

House File 592 - Enrolled

House File 592

AN ACT

RELATING TO LICENSED VEHICLE DEALERS, INCLUDING VEHICLES FOR  
RESALE SUBJECT TO A SECURITY INTEREST AND REMOTE SALES OF  
MOTOR VEHICLES.

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

Section 1. Section 321.50, subsection 5, paragraph a, Code 2023, is amended to read as follows:

a. When Except as provided in section 321.48, subsection 1, paragraph "b", when a security interest is discharged, the holder shall note a cancellation of the security interest on the face of the certificate of title over the holder's signature or may note the cancellation of the security interest on a separate, notarized release form or letter. The holder shall deliver the certificate of title and the form or letter, if applicable, to the county treasurer where the title was issued. In the case of a security interest that has been delivered by electronic means, the holder shall notify the department or the county treasurer, in a manner prescribed by the department, of the release of the security interest.

The county treasurer shall immediately note the cancellation of the security interest on the face of the certificate of title, if applicable, and in the county records system. The county treasurer shall on the same day deliver the certificate of title, if applicable, and the separate, notarized release form or letter, if applicable, to the then first secured party or, if there is no such person, to the person as directed by the owner, in writing, on a form prescribed by the department or, if there is no person designated, then to the owner. The cancellation of the security interest shall be noted on the certificate of title by the county treasurer without charge. The holder of a security interest discharged by payment who fails to release the security interest within fifteen days after being requested in writing to do so shall forfeit to the person making the payment the sum of twenty-five dollars.

Sec. 2. Section 321.50, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. Notwithstanding subsection 5, when an application for registration and issuance of a certificate of title is made by the means described in section 321.20, subsection 2, and the application includes a certificate of title upon which a security interest has been discharged by the secured party and the cancellation of the security interest is noted by the secured party on the certificate of title above the secured party's signature, the county treasurer shall not require any other notation of the cancellation of the security interest on the face of the certificate of title, and, if applicable, the county treasurer shall notify the county treasurer of the county where the certificate of title was issued that the security interest has been released as of the specified date and shall update such release on the applicable program or computer system. A dealer licensed under chapter 322 or chapter 322C is authorized to sell such a vehicle pursuant to section 321.48, subsection 1, paragraph "b".

Sec. 3. Section 322.2, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 20A. "*Remote sale*" means a sale of a motor vehicle conducted via mail, either electronically or by courier, including any offering, bartering, negotiating, exchanging, and other communication regarding the sale of the vehicle. "*Remote sale*" includes the delivery of the vehicle to the residence of the buyer or another agreed-to location, if requested by the buyer.

Sec. 4. Section 322.3, subsection 11, Code 2023, is amended to read as follows:

11. A person who is engaged in the business of selling motor vehicles at retail shall not sell, offer for sale, display, represent, or advertise that the person intends to sell motor vehicles from a location other than the person's place of business, except as provided in subsection 11A or section 322.5.

Sec. 5. Section 322.3, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 11A. A retail seller licensed under this chapter may engage in remote sales of motor vehicles located at a place of business of the retail seller, as listed on the license, under all of the following conditions:

a. The dealer shall possess, at the time of the sale, the certificate of title to any motor vehicle offered for remote sale.

b. The dealer may transmit a proposed purchase agreement from the dealer to the prospective buyer if such agreement is the result of negotiation between the parties. The dealer shall not negotiate and shall not deliver a proposed purchase agreement to a buyer in person at a location other than the dealer's place of business.

c. The dealer shall not sign a proposed purchase agreement until the dealer receives an executed purchase agreement from the buyer. A signed purchase agreement must be delivered to the dealer's place of business.

d. The dealer shall not deliver a motor vehicle to a buyer away from the dealer's place of business until the buyer's purchase of the motor vehicle is completed.

e. Remote sales are subject to chapter 554D.

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PAT GRASSLEY  
Speaker of the House

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AMY SINCLAIR  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 592, Ninetieth General Assembly.

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MEGHAN NELSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2023

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KIM REYNOLDS  
Governor