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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE TRANSFERS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 286-52, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§286-52 Procedure when title of vehicle transferred;**  
4 **delivery of certificate mandatory.** (a) Upon a transfer of the  
5 title or interest of a legal owner in or to a vehicle registered  
6 under this part, the person whose title or interest is to be  
7 transferred and the transferee shall write their signatures with  
8 pen and ink upon the certificate of ownership issued for the  
9 vehicle, together with the address of the transferee in the  
10 appropriate space provided upon the certificate.

11           (b) Within [~~thirty~~] five calendar days thereafter, the  
12 [~~transferee~~] registered owner shall forward the certificate of  
13 ownership so endorsed to the director of finance who shall file  
14 the same; provided that if the recorded lien holder does not  
15 have an office in the State, the applicable period shall be  
16 sixty days. Whenever a [~~transferee~~] registered owner fails to  
17 comply with these provisions, the director of finance shall



1 charge a fee of [~~\$50~~] \$250. [~~, in addition to the fee provided in~~  
2 ~~section 286-51, for a new certificate of ownership.~~]

3 (c) Subsection (b), requiring a [~~transferee~~] registered  
4 owner to forward the certificate of ownership after endorsement  
5 to the director of finance, shall not apply to the transferee of  
6 a vehicle who was not intending to and does not drive the  
7 vehicle or permit the vehicle to be driven upon the public  
8 highways, but every such transferee, upon transferring the  
9 transferee's interest or title to another, shall give notice of  
10 the transfer to the director of finance and endorse the  
11 certificate of ownership to the new legal owner and the  
12 certificate of registration to the new owner; provided that if  
13 the director of finance has ascertained as of the date of the  
14 application that the registered owner has not deposited or paid  
15 bail with respect to any summons or citation issued to the  
16 registered owner for stopping, standing, or parking in violation  
17 of traffic ordinances within the county, the director may  
18 require, as a condition precedent to the transfer, that the  
19 registered owner deposit or pay bail with respect to all such  
20 summons or citations.

21 (d) The director of finance, upon receipt of the  
22 certificate of ownership properly endorsed, shall register the



1 vehicle, and shall issue to the owner and legal owner entitled  
2 thereto by reason of the transfer a new certificate of  
3 registration and the certificate of ownership, respectively, in  
4 the manner and form hereinabove provided for original  
5 registration.

6 (e) ~~[Until the director of finance has issued the new~~  
7 ~~certificate of registration and certificate of ownership as in~~  
8 ~~subsection (d) provided,]~~Once the registered owner has forwarded  
9 the certificate of ownership to the director of finance as in  
10 subsection (b), delivery of such vehicle shall be deemed ~~[not]~~  
11 to have been made and title thereto shall be deemed ~~[not]~~ to  
12 have passed, and the intended transfer shall be deemed ~~[to be~~  
13 ~~incomplete]~~complete and ~~[not to be]~~ valid ~~[or effective]~~ for any  
14 purpose, notwithstanding any provision of the Uniform Commercial  
15 Code; provided that a security interest in a motor vehicle shall  
16 be perfected as provided in the Uniform Commercial Code, section  
17 490:9-311 and that the validity, attachment, priority, and  
18 enforcement of such security interest shall be governed by  
19 Article 9 of the Code.

20 (f) In the event of the transfer by operation of law of  
21 the title or interest of a legal owner in and to a vehicle  
22 registered under this part, as upon inheritance, devise, or



1 bequest, order in bankruptcy, or insolvency, execution sale,  
2 repossession upon default in performance of the terms of a lease  
3 or executory sales contract, or otherwise than by the voluntary  
4 act of the person whose title or interest is so transferred, the  
5 certificate of ownership shall be signed upon the spaces  
6 provided by the personal representative, receiver, trustee,  
7 sheriff, or other representative, or successor in interest of  
8 the person whose title or interest is so transferred in lieu of  
9 such person. Every personal representative, receiver, trustee,  
10 sheriff, or other representative hereinabove referred to shall  
11 file with the director of finance a notice of any transfer by  
12 sale, lease, or otherwise by such person, of any such vehicle,  
13 together with evidence satisfactory to the director of finance  
14 of all facts entitling such representative to make the transfer.  
15 Upon notice given to the director of finance that transfer by  
16 operation of law of the title or interest of a legal owner or a  
17 registered owner has been effected pursuant to any provision of  
18 law, the director of finance shall send to the legal owner or  
19 the registered owner or both a notice by registered mail of such  
20 action and requesting the delivery to the director of finance of  
21 the certificate of ownership or the certificate of registration,  
22 as the case may be, within ten days after date of mailing of the



1 notice, and any person who refuses or neglects to deliver the  
2 same to the director of finance pursuant to the notice shall be  
3 guilty of a misdemeanor and shall be punished as provided in  
4 section 286-61.

5 (g) Nothing in the foregoing subsections shall prevent a  
6 legal owner from assigning the title or interest in or to a  
7 vehicle registered under this part to another legal owner at any  
8 time without the consent of and without affecting the interest  
9 of the holder of the certificate of registration thereof. Upon  
10 filing with the director of finance of a certificate of  
11 ownership endorsed by the legal owner and a transferee of legal  
12 ownership, the director of finance shall, whether the  
13 certificate of registration has expired or not, enter the name  
14 of the new legal owner upon the records of the director's office  
15 and shall forthwith issue a new certificate of ownership to the  
16 new legal owner in the form for original registration. Upon so  
17 doing, the director of finance shall send to the registered  
18 owner a notice by mail of the action.

19 (h) Any person who refuses or neglects to deliver a  
20 certificate of ownership to a transferee entitled thereto under  
21 this part, shall be punished as provided in section 286-61.



1 (i) Every dealer, upon transferring a motor vehicle,  
2 whether by sale, lease, or otherwise, shall immediately give  
3 notice of the transfer to the director of finance upon the  
4 official form provided by the director of finance. Every such  
5 notice shall contain the date of the transfer, the names and  
6 addresses of the transferor and transferee, and such description  
7 of the vehicle as may be called for in the official form.

8 (j) Every person, other than a dealer, upon transferring a  
9 motor vehicle, whether by sale, lease, or otherwise, shall  
10 within ~~[ten]~~five days give notice of the transfer to the  
11 director of finance upon the official form provided by the  
12 director of finance. Every notice shall contain the date of  
13 transfer, the names and addresses of the transferor and  
14 transferee, and such description of the vehicle as may be called  
15 for in the official form. Any person who violates this  
16 subsection shall be fined not more than \$100.

17 (k) Whenever the registered owner of any motor vehicle or  
18 any licensed dealer has given notice to the director of finance  
19 of a transfer of the title or interest in the motor vehicle, as  
20 provided in subsection (i) or (j), and has delivered the  
21 certificate of ownership bearing the transferor's signature to  
22 the ~~[transferee as required by subsection (a)]~~director of



1 finance, the transferor shall be relieved from any liability,  
2 civil or criminal [~~7 from the date the transferor delivers the~~  
3 ~~motor vehicle into the transferee's possession~~], which the  
4 transferor might otherwise subsequently incur by reason solely  
5 of being the registered owner of the vehicle.

6 (l) A licensed dealer who has forwarded a properly  
7 endorsed certificate of ownership to the director of finance  
8 shall be relieved of any civil liability, from the date the  
9 transferor delivers the motor vehicle into the transferee's  
10 possession, which the transferor might otherwise subsequently  
11 incur by reason solely of being the registered owner of the  
12 vehicle; provided that a specific written authorization to  
13 forward the certificate has been obtained from the transferee.

14 (m) Any person who falsely or fraudulently gives notice to  
15 the director of finance of a transfer of title or interest in a  
16 motor vehicle shall be subject to the penalty provided in  
17 section 286-61.

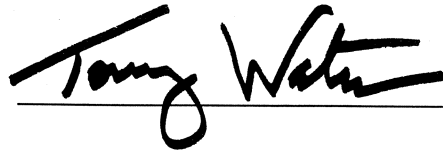
18 (n) Possession of a bill of sale by the transferee, signed  
19 by the registered owner, shall be sufficient proof of ownership  
20 and registration until an official certificate of ownership and  
21 an official certificate of registration have been issued by the  
22 Director of Finance."



1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect upon its approval.  
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INTRODUCED BY:

  
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JAN 20 2006





HB1956

**Report Title:**

Vehicle Title Transfer; Transferor Responsibility

**Description:**

Amends HRS 286-52 to shift the responsibility for transferring ownership of a motor vehicle from the transferee to the transferor. Establishes that possession of a bill of sale is acceptable proof of ownership until a certificate of registration and ownership is issued.

