

# HOUSE BILL No. 6128

November 8, 1990, Introduced by Reps. Profit, DeBeaussiaert, Hertel, Bartnik and Hart and referred to the Committee on Marine Affairs and Port Development.

A bill to amend the title and sections 1, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 17, 18, 19, 20, and 21 of Act No. 160 of the Public Acts of 1976, entitled

"An act to provide certificates of title for watercraft; to regulate transfers of watercraft; to prescribe powers and duties; and to provide penalties,"

section 6 as amended by Act No. 161 of the Public Acts of 1983 and section 8 as amended by Act No. 77 of the Public Acts of 1987, being sections 281.1201, 281.1203, 281.1204, 281.1205, 281.1206, 281.1207, 281.1208, 281.1209, 281.1211, 281.1212, 281.1213, 281.1214, 281.1215, 281.1217, 281.1218, 281.1219, 281.1220, and 281.1221 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. The title and sections 1, 3, 4, 5, 6, 7, 8, 9,  
2 11, 12, 13, 14, 15, 17, 18, 19, 20, and 21 of Act No. 160 of the  
3 Public Acts of 1976, section 6 as amended by Act No. 161 of the

1 Public Acts of 1983 and section 8 as amended by Act No. 77 of the  
2 Public Acts of 1987, being sections 281.1201, 281.1203, 281.1204,  
3 281.1205, 281.1206, 281.1207, 281.1208, 281.1209, 281.1211,  
4 281.1212, 281.1213, 281.1214, 281.1215, 281.1217, 281.1218,  
5 281.1219, 281.1220, and 281.1221 of the Michigan Compiled Laws,  
6 are amended to read as follows:

7 TITLE

8 An act to provide certificates of title for watercraft AND  
9 OUTBOARD MOTORS; to regulate transfers of watercraft AND OUTBOARD  
10 MOTORS; to prescribe powers and duties; and to provide  
11 penalties.

12 Sec. 1. (1) As used in this act, "watercraft" means a con-  
13 trivance used or designed for navigation on water, including, a  
14 vessel, boat, motor vessel, steam vessel, vessel operated by  
15 machinery either permanently or temporarily affixed, scow, tug-  
16 boat, or any marine equipment which is capable of carrying pas-  
17 sengers, except a ferry.

18 (2) This act does not apply to:

19 (a) A boat OR OUTBOARD MOTOR from a jurisdiction other than  
20 this state temporarily using the waters of this state.

21 (b) A boat OR OUTBOARD MOTOR whose owner is the United  
22 States, a state, or political subdivision thereof.

23 (c) A ship's lifeboat.

24 (d) Watercraft less than 20 feet in length which do not have  
25 permanently affixed engines unless the owner, lessee, or operator  
26 voluntarily wishes to become subject to the provisions of this  
27 act.

1 (e) Watercraft OR OUTBOARD MOTORS documented by an agency of  
2 the United States government.

3 (F) AN OUTBOARD MOTOR THAT IS LESS THAN 10 HORSEPOWER AS  
4 DETERMINED BY THE MANUFACTURER'S RATING UNLESS THE OWNER, LESSEE,  
5 OR OPERATOR VOLUNTARILY WISHES TO BECOME SUBJECT TO THIS ACT.

6 (3) The various certificates, applications, and assignments  
7 necessary to provide certificates of title for watercraft OR OUT-  
8 BOARD MOTORS shall be made upon appropriate forms approved by the  
9 secretary of state.

10 (4) "OUTBOARD MOTOR" MEANS A GASOLINE OR DIESEL POWERED  
11 MARINE ENGINE THAT MOUNTS TO THE TRANSOM OF A BOAT AND THAT IS 10  
12 HORSEPOWER OR GREATER AS DETERMINED BY THE MANUFACTURER'S RATING.

13 Sec. 3. (1) A person, except as provided in section 5,  
14 shall not sell or otherwise dispose of a watercraft OR, AFTER  
15 JANUARY 1, 1994, AN OUTBOARD MOTOR without delivering to the pur-  
16 chaser or transferee ~~thereof~~ OF THE WATERCRAFT OR OUTBOARD  
17 MOTOR a certificate of title with ~~such~~ assignment ~~thereon~~ ON  
18 THE CERTIFICATE OF TITLE as is necessary to show title in the  
19 purchaser.

20 (2) A person shall not purchase or otherwise acquire a  
21 watercraft OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR without  
22 obtaining a certificate of title for it in the person's name pur-  
23 suant to this act.

24 Sec. 4. (1) A person acquiring a watercraft OR, AFTER  
25 JANUARY 1, 1994, AN OUTBOARD MOTOR from the owner thereof,  
26 whether the owner is a manufacturer, importer, dealer, or  
27 otherwise, shall not acquire any right, title, claim, or interest

1 in or to the watercraft OR OUTBOARD MOTOR until that person has  
2 issued to him OR HER a certificate of title to the watercraft OR  
3 OUTBOARD MOTOR, or delivered a manufacturer's or importer's cer-  
4 tificate for it. A waiver or estoppel shall not operate in favor  
5 of that person against a person having possession of the certifi-  
6 cate of title, or manufacturer's or importer's certificate for  
7 the watercraft OR OUTBOARD MOTOR, for ~~a~~ valuable  
8 consideration.

9 (2) A court shall not recognize the right, title, claim, or  
10 interest of a person in or to a watercraft OR, AFTER JANUARY 1,  
11 1994, AN OUTBOARD MOTOR sold or disposed of, or mortgaged or  
12 encumbered, unless EITHER OR BOTH OF THE FOLLOWING APPLY:

13 (a) Evidenced by a certificate of title or a manufacturer's  
14 or importer's certificate issued pursuant to this act.

15 (b) Evidenced by admission in the pleadings or stipulation  
16 of the parties.

17 Sec. 5. (1) A manufacturer, importer, dealer, or other  
18 person shall not sell or otherwise dispose of a new watercraft  
19 OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR to a dealer, to be  
20 used by the dealer for purposes of display and resale, without  
21 delivering to the dealer a manufacturer's or importer's certifi-  
22 cate executed in accordance with this section and with those  
23 assignments on the certificate as are necessary to show title in  
24 the purchaser of the watercraft OR OUTBOARD MOTOR. A dealer  
25 shall not purchase or acquire a new watercraft OR, AFTER  
26 JANUARY 1, 1994, AN OUTBOARD MOTOR without obtaining from the

1 seller of the watercraft OR OUTBOARD MOTOR the manufacturer's or  
2 importer's certificate.

3 (2) A manufacturer's or importer's certificate of the origin  
4 of a watercraft shall contain, in the form and together with the  
5 information the secretary of state requires, ALL OF the following  
6 information:

7 (a) A description of the watercraft, including, if applica-  
8 ble, make, year, length, series ~~of~~ OR model, hull type, and  
9 hull identification number.

10 (b) Certification of the date of transfer of the watercraft  
11 to a distributor, dealer, or other transferee, and the name and  
12 address of the transferee.

13 (c) Certification that this transaction is the first trans-  
14 fer of the new watercraft in ordinary trade and commerce.

15 (d) Signature and address of a representative of the  
16 transferor.

17 (3) An assignment of a manufacturer's or importer's certifi-  
18 cate shall be printed on the reverse side of the manufacturer's  
19 or importer's certificate in the form to be prescribed by the  
20 secretary of state. The assignment form shall include the name  
21 and address of the transferee, a certification that the water-  
22 craft is new, and a warranty that the title at the time of deliv-  
23 ery is subject only to the liens and encumbrances that are set  
24 forth and described in full in the assignment.

25 (4) A MANUFACTURER'S OR IMPORTER'S CERTIFICATE OF THE ORIGIN  
26 OF AN OUTBOARD MOTOR SHALL CONTAIN, IN THE FORM AND TOGETHER WITH

1 THE INFORMATION THE SECRETARY OF STATE REQUIRES, ALL OF THE  
2 FOLLOWING INFORMATION:

3 (A) A DESCRIPTION OF THE OUTBOARD MOTOR, INCLUDING, IF  
4 APPLICABLE, MAKE, YEAR, HORSEPOWER, SERIES OR MODEL, TYPE, AND  
5 OUTBOARD MOTOR IDENTIFICATION NUMBER.

6 (B) CERTIFICATION OF THE DATE OF TRANSFER OF THE OUTBOARD  
7 MOTOR TO A DISTRIBUTOR, DEALER, OR OTHER TRANSFEREE, AND THE NAME  
8 AND ADDRESS OF THE TRANSFEREE.

9 (C) CERTIFICATION THAT THIS TRANSACTION IS THE FIRST TRANS-  
10 FER OF THE NEW OUTBOARD MOTOR IN ORDINARY TRADE AND COMMERCE.

11 (D) SIGNATURE AND ADDRESS OF A REPRESENTATIVE OF THE  
12 TRANSFEROR.

13 Sec. 6. (1) Application for a certificate of title for a  
14 watercraft OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR shall be  
15 made upon a form prescribed by the secretary of state. The  
16 application shall be filed with the secretary of state within 15  
17 days after the date of purchase or transfer. At the request of  
18 the applicant, an application shall be processed on an expedited  
19 basis. The application shall be accompanied by the fee or fees  
20 prescribed in section 10, and if a certificate of title was pre-  
21 viously issued for the watercraft OR OUTBOARD MOTOR, it shall be  
22 accompanied by the certificate of title duly assigned, unless  
23 otherwise provided in this act. Unless otherwise provided in  
24 this act, if a certificate of title was not previously issued for  
25 the watercraft OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR in  
26 this state, the application shall be accompanied by a  
27 manufacturer's or importer's certificate, by a certificate of

1 ownership, or BY a certificate of registration issued ~~under~~  
2 PURSUANT TO THE MARINE SAFETY ACT, Act No. 303 of the Public Acts  
3 of 1967, as amended, being sections 281.1001 to 281.1199 of the  
4 Michigan Compiled Laws, if purchased by the applicant on or  
5 before July 1, 1976, or by a certificate of title, bill of sale,  
6 or other evidence of ownership required by the law of another  
7 state from which the watercraft is brought into this state.  
8 Evidence of ownership of a watercraft OR, AFTER JANUARY 1, 1994,  
9 AN OUTBOARD MOTOR for which a Michigan certificate of title was  
10 not previously issued, and which does not have permanently  
11 affixed to it a hull identification number OR OUTBOARD MOTOR  
12 IDENTIFICATION NUMBER, shall be accompanied by the certificate of  
13 hull identification number OR OUTBOARD MOTOR IDENTIFICATION  
14 NUMBER assigned by the secretary of state as provided in section  
15 7. The secretary of state shall retain the evidence of title  
16 presented by the applicant and upon which the certificate of  
17 title is issued, and shall use reasonable diligence in ascertain-  
18 ing whether the facts in the application are true by checking the  
19 application and documents accompanying the application with the  
20 records of watercraft OR OUTBOARD MOTORS in the secretary of  
21 state's office. If satisfied that the applicant is the owner of  
22 the watercraft OR OUTBOARD MOTOR and that the application is in  
23 the proper form, the secretary of state shall issue a certificate  
24 of title.

25 (2) When a watercraft OR, AFTER JANUARY 1, 1994, AN OUTBOARD  
26 MOTOR is sold by a dealer to a general purchaser or user, the  
27 certificate of title shall be obtained in the name of the

1 purchaser by the dealer upon application signed by the  
2 purchaser. In other cases, the certificate shall be obtained by  
3 the purchaser.

4 Sec. 7. (1) An application for a certificate of title  
5 shall be certified by the owner or purchaser of the watercraft  
6 OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR and shall contain,  
7 in the form and together with other information which the secre-  
8 tary of state requires, ALL OF the following information:

9 (a) ~~Name~~ THE NAME and address of the applicant.

10 (b) ~~Name~~ THE NAME and address of the previous owner.

11 (c) A statement of liens, mortgages, or other encumbrances  
12 on the watercraft OR OUTBOARD MOTOR, and the name and address of  
13 the holder of the liens, mortgages, or other encumbrances.

14 (d) If a lien, mortgage, or other encumbrance is not out-  
15 standing, a statement of that fact.

16 (e) ~~A~~ FOR WATERCRAFT, A description of the watercraft,  
17 including, if applicable, the make, year, length, series or  
18 model, hull type, and hull identification number.

19 (F) FOR OUTBOARD MOTORS, A DESCRIPTION OF THE OUTBOARD  
20 MOTOR, INCLUDING, IF APPLICABLE, THE MAKE, YEAR, HORSEPOWER,  
21 SERIES OR MODEL, TYPE, AND OUTBOARD MOTOR IDENTIFICATION NUMBER.

22 (2) If the watercraft contains a permanent hull identifica-  
23 tion number placed on the watercraft by the manufacturer of the  
24 watercraft, this number shall be used as the hull identification  
25 number. IF THE OUTBOARD MOTOR CONTAINS A PERMANENT IDENTIFICA-  
26 TION NUMBER PLACED ON THE OUTBOARD MOTOR BY THE MANUFACTURER OF  
27 THE OUTBOARD MOTOR, THIS NUMBER SHALL BE USED AS THE OUTBOARD



1 MOTOR IDENTIFICATION NUMBER. If there is no manufacturer's hull  
2 identification number OR OUTBOARD MOTOR IDENTIFICATION NUMBER, or  
3 if the manufacturer's hull identification number OR OUTBOARD  
4 MOTOR IDENTIFICATION NUMBER is removed or obliterated, the secre-  
5 tary of state, upon a prescribed application which shall include  
6 information indicating proof of ownership, shall assign a hull  
7 identification number to the watercraft OR OUTBOARD MOTOR IDENTI-  
8 FICATION NUMBER TO THE OUTBOARD MOTOR. This assigned hull iden-  
9 tification number OR OUTBOARD MOTOR IDENTIFICATION NUMBER shall  
10 be permanently affixed to, or imprinted by the applicant, at the  
11 place and in the manner designated by the secretary of state,  
12 upon the watercraft OR OUTBOARD MOTOR to which the ~~hull~~ identi-  
13 fication number is assigned.

14       Sec. 8. The secretary of state shall issue a certificate of  
15 title containing the information required in the application for  
16 a certificate of title, as prescribed by section 7, except for  
17 the name and address of the previous owner. The certificate of  
18 title shall also contain space for the notation and cancellation  
19 of a lien, mortgage, or encumbrance. An assignment of certifi-  
20 cate of title shall appear on the reverse side of the certificate  
21 of title in the form to be prescribed by the secretary of state.  
22 The assignment form shall include a warranty that the signer is  
23 the owner of the watercraft OR OUTBOARD MOTOR and that a mort-  
24 gage, lien, or encumbrance is not on the watercraft OR OUTBOARD  
25 MOTOR, except as noted on the face of the certificate of title.

26       Sec. 9. (1) The secretary of state shall prescribe a  
27 uniform method of numbering certificates of title, and shall

1 maintain in his OR HER office indexes for the certificates of  
2 title.

3 (2) The secretary of state may destroy any certificate of  
4 title or supporting evidence thereof covering a watercraft OR  
5 OUTBOARD MOTOR which was on file for 10 years after the date of  
6 its filing.

7 Sec. 11. If the transfer of ownership of a watercraft OR,  
8 AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR is by operation of law,  
9 such as upon inheritance, devise, bequest, order in bankruptcy,  
10 insolvency, replevin, or execution of sale, or when a watercraft  
11 OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR is sold to satisfy a  
12 storage or repair charge, or if repossession is had upon default  
13 in performance of the terms of a security agreement, upon the  
14 surrender of the prior certificate of title or the manufacturer's  
15 or importer's certificate, or, when that is not possible, upon  
16 presentation of satisfactory proof to the secretary of state of  
17 ownership and a right of possession to the watercraft OR OUTBOARD  
18 MOTOR, and upon payment of the fee prescribed in section 10 and  
19 presentation of an application for certificate of title, the sec-  
20 retary of state may issue to the applicant a certificate of title  
21 to the watercraft OR OUTBOARD MOTOR. A certification by the  
22 person, or agent of the person, to whom possession of the water-  
23 craft OR OUTBOARD MOTOR passed, setting forth the facts entitling  
24 the person to possession and ownership, together with a copy of  
25 the journal entry, court order, or instrument upon which the  
26 claim of possession and ownership is founded, shall be  
27 satisfactory proof of ownership and right of possession. If the

1 applicant cannot produce proof of ownership, the applicant may  
2 apply to the secretary of state and submit evidence which the  
3 applicant has, and the secretary of state, if the secretary finds  
4 the evidence sufficient, may then issue a certificate of title.  
5 If, from the records in the office of the secretary of state, a  
6 lien appears to be on the watercraft OR OUTBOARD MOTOR, the cer-  
7 tificate of title shall contain a statement of the lien, unless  
8 the application is accompanied by proper evidence of extinction  
9 of the lien.

10       Sec. 12. (1) An owner of a watercraft OR, AFTER JANUARY 1,  
11 1994, AN OUTBOARD MOTOR and a person mentioned as owner in the  
12 last certificate of title, when the watercraft OR OUTBOARD MOTOR  
13 is dismantled, destroyed, or changed in such manner that it loses  
14 its character as a watercraft OR OUTBOARD MOTOR, or changed in  
15 such manner that it is not the watercraft OR OUTBOARD MOTOR  
16 described in the certificate of title, shall surrender the cer-  
17 tificate of title to the secretary of state, and thereupon the  
18 secretary of state shall, with the consent of a holder of a lien  
19 noted thereon, enter a cancellation upon ~~his~~ THE STATE  
20 records.

21       (2) Upon the cancellation of a certificate of title in the  
22 manner prescribed by subsection (1), the secretary of state may  
23 cancel and destroy the certificates.

24       Sec. 13. If certificate of title is lost, mutilated, or  
25 becomes illegible, application shall be made to the secretary of  
26 state by the owner of the watercraft OR OUTBOARD MOTOR for a  
27 duplicate copy of the certificate of title upon a form prescribed

1 by the secretary of state and accompanied by the fee prescribed  
2 by section 10. The application shall be certified by the person  
3 making the application. The secretary of state shall then issue  
4 a duplicate copy of the certificate of title to the person enti-  
5 tled to receive the duplicate copy under this act. Each dupli-  
6 cate certificate of title shall contain the legend, "This is a  
7 duplicate certificate and may be subject to the rights of a  
8 person under the original certificate", and shall be delivered to  
9 the person entitled to possession. A subsequent purchaser of the  
10 watercraft OR OUTBOARD MOTOR in the chain of title originating  
11 through the duplicate copy acquires only those rights in the  
12 watercraft OR OUTBOARD MOTOR which the original holder of the  
13 certified copy had. At the time of purchase, a purchaser of the  
14 watercraft OR OUTBOARD MOTOR may require the seller to indemnify  
15 the purchaser and subsequent purchasers of the watercraft OR OUT-  
16 BOARD MOTOR against a loss which the purchaser or subsequent pur-  
17 chasers may suffer by reason of a claim presented upon the origi-  
18 nal certificate. If the original certificate of title is recov-  
19 ered by the owner, the owner shall immediately surrender it to  
20 the secretary of state for cancellation.

21       Sec. 14. (1) The secretary of state may provide a commer-  
22 cial ~~look-up~~ LOOKUP service of watercraft OR OUTBOARD MOTOR  
23 title records on a fee basis per transaction and use fee revenues  
24 received from the service for necessary expenses.

25       (2) The secretary of state shall furnish information on a  
26 title without charge to authorized law enforcement and  
27 conservation officers when engaged in official duties.

1       Sec. 15. Manufacturers and importers shall appoint and  
2 authorize agents who shall sign manufacturer's or importer's  
3 certificates. The secretary of state may require that a certi-  
4 fied copy of a list containing the names and the facsimile signa-  
5 tures of authorized agents be furnished ~~him~~ TO THE SECRETARY OF  
6 STATE. The secretary of state may prescribe the form of authori-  
7 zation to be used by manufacturers or importers and the method of  
8 certification of the names of agents.

9       Sec. 17. (1) Upon receiving knowledge of a stolen water-  
10 craft OR, AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR, a law  
11 enforcement agency shall immediately furnish the sheriff's  
12 department of the county in which the watercraft OR OUTBOARD  
13 MOTOR was stolen and the department of state police with full  
14 information concerning the theft.

15       (2) The law enforcement agency receiving the initial report  
16 of the theft or conversion of a watercraft ~~—~~ OR OUTBOARD MOTOR  
17 shall notify the department of natural resources and the secre-  
18 tary of state and shall furnish the secretary of state a distinc-  
19 tive record thereof, including the make of the stolen watercraft  
20 OR OUTBOARD MOTOR and its manufacturer's ~~hull~~ identification  
21 number or assigned ~~hull~~ identification number. The secretary  
22 of state shall file the record in the numerical order of the  
23 manufacturer's ~~hull~~ identification number or assigned ~~hull~~  
24 identification number with the index records of the watercraft OR  
25 OUTBOARD MOTORS. The secretary of state shall prepare a report  
26 listing watercraft OR OUTBOARD MOTORS stolen and recovered as

1 disclosed by the reports submitted to the secretary of state, to  
2 be distributed as the secretary of state considers advisable.

3 (3) If a stolen or converted watercraft OR OUTBOARD MOTOR is  
4 recovered, the owner or recovering agency shall immediately  
5 notify the law enforcement agency which received the initial  
6 theft report, which shall immediately notify the department of  
7 natural resources, the sheriff of the county from which the  
8 watercraft OR OUTBOARD MOTOR was stolen, the department of state  
9 police, and the secretary of state. The secretary of state shall  
10 remove the record of the theft or conversion from the file in  
11 which the report is recorded.

12 Sec. 18. A person shall not:

13 (a) Operate in this state a watercraft OR, AFTER JANUARY 1,  
14 1994, AN OUTBOARD MOTOR for which a certificate of title is  
15 required without having a certificate as prescribed by this act.

16 (b) Operate in this state a watercraft OR, AFTER JANUARY 1,  
17 1994, AN OUTBOARD MOTOR for which a certificate of title is  
18 required for which the certificate of title is canceled.

19 (c) Fail to surrender a certificate of title upon cancella-  
20 tion of the certificate by the secretary of state and notice  
21 thereof as prescribed in this act.

22 (d) Fail to surrender the certificate of title to the secre-  
23 tary of state, as provided in this act, if the watercraft OR,  
24 AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR is destroyed, disman-  
25 tled, or changed in such manner that it is not the watercraft OR  
26 OUTBOARD MOTOR described in the certificate of title.

1       Sec. 19. (1) A person shall not do any of the following:

2       (a) Alter or forge a certificate of title, or a

3 manufacturer's or importer's certificate, to a watercraft OR OUT-  
4 BOARD MOTOR, an assignment of either, or a cancellation of a lien  
5 on a watercraft OR OUTBOARD MOTOR.

6       (b) Hold or use a certificate, assignment, or cancellation,  
7 knowing it is altered or forged.

8       (c) Procure, or attempt to procure, a certificate of title  
9 to a watercraft OR OUTBOARD MOTOR, or pass, or attempt to pass, a  
10 certificate of title or an assignment of title to a watercraft OR  
11 OUTBOARD MOTOR, knowing or having reason to believe that the  
12 watercraft OR OUTBOARD MOTOR is stolen.

13       (d) Sell, or offer for sale, in this state a watercraft OR,  
14 AFTER JANUARY 1, 1994, AN OUTBOARD MOTOR on which the  
15 manufacturer's or assigned hull identification number is  
16 destroyed, removed, covered, altered, or defaced, with knowledge  
17 of the destruction, removal, covering, alteration, or defacement  
18 of the manufacturer's or assigned hull OR OUTBOARD MOTOR identi-  
19 fication number.

20       (e) Use a false or fictitious name, give a false or fictitious  
21 address, or make a false statement in an application or certifi-  
22 cate required under this act, or in a bill of sale or sworn  
23 statement of ownership, or otherwise commit a fraud in an  
24 application.

25       (f) Sell or transfer a watercraft OR, AFTER JANUARY 1, 1994,  
26 AN OUTBOARD MOTOR without delivering to the purchaser or  
27 transferee of the watercraft OR OUTBOARD MOTOR a certificate of

1 title, or a manufacturer's or importer's certificate to the  
2 watercraft OR OUTBOARD MOTOR, assigned to the purchaser as pro-  
3 vided for in this act.

4 (2) A person who violates this section is guilty of a misde-  
5 meanor, punishable by imprisonment for not more than 1 year, or a  
6 fine of not more than \$5,000.00, or both.

7 Sec. 20. (1) A security agreement covering a security  
8 interest in a watercraft OR, AFTER JANUARY 1, 1994, AN OUTBOARD  
9 MOTOR, if the instrument is accompanied by delivery of a  
10 manufacturer's or importer's certificate and followed by actual  
11 and continued possession of the certificate by the holder of the  
12 instrument, or, in the case of a certificate of title, if a nota-  
13 tion of the instrument is made by the secretary of state on the  
14 face of the certificate, shall be valid as against the creditors  
15 of the debtor, whether armed with process or not, and against  
16 subsequent purchasers, secured parties, and other lienholders or  
17 claimants. Liens, mortgages, and encumbrances noted upon a cer-  
18 tificate of title shall take priority according to the order of  
19 time in which they are noted thereon by the secretary of state.  
20 Exposure for sale of a watercraft OR, AFTER JANUARY 1, 1994, AN  
21 OUTBOARD MOTOR by the owner thereof, with the knowledge, or with  
22 the knowledge and consent, of the holder of a lien, mortgage, or  
23 encumbrance thereon, shall not render the lien, mortgage, or  
24 encumbrance ineffective as against the creditors of the owner, or  
25 against holders of subsequent liens, mortgages, or encumbrances  
26 upon the watercraft OR OUTBOARD MOTOR.



1       (2) The secured party, upon presentation of a properly  
2 completed application for certificate of title to the secretary  
3 of state, together with the fee prescribed by section 10, may  
4 have a notation of the lien made on the face of the certificate  
5 of title to be issued by the secretary of state. The secretary  
6 of state shall enter the notation and the date thereof, and shall  
7 note the lien and the date thereof in his OR HER files.

8       (3) When the lien is discharged, the holder shall note the  
9 discharge on the certificate of title over his OR HER signature.

10       Sec. 21. A watercraft OR OUTBOARD MOTOR acquired by the  
11 owner prior to January 1, 1977, shall not be the subject of a  
12 certificate of title until it is mortgaged, sold, transferred, or  
13 a lien placed on the watercraft OR OUTBOARD MOTOR.