instead of filings with the county  
32 recorder or the secretary of state under the uniform  
33 commercial code. The creation of the certificate of title  
34 system does not affect the existing requirements regarding the  
35 registration or transfer of registration of vessels and  
36 snowmobiles.

HOUSE FILE 595

AN ACT

TO ESTABLISH A SYSTEM OF CERTIFICATES OF TITLE FOR VESSELS  
AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 106.2, Code 1987, is amended by adding  
the following new subsections:

NEW SUBSECTION. 29. "Certificate" means a certificate of  
title.

NEW SUBSECTION. 30. "Dealer" means a person who engages  
in whole or in part in the business of buying, selling, or ex-  
changing vessels either outright or on conditional sale,  
bailment, lease, security interest, or otherwise, and who has  
an established place of business for sale, trade, and display  
of vessels. A yachtbroker is a dealer.

NEW SUBSECTION. 31. "Lienholder" means a person holding a  
security interest.

NEW SUBSECTION. 32. "Manufacturer" means a person engaged  
in the business of manufacturing or importing new and unused  
vessels, or new and unused outboard motors, for the purpose of  
sale or trade.

NEW SUBSECTION. 33. "Security interest" means an interest  
which is reserved or created by an agreement which secures

payment or performance of an obligation and is valid against  
third parties generally.

NEW SUBSECTION. 34. "State of principal use" means the  
state on whose waters a vessel is used or to be used most  
during a calendar year.

NEW SUBSECTION. 35. "Use" means to operate, navigate, or  
employ a vessel. A vessel is in use whenever it is upon the  
water.

NEW SUBSECTION. 36. "Vessel" means every description of  
watercraft, other than a seaplane, used or capable of being  
used as a means of transportation on water or ice. Ice boats  
are watercraft. The term includes the vessel's motor, spars,  
sails, and accessories.

NEW SUBSECTION. 37. "Proceeds" includes whatever is  
received when collateral or proceeds are sold, exchanged,  
collected, or otherwise disposed of. The term also includes  
the account arising when the right to payment is earned under  
a contract right. Money, checks, and the like are cash  
"proceeds". All other proceeds are "noncash proceeds".

Sec. 2. Section 106.2, subsections 1 and 16, Code 1987,  
are amended by striking the subsections.

Sec. 3. Section 106.5, Code 1987, is amended by adding the  
following new subsection:

NEW SUBSECTION. 8. The registration certificate shall  
indicate if the vessel is subject to the requirement of a  
certificate of title and the county from which the certificate  
of title is issued.

Sec. 4. NEW SECTION. 106.72 OWNER'S CERTIFICATE OF TITLE  
--IN GENERAL.

1. Except as provided in subsection 4, an owner of a  
vessel seventeen feet or longer in length principally used on  
the waters of the state and to be numbered pursuant to section  
106.4 shall apply to the county recorder of the county in  
which the owner resides for a certificate of title for the  
vessel. The requirement of a certificate of title does not  
apply to canoes or inflatable vessels regardless of length.

2. Each certificate of title shall contain the information and shall be issued in a form the department prescribes.

3. A person who, on the effective date of this Act, is the owner of a vessel seventeen feet or longer in length with a valid certificate of number issued by the state is not required to file an application for a certificate of title for the vessel unless the person transfers an interest in the vessel.

4. Every owner of a vessel subject to titling under this chapter shall apply to the county recorder for issuance of a certificate of title for the vessel within thirty days after acquisition. The application shall be on forms the department prescribes, and accompanied by the required fee. The application shall be signed and sworn to before a notary public or other person who administers oaths, or shall include a certification signed in writing containing substantially the representation that statements made are true and correct to the best of the applicant's knowledge, information, and belief, under penalty of perjury. The application shall contain the date of sale and gross price of the vessel or the fair market value if no sale immediately preceded the transfer, and any additional information the department requires. If the application is made for a vessel last previously registered or titled in another state or foreign country, it shall contain this information and any other information the department requires.

5. If a dealer buys or acquires a used vessel for resale, the dealer shall report the acquisition to the county recorder on the forms the department provides, or the dealer may apply for and obtain a certificate of title as provided in this chapter. If a dealer buys or acquires a used unnumbered vessel, the dealer shall apply for a certificate of title in the dealer's name within fifteen days. If a dealer buys or acquires a new vessel for resale, the dealer may apply for a certificate of title in the dealer's name.

6. Every dealer transferring a vessel requiring titling under this chapter shall assign the title to the new owner, or in the case of a new vessel assign the certificate of origin. Within fifteen days the dealer shall forward all moneys and applications to the county recorder.

7. The county recorder shall maintain a record of any certificate of title it issues.

8. A person shall not sell, assign, or transfer a vessel titled by the state without delivering to the purchaser or transferee a certificate of title with an assignment on it showing title in the purchaser or transferee. A person shall not purchase or otherwise acquire a vessel required to be titled by the state without obtaining a certificate of title for it in that person's name.

9. A person who owns a vessel which is not required to have a certificate of title may apply for and receive a certificate of title for the vessel and the vessel shall subsequently be subject to the requirements of this Act as though the vessel was required to be titled.

Sec. 5. NEW SECTION. 106.73 FEES -- DUPLICATES.

1. The county recorder shall charge a five dollar fee to issue a certificate of title, a transfer of title, a duplicate, or a corrected certificate of title.

2. If a certificate of title is lost, stolen, mutilated, destroyed, or becomes illegible, the first lienholder or, if there is none, the owner named in the certificate, as shown by the county recorder's records, shall within thirty days obtain a duplicate by applying to the county recorder. The applicant shall furnish information the department requires concerning the original certificate and the circumstances of its loss, mutilation, or destruction. Mutilated or illegible certificates shall be returned to the department with the application for a duplicate.

3. The duplicate certificate of title shall be marked plainly "duplicate" across its face, and mailed or delivered to the applicant.

4. If a lost or stolen original certificate of title for which a duplicate has been issued is recovered, the original shall be surrendered promptly to the department for cancellation.

5. The funds collected under this section shall be placed in the general fund of the county and used for the expenses of the county conservation board if one exists in that county.

Sec. 6. NEW SECTION. 106.74 OBTAINING MANUFACTURER'S OR IMPORTER'S CERTIFICATE OF ORIGIN.

A manufacturer or dealer shall not transfer ownership of a new vessel without supplying the transferee with the manufacturer's or importer's certificate of origin signed by the manufacturer's or importer's authorized agent. The certificate shall contain information the department requires. The department may adopt rules providing for the issuance of a certificate of origin for a vessel by the department upon good cause shown by the owner.

Sec. 7. NEW SECTION. 106.75 HULL IDENTIFICATION NUMBER OF VESSEL.

1. Every vessel whose construction began after October 31, 1972, shall have a hull identification number assigned and affixed as required by the federal Boat Safety Act of 1971. The department shall determine the procedures for application and for issuance of the hull identification number for homebuilt boats.

2. A person shall not destroy, remove, alter, cover, or deface the manufacturer's hull identification number, the plate bearing it, or any hull identification number the department assigns to a vessel without the department's permission.

3. A person other than a manufacturer who constructs a vessel or uses an unconventional device as a vessel for navigation shall submit an affidavit which describes the vessel or device to the department. In cooperation with the county recorder, the department shall assign a hull

identification number to the vessel or device. The applicant shall cause the number to be carved, burned, stamped, embossed, or otherwise permanently affixed to the outboard side of the transom or, if there is no transom, to the outermost starboard side at the end of the hull that bears the rudder or other steering mechanism, above the waterline of the vessel or device in such a way that alteration, removal, or replacement would be obvious and evident.

Sec. 8. NEW SECTION. 106.76 DEALER'S RECORD OF VESSELS BOUGHT, SOLD, OR TRANSFERRED.

Every dealer shall maintain for three years a record of any vessel bought, sold, exchanged, or received for sale or exchange. This record shall be open to inspection by department representatives during reasonable business hours.

Sec. 9. NEW SECTION. 106.77 TRANSFER OR REPOSSESSION OF VESSEL BY OPERATION OF LAW.

1. If ownership of a vessel is transferred by operation of law, such as by inheritance, order in bankruptcy, insolvency, replevin, or execution sale, the transferee, within thirty days after acquiring the right to possession of the vessel by operation of law, shall mail or deliver to the county recorder satisfactory proof of ownership as the county recorder requires, together with an application for a new certificate of title, and the required fee. A title tax is not required on these transactions.

2. If a lienholder repossesses a vessel by operation of law and holds it for resale, the lienholder shall secure a new certificate of title and shall pay the required fee.

Sec. 10. NEW SECTION. 106.78 SECURITY INTEREST IN VESSELS -- EXEMPTIONS.

Sections 106.72 through 106.77 and 106.79 through 106.85 do not apply to or affect any of the following:

1. A lien given by statute or rule of law to a supplier of services or materials for a vessel.

2. A lien given by statute to the United States, this state, or any political subdivision of this state.
3. A security interest in a vessel created by a manufacturer or dealer who holds the vessel for sale, but a buyer in the ordinary course of trade from the manufacturer or dealer takes free of the security interest.
4. A lien arising out of an attachment of a vessel.
5. A security interest claimed on proceeds if the original security interest did not have to be noted on the certificate of title in order to be perfected.
6. A vessel for which a certificate of title is not required under this chapter.
7. A security interest perfected under chapter 554 before the effective date of this Act.

Sec. 11. NEW SECTION. 106.79 PERFECTION AND TITLES.

1. In addition to the requirements of chapter 554, a security interest created in this state in a vessel required to have a certificate of title is not perfected unless and until the security interest is noted on the certificate of title.
2. The certificate of title shall be filed with the county recorder when the financing statement for that security interest or assigning the security interest is filed and a new or endorsed certificate of title shall be issued to the secured party with the name and address of the secured party upon it.
3. The secured party shall file the certificate of title with the county recorder when a termination or release statement is filed and a new or endorsed certificate shall be issued to the owner.

Sec. 12. NEW SECTION. 106.85 FORMS -- INVESTIGATIONS.

1. The department shall prescribe and provide suitable forms for applications, certificates of title, notices of security interests, and all other notices and forms, other than those provided under chapter 554, necessary to carry out sections 106.72 through 106.79.

2. The department may make necessary investigations to procure information required to carry out sections 106.72 through 106.79.

Sec. 13. This Act takes effect January 1, 1988.

---

DONALD D. AVENSON  
Speaker of the House

---

JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 595, Seventy-second General Assembly.

---

JOSEPH O'HERN  
Chief Clerk of the House

Approved May 15, 1987

---

TERRY E. BRANSTAD  
Governor