CHAPTER 1036

MOTOR VEHICLE REGISTRATION AND TITLING REQUIREMENTS — BOND ALTERNATIVES

H.F. 2316

AN ACT providing an alternative to filing a bond as a condition of registering and titling certain motor vehicles.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 321.24, subsection 11, Code 2024, is amended to read as follows:

11. If the county treasurer or department is not satisfied as to the ownership of the vehicle or that there are no undisclosed security interests in it, or if a junking certificate has been issued for the vehicle but a certificate of title will not be reissued under section 321.52, subsection 3, and the vehicle qualifies as an antique vehicle under section 321.115, subsection 1, the county treasurer or department may register the vehicle but shall, as a condition of issuing a certificate of title and registration receipt, require the applicant to first receive approval by the department.

a. If the department determines the value of the vehicle is one thousand dollars or less and the vehicle is twelve model years old or older, the department shall notify the applicant, and the department or county treasurer may issue a certificate of title and registration receipt. The applicant shall apply for a certificate of title and registration within thirty days of the department's notification of determination.

b. If the department determines the value of the vehicle is more than one thousand dollars or the vehicle is less than twelve model years old, the applicant shall file with the department a bond in the form prescribed by the department and executed by the applicant, and either accompanied by the deposit of cash with the department or also executed by a person authorized to conduct a surety business in this state. The owner of a vehicle subject to the bond requirements of this subsection shall apply for a certificate of title and registration for the vehicle at the county treasurer's office within thirty days of issuance of written authorization from the department. The bond shall be in an amount equal to one and one-half times the current value of the vehicle, as determined by the department, and conditioned to indemnify any prior owner and secured party and any subsequent purchaser of the vehicle or person acquiring any security interest in it, and their respective successors in interest, against any expense, loss, or damage, including reasonable attorney fees, by reason of the issuance of the certificate of title for the vehicle or on account of any defect in or undisclosed security interest upon the right, title, and interest of the applicant in and to the vehicle. Any such interested person has a right of action to recover on the bond for any breach of its conditions, but the aggregate liability of the surety to all persons shall not exceed the amount of the bond. The bond, and any deposit accompanying it, shall be returned at the end of three years or earlier if the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered to the department, unless the department has been notified of the pendency of an action to recover on the bond. The department may authorize issuance of a certificate of title as provided in this subsection for a vehicle with an unreleased security interest upon presentation of satisfactory evidence that the security interest has been extinguished or that the holder of the security interest cannot be located to release the security interest as provided in section 321.50.

c. The department may adopt rules pursuant to chapter 17A to implement and administer this subsection.

Sec. 2. Section 321.52, subsection 3, paragraph d, Code 2024, is amended to read as follows:

d. However, upon application and a showing of good cause, the department may issue a certificate of title to a person after the fourteen-day period for a junked vehicle for which a junking certificate has been issued. For purposes of this subsection, "*good cause*" means that the junking certificate was obtained by mistake or inadvertence. If a person's application to the department is denied, the person may make application for a certificate of title under the

~~bonding~~ procedure as provided in section 321.24, subsection 11, if the vehicle qualifies as an antique vehicle under section 321.115, subsection 1, or the person may seek judicial review as provided under sections 17A.19 and 17A.20.

Approved April 10, 2024