

Iowa Independent Automobile Dealers Association

Opposed to SSB 1028 - Wrecked or Salvage Motor Vehicles

- As a primary point of sale for motor vehicles to consumers the licensed auto dealer is concerned about the type and quality of the product it introduces into the stream of commerce. Dealers don't want to sell inferior products.
- A vehicle that has been damaged where the cost of repair is up to 70% of its FMV is a severely damaged vehicle where safety systems such as airbags, seatbelts, brakes and steering have a greater likelihood of being compromised.
- Repairs to severely damaged vehicles are not inspected as to safety or quality of repair in the state of Iowa.
- SSB 1028 will allow severely damaged vehicles that have been ostensibly repaired to be re-introduced into the stream of commerce for public consumption without requiring any disclosure that the vehicle had previously incurred damage.
- In the state of Iowa, any non-licensed person can purchase wrecked or salvage titled vehicles and repair them for re-sale as a hobbyist up to six vehicles in a year.
- Without damage disclosure requirements, licensed motor vehicle dealers will not have the ability to discern hidden defects when purchasing the vehicle at auction where such disclosures are necessarily relied upon.
- SSB 1028 fails to follow best practices recommended by the American Association of Motor Vehicle Administrators (AAMVA) as to the branding and handling of salvage, rebuilt salvage, junk, and flood damaged vehicles.

DAMAGE DISCLOSURE REQUIREMENT

Current Iowa Law:

321.69 - A damage disclosure statement shall be provided by the transferor to the transferee at or before time of sale. The transferee shall submit a damage disclosure statement with the application for title indicating whether a salvage, rebuilt, or flood title had ever existed for the vehicle, and if not, whether the vehicle was damaged to the extent that it was a wrecked or salvage vehicle as

defined in section 321.52(4)(e), during or prior to the transferor's ownership of the vehicle

321.52(4)(e) - "wrecked or salvage vehicle" means a damaged motor vehicle subject to registration for which the cost of repair exceeds fifty percent (50%) of the fair market value of the vehicle before it became damaged.

Background History of Damage Disclosure Law:

The history of the Iowa damage disclosure law is as follows:

1993 ----- We enacted a \$3000 disclosure requirement

1998 ----- We raised that figure to \$5000 worth of damage for disclosure

2003 ----- We raised the disclosure figure to \$6000

2004 ----- We raised the disclosure to 50% - damage of the fair market value of the vehicle **MUST BE DISCLOSED**. Additionally, the title is also required to be branded **SALVAGE**.

We have had this in place for 14 years. Now it is being suggested that a wrecked vehicle would not be placed on a salvage title unless it has received 70% of its value in damage. There also would be no damage disclosure until 70% damage.