

Senate File 2228 - Enrolled

Senate File 2228

AN ACT

RELATING TO THE ACTIVITIES OF MOTOR VEHICLE DEALERS AND  
WHOLESALEERS, INCLUDING THE ELECTRONIC SUBMISSION OF  
APPLICATIONS FOR MOTOR VEHICLE REGISTRATION AND ISSUANCE  
OF CERTIFICATES OF TITLE, THE USE OF LICENSES AND  
ADVERTISEMENTS, THE FURNISHING OF SURETY BONDS, AND THE  
ASSESSMENT OF DOCUMENTARY FEES, AND MAKING PENALTIES  
APPLICABLE.

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

Section 1. Section 321.20, subsections 2 and 3, Code 2016,  
are amended to read as follows:

2. Notwithstanding contrary provisions of [this chapter](#) or  
chapter 326 regarding titling and registration by means other  
than electronic means, the department ~~may~~ shall, by January 1,  
2018, develop and implement a program to allow for

electronic applications, titling, registering, and ~~electronic funds transfer~~ transfers for vehicles subject to registration in order to improve the efficiency and timeliness of the processes and to reduce costs for all parties involved. The program shall also provide for the electronic submission of any statement required by this section, except where prohibited by federal law.

3. The department shall adopt rules on the method for providing signatures for applications and statements required by this section that are made by electronic means.

Sec. 2. Section 321.20, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding this section or any other provision of law to the contrary, if the program required by subsection 2 is not implemented by January 1, 2018, an owner of a vehicle subject to registration may apply to the county treasurer of a county contiguous to the county designated for the owner under subsection 1 for registration and issuance of a certificate of title.

Sec. 3. Section 322.2, subsection 7, Code 2016, is amended to read as follows:

7. *"Engaged in the business"* means doing any of the following acts for the purpose of the sale of motor vehicles at retail: acquiring, selling, exchanging, holding, offering, displaying, brokering, accepting on consignment, conducting a retail auction, advertising as being engaged in any of those acts, or acting as an agent for the purpose of doing any of those acts. A person selling at retail more than six motor vehicles during a twelve-month period may be presumed to be engaged in the business.

Sec. 4. Section 322.3, subsection 3, Code 2016, is amended to read as follows:

3. Subsections 1, and 2, and 16 shall not be construed to require the separate licensing of persons employed as salespersons of motor vehicles by a retail motor vehicle dealer. However, the department may promulgate reasonable rules as necessary for the proper identification of persons employed as salespersons.

Sec. 5. Section 322.3, subsection 12, Code 2016, is amended

to read as follows:

12. A person who has been convicted of a fraudulent practice, has been convicted of three or more violations of section 321.92, subsection 2, or [section 321.99](#), has been convicted of three or more violations of subsection 16 of this section in the previous three-year period, or has been convicted of any other indictable offense in connection with selling or other activity relating to motor vehicles, in this state or any other state, shall not for a period of five years from the date of conviction be an owner, salesperson, employee, officer of a corporation, or representative of a licensed motor vehicle dealer or represent themselves as an owner, salesperson, employee, officer of a corporation, or representative of a licensed motor vehicle dealer.

Sec. 6. Section 322.3, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 16. A motor vehicle dealer or wholesaler licensed under this chapter shall not sell, loan, rent, lease, or charge a fee for the use of the license to another person for the purpose of allowing the person to engage in the business of selling motor vehicles.

Sec. 7. Section 322.4, subsection 1, paragraph g, Code 2016, is amended to read as follows:

g. Before the issuance of a motor vehicle dealer's license to a dealer engaged in the sale of vehicles for which a certificate of title is required under [chapter 321](#), or the issuance of a temporary permit under section 322.5, subsection 6, paragraph "b", the applicant shall furnish a surety bond executed by the applicant as principal and executed by a corporate surety company, licensed and qualified to do business within this state, which bond shall run to the state of Iowa, be in the amount of ~~fifty~~ seventy-five thousand dollars and be conditioned upon the faithful compliance by the applicant as a dealer with all of the statutes of this state regulating or applicable to the business of a dealer in motor vehicles, and indemnifying any person who buys a motor vehicle from the dealer from any loss or damage occasioned by the failure of the dealer to comply with any of the provisions of [chapter 321](#) and this chapter, including but not limited to the furnishing of

a proper and valid certificate of title to the motor vehicle involved in a transaction. The bond shall also indemnify any motor vehicle purchaser from any loss or damage caused by the failure of the dealer to comply with the odometer requirements in [section 321.71](#), regardless of whether the motor vehicle was purchased directly from the dealer. The bond shall be filed with the department prior to the issuance of a license or permit. The aggregate liability of the surety, however, shall not exceed the amount of the bond.

Sec. 8. NEW SECTION. 322.19A **Documentary fee.**

1. For purposes of this section, "*documentary fee*" means a fee that may be charged to a customer by a motor vehicle dealer for the preparation of documents related to an application for motor vehicle registration and an application for issuance of a certificate of title, and the performance of other related services for the customer. "*Documentary fee*" does not include any costs or fees charged to a motor vehicle dealer or a dealer's customer by a third party.

2. A motor vehicle dealer may charge a documentary fee not to exceed one hundred eighty dollars for each motor vehicle sold in a transaction.

3. After the department has implemented a statewide program pursuant to section 321.20, subsection 2, the maximum documentary fee permitted by subsection 2 shall be reduced by twenty-five dollars.

4. A motor vehicle dealer who charges a documentary fee to a customer shall include the fee in the price of the motor vehicle. The dealer shall disclose the full amount of the fee in any price of a motor vehicle advertised by the dealer and when making or accepting an offer to sell a motor vehicle. The dealer shall provide the following notice to the customer, which notice shall be clearly and conspicuously disclosed in any motor vehicle purchase agreement with the customer:

DOCUMENTARY FEE. A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO A BUYER FOR THE PREPARATION OF DOCUMENTS AND THE PERFORMANCE OF RELATED SERVICES. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR A DOCUMENTARY FEE IS DETERMINED BY IOWA CODE SECTION 322.19A. THIS NOTICE IS REQUIRED BY LAW.

5. A violation of this section is an unlawful practice under section 714.16.

---

PAM JOCHUM  
President of the Senate

---

LINDA UPMEYER  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2228, Eighty-sixth General Assembly.

---

MICHAEL E. MARSHALL  
Secretary of the Senate

Approved \_\_\_\_\_, 2016

---

TERRY E. BRANSTAD  
Governor