

AN ACT

ENTITLED, An Act to revise provisions regulating the perfection of security interest liens filed on-line.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 32-3-41 be amended to read as follows:

32-3-41. A security interest, mechanic's lien, or similar instrument other than a financing statement covering a motor vehicle, trailer, or semitrailer, or any vehicle required to be titled under the provisions of this chapter, if notation of same has been made by the seller, buyer, owner, holder of the instrument, or an agent of the secretary on the manufacturer's statement of origin or the manufacturer's certificate of origin, or in the case of the certificate of title, if a notation of same has been made by the secretary, an agent of the secretary, or a county treasurer on the face thereof or if notation of same has been made by the seller, buyer, owner, holder of the instrument, or agent of the secretary on the reverse thereof, is valid against the creditors of the debtor, whether armed with process or not, and subsequent purchasers and other lien holders or claimants, but otherwise is not valid against them. A lien is perfected if it has been noted on the title as provided by law and entered into the electronic title file system.

Section 2. That § 32-3-70 be amended to read as follows:

32-3-70. Notwithstanding any other provision of this title, the department may provide for an electronic certificate of title. If the application for title or the title has a lien noted, no paper title may be issued to the owner of record or the lienholder. A paper title shall be issued under the following circumstances:

- (1) The lien has been satisfied and the owner requests a title; or
- (2) The owner is relocating to another state and the lienholder authorizes the issuance of a title with the lien noted.

A lien shall be noted or cancelled on-line if an electronic certificate of title exists and the lienholder has access to the electronic title file system pursuant to § 32-3-38.1. A lien noted on-line is considered perfected as if a paper title were issued and a lien noted on it pursuant to § 32-3-41. A lienholder is liable for noting or canceling a lien in error.

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I certify that the attached Act
originated in the

SENATE as Bill No. 64

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 64

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State