



THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

April 22, 2003

The Honorable Chester Culver
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

House File 502, an Act relating to damage disclosure statements required for transfer of ownership of motor vehicles and providing a penalty.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Vilsack".

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House





HOUSE FILE 502

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

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

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

9. This section does not apply to ~~new-motor-vehicles-with-a-true-mileage, as defined in section 321.71, of one-thousand miles or less,~~ motor trucks and truck tractors with a gross vehicle weight rating of sixteen thousand pounds or more,

vehicles more than nine model years old, motorcycles, motorized bicycles, and special mobile equipment. ~~The~~ This section does apply to motor homes. The requirement in subsection 1 that the new certificate of title and registration receipt shall state on the face of the title the total cumulative dollar amount of damage does not apply to a vehicle with a certificate of title bearing a designation that the vehicle was previously titled on a salvage certificate of title pursuant to section 321.52, subsection 4, paragraph "b", or to a vehicle with a certificate of title bearing a "REBUILT" or "SALVAGE" designation pursuant to section 321.24, subsection 4 or 5. This section does not apply to new motor vehicles with a true mileage, as defined in section 321.71, of one thousand miles or less, unless such vehicle has incurred damage as defined in subsection 2.

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

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

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

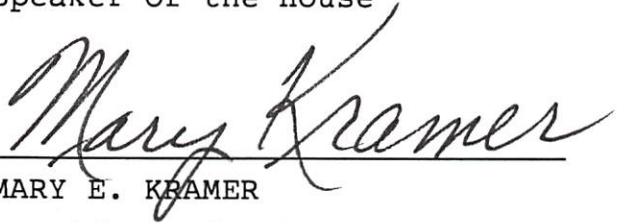
Sec. 5. Section 321.69, subsection 10, Code 2003, is amended to read as follows:

10. A person who knowingly makes a false damage disclosure statement or fails to make a damage disclosure statement required by this section commits a fraudulent practice. Failure of a person, authorized vehicle recycler licensed under chapter 321H, or motor vehicle dealer licensed under chapter 322~~7~~, to comply with any duty imposed by this section

constitutes a violation of section 714.16, subsection 2,
paragraph "a".



CHRISTOPHER C. RANTS
Speaker of the House



MARY E. KRAMER
President of the Senate

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



MARGARET THOMSON
Chief Clerk of the House

Approved April 22, 2003



THOMAS J. VILSACK
Governor