



Ohio Revised Code

Section 1548.20 Security interest covering watercraft or outboard motor for which certificate of title is required.

Effective: September 14, 2016

Legislation: Senate Bill 293 - 131st General Assembly

(A) Chapter 1309. of the Revised Code does not permit or require the deposit, filing, or other record of a security interest covering a watercraft or outboard motor for which a certificate of title is required. Any security agreement covering a security interest in a watercraft or outboard motor, if it is accompanied by delivery of a manufacturer's or importer's certificate and followed by actual and continued possession of that certificate by the holder of the instrument, or, in the case of a certificate of title, if a notation of the security agreement has been made by a clerk of a court of common pleas on the face of the certificate of title or the clerk has entered a notation of the agreement into the automated title processing system and a physical certificate of title for the watercraft or outboard motor has not been issued, shall be valid as against the creditors of the debtor, whether armed with process or not, and against subsequent purchasers, secured parties, and other lienholders or claimants. All security interests, liens, mortgages, and encumbrances entered into the automated title processing system in relation to a particular certificate of title, regardless of whether a physical certificate of title is issued, take priority according to the order of time in which they are entered into the automated title processing system by the clerk. Exposure for sale of any watercraft or outboard motor by its owner, with the knowledge or with the knowledge and consent of the holder of any security interest, lien, mortgage, or encumbrance on the watercraft or outboard motor, shall not render the security interest lien, mortgage, or encumbrance ineffective as against the creditors of the owner or against holders of subsequent security interests, liens, mortgages, or encumbrances upon the watercraft or outboard motor.

(B) If a secured party presents evidence of the security interest to a clerk of a court of common pleas together with the certificate of title, if a physical certificate of title for the watercraft or outboard motor exists, and the fee prescribed by section 1548.10 of the Revised Code, the clerk, unless the secured party specifically requests the clerk not to issue a physical certificate of title, shall issue a new original certificate of title from the automated title processing records. The new certificate shall indicate the security interest and the date of the security interest. The clerk also shall note the security interest and its date in the clerk's files and enter that information into the automated title



processing system, and on that day shall notify the chief of the division of parks and watercraft. The clerk shall indicate by appropriate notation on the security agreement itself the fact that the security interest has been noted on the certificate of title.

(C) If a security interest is fully discharged as a result of its holder's receipt of good funds in the correct amount and if the holder holds a physical certificate of title, the holder shall note the discharge of the security interest over the holder's signature on the face of the certificate of title, or, if there is not sufficient space for the notation on the face of the certificate of title, the holder shall note the discharge over the holder's signature on a form prescribed by the chief. Except as otherwise provided in this section, prior to delivering the certificate of title to the owner, the holder or the holder's agent shall convey the certificate of title or a separate sworn statement of the discharge of the security interest and any additional information the chief requires to a clerk. The conveyance shall occur not more than seven business days after the date good funds in the correct amount to fully discharge the security interest have been credited to an account of the holder, provided the holder has been provided accurate information concerning the watercraft or outboard motor. Conveyance of the certificate of title or separate sworn statement of the discharge within the required seven business days may be indicated by postmark or receipt by a clerk within that period. If the discharge of the security interest appears to be genuine, the clerk shall note the discharge of the security interest on the face of the certificate of title, if it was so conveyed, and note it in the automated title processing system.

If a security interest is fully discharged as a result of its holder's receipt of good funds in the correct amount and the holder does not hold a physical certificate of title, when the holder notifies a clerk of the discharge of its security interest, the holder at that time also may request the clerk to issue a physical certificate of title to the watercraft or outboard motor. The request shall specify whether the clerk is to send the certificate of title directly to the owner or to the holder or the holder's agent for transmission to the owner. If such a request is made, the clerk shall issue a physical certificate of title and send it to the specified person.

The clerk shall not honor such a request for a physical certificate of title if it is not made by the holder at the same time as the holder's notification to the clerk of the discharge of its security interest.



(D)(1) In all cases, a secured party may choose to present a clerk with evidence of a security interest via electronic means, and the clerk shall enter the security interest into the automated title processing system. A secured party also may choose to notify a clerk of the discharge of its security interest via electronic means, and the clerk shall enter the cancellation into the automated title processing system.

(2) In the case of a security interest that is being satisfied by a watercraft dealer to whom a certificate of title is being transferred, the cancellation of the security interest shall occur during the course of the transfer. The dealer shall submit a discharge request to the secured party. A discharge request shall include good funds in the correct amount to fully discharge the security interest and accurate information concerning the watercraft or outboard motor.

(3)(a) Upon receiving a discharge request that complies with division (D)(2) of this section, except as otherwise provided in this division, a secured party shall convey the certificate of title, with the discharge of the security interest noted on its face, to the dealer within seven business days after the date good funds in the correct amount to fully discharge the security interest have been credited to an account of the secured party.

If a secured party is unable to convey to the dealer a certificate of title within the required seven business days, the secured party instead shall convey to the dealer an affidavit stating that the security interest has been discharged, together with payment for a duplicate certificate of title, within that period.

(b) Conveyance of a certificate of title, or affidavit and required payment, from a secured party to a dealer under the circumstances described in division (D)(3)(a) of this section within the required seven business days may be indicated by a postmark within that period.

(4) A secured party is liable to a dealer for a late fee of ten dollars per day for each certificate of title, or affidavit and required payment, conveyed to the dealer more than seven business days but less than twenty-one days after the date specified in division (D)(3)(a) of this section and, from then on, twenty-five dollars per day until the certificate of title, or affidavit and required payment, are conveyed to the dealer.



(E) If a physical certificate of title has not been issued for a watercraft or outboard motor and all the security interests relating to that watercraft or outboard motor have been discharged, the owner of the watercraft or outboard motor may obtain a physical certificate of title from the clerk of any court of common pleas upon payment of the fee specified in section 1548.10 of the Revised Code.

(F) If a clerk of a court of common pleas, other than the clerk of the court of common pleas of the county in which the owner of a watercraft or outboard motor resides, enters a notation of the existence of, or the cancellation of, a security interest relating to the watercraft or outboard motor, the clerk shall transmit the data relating to the notation to the automated title processing system.

(G) The electronic transmission of security interest and other information under this section shall comply with rules adopted by the registrar of motor vehicles under section 4505.13 of the Revised Code.

(H) As used in this section:

(1) "Accurate information" means the serial number of the watercraft or outboard motor, if any; the make and model of the watercraft or outboard motor; and the name and address of the owner of the watercraft or outboard motor as they appear on the certificate of title that is to be conveyed.

(2) "Good funds" has the same meaning as in section 4505.13 of the Revised Code.

(3) "Watercraft dealer" has the same meaning as in section 1546.01 of the Revised Code.