

House File 502

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AN ACT

RELATING TO DAMAGE DISCLOSURE STATEMENTS REQUIRED FOR TRANSFER
OF OWNERSHIP OF MOTOR VEHICLES AND PROVIDING A PENALTY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321.69, subsections 2 and 3, Code 2003,
are amended to read as follows:

2. The damage disclosure statement required by this
section shall, at a minimum, state the total retail dollar
amount of all damage to the vehicle during the period of the
transferor's ownership of the vehicle and whether the
transferor knows if the vehicle was titled as a salvage or
flood vehicle in this or any other state prior to the
transferor's ownership of the vehicle. For the purposes of
this section, "damage" refers to damage to the vehicle caused
by fire, vandalism, collision, weather, falling objects,
submersion in water, or flood, where the cost of repair is
~~five six~~ six thousand dollars or more per incident, but does not
include normal wear and tear, glass damage, mechanical repairs
or electrical repairs that have not been caused by fire,
vandalism, collision, weather, falling objects, submersion in
water, or flood. "Damage" does not include the cost of
repairing, replacing, or reinstalling tires, lights,
batteries, windshields, windows, a sound system, or an
inflatable restraint system. A determination of the amount of
damage to a vehicle shall be based on estimates of the retail
cost of repairing the vehicle, including labor, parts, and
other materials, if the vehicle has not been repaired or on
the actual retail cost of repair, including labor, parts, and
other materials, if the vehicle has been repaired. Only
individual incidents in which the retail cost of repairs is
~~five six~~ six thousand dollars or more are required to be disclosed
by this section. If the vehicle has incurred damage of ~~five~~
six thousand dollars or more per incident in more than one
incident, the damage amounts must be combined and disclosed as
the total of all separate incidents.

3. The damage disclosure statement shall be provided by
the transferor to the transferee at or before the time of
sale. However, if the transferor has a salvage certificate of
title for the vehicle, the transferor is not required to
disclose under this section the total retail cost of repairs
to the vehicle during the period of the transferor's ownership
of the vehicle. If the transferor is not a resident of this
state or if the transferee acquired the vehicle by operation
of law as provided in section 321.47, the transferee shall not
be required to submit a damage disclosure statement from the
transferor with the transferee's application for title unless
the state of the transferor's residence requires a damage
disclosure statement. However, the transferee shall submit a
damage disclosure statement with the transferee's application
for title indicating whether a salvage or rebuilt title had
ever existed for the vehicle, whether the vehicle had incurred
prior damage of ~~five six~~ six thousand dollars or more per
incident, and the year, make, and vehicle identification
number of the motor vehicle. The transferee shall not be
required to indicate whether the vehicle had incurred prior
damage of ~~five six~~ six thousand dollars or more per incident under
this subsection if the transferor's certificate of title is
from another state and if it indicates that the vehicle is
salvaged and not rebuilt or is another state's salvage
certificate of title.

Sec. 2. Section 321.69, subsection 7, unnumbered paragraph
1, Code 2003, is amended to read as follows:

The damage disclosure statements shall be made on the back
of the certificate of title if the title is available to the
transferor at the time of sale. If the title is not available
at the time of sale or if the face of the transferor's Iowa
title contains no indication that the vehicle was previously
salvaged or titled as salvaged or rebuilt and the transferor
knows or reasonably should know that the vehicle was
previously salvaged or titled as salvaged or rebuilt in
another state, the transferor shall make the disclosure on a

3 6 separate disclosure document. The damage disclosure statement
3 7 forms shall be as approved by the department. The treasurer
3 8 shall not accept a damage disclosure statement and issue a
3 9 title unless the back of the title or separate disclosure
3 10 document has been fully completed and signed and dated by the
3 11 transferee and the transferor, if applicable. If a separate
3 12 damage disclosure document from a prior owner is required to
3 13 be furnished with the application for title, the transferor
3 14 must provide a copy of the separate damage disclosure document
3 15 to the transferee at or before the time of sale.

3 16 Sec. 3. Section 321.69, subsections 8 and 9, Code 2003,
3 17 are amended to read as follows:

3 18 8. A person, authorized vehicle recycler licensed under
3 19 chapter 321H, or motor vehicle dealer licensed under chapter
3 20 322 shall not be liable to a subsequent owner, driver, or
3 21 passenger of a vehicle because a prior owner or lessee gave a
3 22 false or inaccurate damage disclosure statement or failed to
3 23 disclose that the vehicle had previously been damaged and
3 24 repaired or had been titled on a salvage or rebuilt
3 25 certificate of title unless the person, recycler, or dealer
3 26 knew or reasonably should have known that the prior owner or
3 27 lessee gave a false or inaccurate damage disclosure statement
3 28 or failed to disclose that the vehicle had been damaged and
3 29 repaired or had been titled on a salvage or rebuilt
3 30 certificate of title.

3 31 9. This section does not apply to ~~new motor vehicles with~~
~~3 32 a true mileage, as defined in section 321.71, of one thousand~~
~~3 33 miles or less, motor trucks and truck tractors with a gross~~
3 34 vehicle weight rating of sixteen thousand pounds or more,
3 35 vehicles more than nine model years old, motorcycles,
4 1 motorized bicycles, and special mobile equipment. ~~The This~~
4 2 section does apply to motor homes. The requirement in
4 3 subsection 1 that the new certificate of title and
4 4 registration receipt shall state on the face of the title the
4 5 total cumulative dollar amount of damage does not apply to a
4 6 vehicle with a certificate of title bearing a designation that
4 7 the vehicle was previously titled on a salvage certificate of
4 8 title pursuant to section 321.52, subsection 4, paragraph "b",
4 9 or to a vehicle with a certificate of title bearing a
4 10 "REBUILT" or "SALVAGE" designation pursuant to section 321.24,
4 11 subsection 4 or 5. This section does not apply to new motor
4 12 vehicles with a true mileage, as defined in section 321.71, of
4 13 one thousand miles or less, unless such vehicle has incurred
4 14 damage as defined in subsection 2.

4 15 Sec. 4. Section 321.69, Code 2003, is amended by adding
4 16 the following new subsection:

4 17 NEW SUBSECTION. 9A. A person shall not sell, lease, or
4 18 trade a motor vehicle if the person knows or reasonably should
4 19 know that the motor vehicle contains a nonoperative airbag
4 20 that is part of an inflatable restraint system, or that the
4 21 motor vehicle has had an airbag removed and not replaced,
4 22 unless the person clearly discloses, in writing, to the person
4 23 to whom the person is selling, leasing, or trading the
4 24 vehicle, prior to the sale, lease, or trade, that the airbag
4 25 is missing or nonoperative. In addition, a lessee who has
4 26 executed a lease as defined in section 321F.1 shall provide
4 27 the disclosure statement required in this subsection to the
4 28 lessor upon termination of the lease.

4 29 The written disclosure required by this subsection shall be
4 30 deemed to be a damage disclosure statement for the purposes of
4 31 subsections 6, 8, and 10.

4 32 Sec. 5. Section 321.69, subsection 10, Code 2003, is
4 33 amended to read as follows:

4 34 10. A person who knowingly makes a false damage disclosure
4 35 statement or fails to make a damage disclosure statement
5 1 required by this section commits a fraudulent practice.
5 2 Failure of a person, authorized vehicle recycler licensed
5 3 under chapter 321H, or motor vehicle dealer licensed under
5 4 chapter 322, to comply with any duty imposed by this section
5 5 constitutes a violation of section 714.16, subsection 2,
5 6 paragraph "a".
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CHRISTOPHER C. RANTS
Speaker of the House

MARY E. KRAMER
President of the Senate

5 17
5 18 I hereby certify that this bill originated in the House and
5 19 is known as House File 502, Eightieth General Assembly.

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5 23 _____
5 24 MARGARET THOMSON
5 25 Chief Clerk of the House

5 26 Approved _____, 2003

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5 28 _____
5 29 THOMAS J. VILSACK
5 30 Governor