

2/28/95 Transportation  
3/15/95 Amend/DO Pass W/S-3130

Reprinted

FILED FEB 27 1995  
Bill adopted

SENATE FILE 214  
BY CONNOLLY

Passed Senate, Date (P. 767) 3-21-95 Passed House, Date \_\_\_\_\_  
Vote: Ayes 50 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act to provide greater protection for consumers who purchase  
2 or lease motor vehicles and providing effective dates.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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**SENATE FILE 214**

**S-3130**

1 Amend Senate File 214 as follows:  
2 1. Page 3, line 34, by inserting after the word  
3 "vehicle." the following: "The stamped designation  
4 shall be in red and shall be in letters no bigger than  
5 twelve-point type. The stamped designation shall be  
6 located on the certificate of title and on the  
7 registration receipt."

By COMMITTEE ON TRANSPORTATION  
DON E. GETTINGS, Chairperson

(P. 767) Adopted 3-21-95  
S-3130 FILED MARCH 15, 1995

S.F. 214

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1 Section 1. Section 321.24, unnumbered paragraphs 4 and 10,  
2 Code 1995, are amended to read as follows:

3 If the prior certificate of title is from another state and  
4 indicates that the vehicle was rebuilt the new certificate of  
5 title and the registration receipt shall contain the  
6 designation of "REBUILT" stamped ~~or~~ and printed on its face  
7 together with the name of the state issuing the prior title.  
8 The stamped and printed designation of "REBUILT" and the name  
9 of the other state shall be retained on the face of all  
10 subsequent Iowa certificates of title and registration  
11 receipts for the vehicle.

12 If the county treasurer or department is not satisfied as  
13 to the ownership of the vehicle or that there are no  
14 undisclosed security interests in it, or a junking certificate  
15 has been issued for the vehicle but a certificate of title  
16 will not be reissued under section 321.52, subsection 3, and  
17 the vehicle qualifies as an antique vehicle under section  
18 321.115, subsection 1, the county treasurer or department may  
19 register the vehicle but shall as a condition of issuing a  
20 certificate of title and registration receipt, require the  
21 applicant to file with the department a bond in the form  
22 prescribed by the department and executed by the applicant,  
23 and either accompanied by the deposit of cash with the  
24 department or also executed by a person authorized to conduct  
25 a surety business in this state. The bond shall be in an  
26 amount equal to one and one-half times the current value of  
27 the vehicle as determined by the department and conditioned to  
28 indemnify any prior owner and secured party and any subsequent  
29 purchaser of the vehicle or person acquiring any security  
30 interest in it, and their respective successors in interest,  
31 against any expense, loss or damage, including reasonable  
32 attorney's fees, by reason of the issuance of the certificate  
33 of title of the vehicle or on account of any defect in or  
34 undisclosed security interest upon the right, title and  
35 interest of the applicant in and to the vehicle. Any such

1 interested person has a right of action to recover on the bond  
2 for any breach of its conditions, but the aggregate liability  
3 of the surety to all persons shall not exceed the amount of  
4 the bond. The bond, and any deposit accompanying it, shall be  
5 returned at the end of three years or prior thereto if the  
6 vehicle is no longer registered in this state and the  
7 currently valid certificate of title is surrendered to the  
8 department, unless the department has been notified of the  
9 pendency of an action to recover on the bond.

10 Sec. 2. Section 321.52, subsection 3, unnumbered paragraph  
11 2, Code 1995, is amended to read as follows:

12 However, upon application the department upon a showing of  
13 good cause may issue a certificate of title after the  
14 fourteen-day period for a junked vehicle for which a junking  
15 certificate has been issued. For purposes of this subsection,  
16 "good cause" means that the junking certificate was obtained  
17 by mistake or inadvertence. If a person's application to the  
18 department is denied, the person may make application for a  
19 certificate of title under the bonding procedure as provided  
20 in section 321.24, if the vehicle qualifies as an antique  
21 vehicle under section 321.115, subsection 1, or the person may  
22 seek judicial review as provided under sections 17A.19 and  
23 17A.20.

24 Sec. 3. Section 321.52, subsection 4, paragraphs a and b,  
25 Code 1995, are amended to read as follows:

26 a. A vehicle rebuilder or a person engaged in the business  
27 of buying, selling, or exchanging vehicles of a type required  
28 to be registered in this state, upon acquisition of a wrecked  
29 or salvage vehicle, shall surrender the certificate of title  
30 or manufacturer's or importer's statement of origin properly  
31 assigned, together with an application for a salvage  
32 certificate of title to the county treasurer of the county of  
33 residence of the purchaser or transferee within fifteen days  
34 after the date of assignment of the certificate of title for  
35 the wrecked or salvage motor vehicle. This subsection applies

1 only to vehicles with a fair market value of five hundred  
2 dollars or more, based on the value before the vehicle became  
3 wrecked or salvage. Upon payment of a fee of two dollars, the  
4 county treasurer shall issue a salvage certificate of title  
5 which shall bear the word "SALVAGE" stamped ~~or~~ and printed on  
6 the face of the title in a manner prescribed by the  
7 department. A salvage certificate of title may be assigned to  
8 an educational institution, a new motor vehicle dealer  
9 licensed under chapter 322, a person engaged in the business  
10 of purchasing bodies, parts of bodies, frames or component  
11 parts of vehicles for sale as scrap metal, a salvage pool, or  
12 an authorized vehicle recycler licensed under chapter 321H.  
13 An authorized vehicle recycler licensed under chapter 321H or  
14 a new motor vehicle dealer licensed under chapter 322 may  
15 assign a salvage certificate of title to any person. A  
16 vehicle on which ownership has transferred to an insurer of  
17 the vehicle, as a result of a settlement with the owner of the  
18 vehicle arising out of damage to, or unrecovered theft of the  
19 vehicle, shall be deemed to be a wrecked or salvage vehicle  
20 and the insurer shall comply with this subsection to obtain a  
21 salvage certificate of title within fifteen days after the  
22 date of assignment of the certificate of title of the vehicle.

23 b. When a wrecked or salvage vehicle has been repaired,  
24 the owner may apply for a regular certificate of title by  
25 paying the appropriate fees and surrendering the salvage  
26 certificate of title and a properly executed salvage theft  
27 examination certificate. The county treasurer shall issue a  
28 regular certificate of title which shall bear a designation  
29 stamped ~~or~~ and printed on the face of the title and  
30 registration receipt indicating that the vehicle was  
31 previously titled on a salvage certificate of title in a form  
32 approved by the department. This designation shall be  
33 included on every Iowa certificate of title and registration  
34 receipt issued thereafter for the vehicle. However, if  
35 ownership of a stolen vehicle has been transferred to an

1 insurer organized under the laws of this state or admitted to  
2 do business in this state, or if the transfer was the result  
3 of a settlement with the owner of the vehicle arising from  
4 damage to or the unrecovered theft of the vehicle, and if the  
5 insurer certifies to the county treasurer on a form approved  
6 by the department that the insurance company has received one  
7 or more written estimates which states that the retail cost of  
8 repairs including labor, parts, and other materials of all  
9 damage to the vehicle is less than three thousand dollars, the  
10 county treasurer shall issue to the insurance company the  
11 regular certificate of title and registration receipt without  
12 this designation.

13 Sec. 4. Section 321.69, subsections 2, 7, and 8, Code  
14 1995, are amended to read as follows:

15 2. The damage disclosure statement required by this  
16 section shall, at a minimum, state the total retail dollar  
17 amount of all damage to the vehicle during the period of the  
18 transferor's ownership of the vehicle and whether the  
19 transferor knows if the vehicle was titled as a salvage or  
20 flood vehicle in this or any other state prior to the  
21 transferor's ownership of the vehicle. For the purposes of  
22 this section, "damage" refers to damage to the vehicle caused  
23 by fire, vandalism, collision, weather, falling objects,  
24 submersion in water, or flood, where the cost of repair is  
25 three thousand dollars or more per incident, but does not  
26 include normal wear and tear, glass damage, mechanical repairs  
27 or electrical repairs that have not been caused by fire,  
28 vandalism, collision, weather, falling objects, submersion in  
29 water, or flood. "Damage" does not include the cost of  
30 repairing, replacing, or reinstalling an inflatable restraint  
31 system. A determination of the amount of damage to a vehicle  
32 shall be based on estimates of the retail cost of repairing  
33 the vehicle, including labor, parts, and other materials, if  
34 the vehicle has not been repaired or on the actual retail cost  
35 of repair, including labor, parts, and other materials, if the

1 vehicle has been repaired. Only individual incidents in which  
2 the retail cost of repairs is three thousand dollars or more  
3 are required to be disclosed by this section. If the vehicle  
4 has incurred damage of three thousand dollars or more per  
5 incident in more than one incident, the damage amounts must be  
6 combined and disclosed as the total of all separate incidents.

7 7. A person, authorized vehicle recycler licensed under  
8 chapter 321H, or motor vehicle dealer licensed under chapter  
9 322 shall not be liable to a subsequent owner of a vehicle  
10 because a prior owner or lessee gave a false or inaccurate  
11 damage disclosure statement or failed to disclose that the  
12 vehicle had previously been damaged and repaired or had been  
13 titled on a salvage or rebuilt certificate of title unless the  
14 person, recycler, or dealer knew or reasonably should have  
15 known that the prior owner or lessee gave a false or  
16 inaccurate damage disclosure statement or failed to disclose  
17 that the vehicle had been damaged and repaired or had been  
18 titled on a salvage or rebuilt certificate of title.

19 8. This section does not apply to motor trucks and truck  
20 tractors with a gross vehicle weight rating of sixteen  
21 thousand pounds or more, vehicles more than nine model years  
22 old, ~~vehicles-with-titles-stating-the-vehicle-is-salvage-or~~  
23 ~~rebuilt~~, motorcycles, motorized bicycles, and special mobile  
24 equipment. The section does apply to motor homes.

25 Sec. 5. Section 321.69, Code 1995, is amended by adding  
26 the following new subsection:

27 NEW SUBSECTION. 3A. A lessee who has executed a lease as  
28 defined in section 321F.1 shall provide a damage disclosure  
29 statement to the lessor at the termination of the lease. The  
30 damage disclosure statement shall be made on a separate  
31 disclosure document and shall state the total dollar amount of  
32 all damage to the vehicle which occurred during the term of  
33 the lease. The lessee's damage disclosure statement shall not  
34 be submitted with the application for title, but the lessor  
35 shall retain the lessee's damage disclosure statement for five

1 years following the date of the statement.

2 Sec. 6. Section 322G.2, subsection 13, Code 1995, is  
3 amended to read as follows:

4 13. "Motor vehicle" means a self-propelled vehicle  
5 purchased or leased in this state, except as provided in  
6 section 322G.15, and primarily designed for the transportation  
7 of persons or property over public streets and highways, but  
8 does not include mopeds, motorcycles, motor homes, or vehicles  
9 over ten thousand pounds gross vehicle weight rating.

10 Sec. 7. Section 322G.11, Code 1995, is amended to read as  
11 follows:

12 322G.11 DEALER LIABILITY.

13 This chapter, except for the requirements of section  
14 322G.12, does not impose any liability on a franchised motor  
15 vehicle dealer or create a cause of action by a consumer  
16 against a dealer. A dealer shall not be made a party  
17 defendant in any action involving or relating to this chapter,  
18 except as provided in this section. The manufacturer shall  
19 not charge back or require reimbursement by the dealer for any  
20 costs, including but not limited to any refunds or vehicle  
21 replacements, incurred by the manufacturer pursuant to this  
22 chapter, in the absence of a finding by a court that the  
23 related repairs had been carried out by the dealer in a manner  
24 substantially inconsistent with the manufacturer's published  
25 instructions. A manufacturer who is found by a court to have  
26 improperly charged back a dealer because of a violation of  
27 this section is liable to the injured dealer for full  
28 reimbursement plus reasonable costs and any attorney's fees.

29 Sec. 8. Section 322G.12, Code 1995, is amended to read as  
30 follows:

31 322G.12 RESALE OF RETURNED VEHICLES.

32 Subsequent to December 31, 1991, a manufacturer who accepts  
33 the return of a motor vehicle pursuant to a settlement,  
34 determination, or decision under this chapter shall notify the  
35 state department of transportation and report the vehicle

1 identification number of that motor vehicle within ten days  
2 after the acceptance. The state department of transportation  
3 shall note the fact that the motor vehicle was returned  
4 pursuant to this chapter on the title for the motor vehicle.  
5 A person shall not knowingly lease; or sell, either at  
6 wholesale or retail; or transfer a title to a motor vehicle  
7 returned by reason of a settlement, determination, or decision  
8 pursuant to this chapter or a similar statute of any other  
9 state unless the nature of the nonconformity is clearly and  
10 conspicuously disclosed to the prospective transferee, lessee,  
11 or buyer. The attorney general shall prescribe by rule the  
12 form, content, and procedure pertaining to such a disclosure  
13 statement, recognizing the need of manufacturers to implement  
14 a uniform disclosure form. The manufacturer shall make a  
15 reasonable effort to ensure that such disclosure is made to  
16 the first subsequent retail buyer or lessee. For purposes of  
17 this subsection, "settlement" includes an agreement entered  
18 into between the manufacturer and the consumer that occurs  
19 after the dispute has been submitted to a state-operated  
20 dispute resolution program or to a manufacturer-established  
21 program certified in this or any other state, but does not  
22 include agreements reached in informal proceedings prior to  
23 the first written or oral presentation to the certified state-  
24 operated or state-certified dispute resolution program by  
25 either party. "Settlement" also includes an agreement entered  
26 into between a manufacturer and a consumer that occurs after  
27 the dispute has been submitted to a dispute resolution program  
28 that is not state-operated or state-certified.

29 Sec. 9. Section 322G.15, Code 1995, is amended to read as  
30 follows:

31 322G.15 EFFECTIVE DATES.

32 This chapter applies to motor vehicles originally purchased  
33 or leased in this state by consumers on or after July 1, 1991.  
34 Except for section 322G.3, subsections 1 and 2, and section  
35 322G.6, subsection 1, this chapter applies to motor vehicles

1 originally purchased or leased in other states, if the  
2 consumer is a resident of this state at the time the  
3 consumer's rights are asserted under this chapter. Section  
4 322G.14, which concerns rulemaking, shall take effect May 9,  
5 1991.

6 Sec. 10. EFFECTIVE DATE. The amendments to section  
7 321.69, subsections 2 and 8, in section 4 of this Act take  
8 effect January 1, 1996. The remainder of this Act takes  
9 effect on July 1, 1995.

10 EXPLANATION

11 Sections 321.24 and 321.52 are amended to allow for the  
12 designations of "REBUILT" and "SALVAGE" to be stamped and  
13 printed on the face of all certificate of title and  
14 registration receipts issued for the vehicle. The sections  
15 limit owners holding junking certificates from obtaining  
16 regular certificates of title by filing a bond with the  
17 department of transportation to only those owners with a  
18 vehicle which qualifies as an antique vehicle under section  
19 321.115, subsection 1.

20 Section 321.69 is amended to require damage disclosure  
21 statements issued by vehicle owners to buyers to include a  
22 statement of whether the owner knows whether the vehicle was  
23 titled as a salvage or flood vehicle in this or another state  
24 prior to ownership of the vehicle and to exclude the cost of  
25 repairing, replacing, or reinstalling air bags from the  
26 calculation of damage under the section.

27 Section 321.69 is further amended by adding a new  
28 subsection 3A, requiring damage disclosure statements in motor  
29 vehicle lease transactions, by providing that persons,  
30 dealers, and auto recyclers are not liable to subsequent  
31 owners under the section because a prior lessee issued a false  
32 or inaccurate damage disclosure statement or failed to issue a  
33 statement that the vehicle had been damaged or titled as  
34 salvage or rebuilt, unless the person, dealer, or recycler  
35 knew or should have known of the prior false statement or

1 failure to disclose and by striking vehicles with titles  
2 indicating salvage or rebuilt from the list of vehicles for  
3 which damage disclosure statements need not be provided.

4 Chapter 322G, the "lemon law", is amended in the bill to  
5 expand the application of the chapter to include motor  
6 vehicles purchased or leased in other states if the consumer  
7 is a state resident.

8 The bill amends sections 322G.11 and 322G.12 by making a  
9 dealer liable for a violation of section 322G.12 and by  
10 limiting "settlement" in section 322G.12 to include agreements  
11 entered into in disputes brought before state-certified or  
12 state-operated dispute resolution programs only after the  
13 first written or oral presentation. The section further  
14 provides that manufacturers are required to report a vehicle  
15 repurchase or replacement to the department of transportation  
16 where settlement occurs after submission to a noncertified,  
17 non-state-operated program, regardless of whether settlement  
18 occurs before the first written or oral presentation by either  
19 party to the resolution program.

20 Finally, the effective date of the amendments to section  
21 321.69, subsections 2 and 8, is January 1, 1996. The  
22 remainder of the bill is effective July 1, 1995.

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## SENATE FILE 214

## S-3154

1 Amend the amendment, S-3130, to Senate File 214 as  
2 follows:  
3 1. Page 1, by inserting before line 2 the  
4 following:  
5 "\_\_\_\_. Page 1, line 5, by striking the words "and  
6 the registration receipt" and inserting the following:  
7 ~~"and-the-registration-receipt"~~.  
8 \_\_\_\_\_. Page 1, line 6, by striking the words "or  
9 and" and inserting the following: "or".  
10 \_\_\_\_\_. Page 1, line 8, by striking the words  
11 ~~"stamped and printed"~~.  
12 \_\_\_\_\_. Page 1, line 9, by striking the words "the  
13 face of".  
14 \_\_\_\_\_. Page 1, lines 10 and 11, by striking the  
15 words "and registration receipts" and inserting the  
16 following: ~~"and-registration-receipts"~~.  
17 \_\_\_\_\_. Page 1, line 11, by inserting after the word  
18 "vehicle." the following: "If the prior certificate  
19 of title is from another state and indicates that the  
20 vehicle was rebuilt the registration receipt shall  
21 contain the designation of "REBUILT" stamped and  
22 printed on its face. The stamped designation of  
23 "REBUILT" shall be located on the center of the right  
24 side of the registration receipt in black letters no  
25 bigger than sixteen point type. The designation shall  
26 be retained on the face of all subsequent registration  
27 receipts for the vehicle."  
28 \_\_\_\_\_. Page 3, by striking line 29 and inserting  
29 the following: "stamped or printed on the face of the  
30 title and stamped and printed on the center of the  
31 right side of the".  
32 2. Page 1, line 4, by striking the word "red" and  
33 inserting the following: "black".  
34 3. Page 1, by striking lines 5 through 7 and  
35 inserting the following: "sixteen point type.""  
By EUGENE S. FRAISE

S-3154 FILED MARCH 21, 1995

ADOPTED

(P. 766)

## SENATE FILE 214

## S-3151

1 Amend Senate File 214 as follows:  
2 1. Page 5, line 29, by inserting after the word  
3 "lease." the following: "A lessee who purchases the  
4 motor vehicle at the termination of the lease shall  
5 not be required to provide a damage disclosure  
6 statement."

By MERLIN E. BARTZ

S-3151 FILED MARCH 21, 1995

LOST

(P. 767)



1 Section 1. Section 321.24, unnumbered paragraphs 4 and 10,  
2 Code 1995, are amended to read as follows:

3 If the prior certificate of title is from another state and  
4 indicates that the vehicle was rebuilt the new certificate of  
5 title and-the-registration-receipt shall contain the  
6 designation of "REBUILT" stamped or printed on its face  
7 together with the name of the state issuing the prior title.

\*8 The designation of "REBUILT" and the name of the other state  
\*9 shall be retained on all subsequent Iowa certificates of title  
10 and-registration-receipts for the vehicle. If the prior  
11 certificate of title is from another state and indicates that  
12 the vehicle was rebuilt the registration receipt shall contain  
13 the designation of "REBUILT" stamped and printed on its face.  
14 The stamped designation of "REBUILT" shall be located on the  
15 center of the right side of the registration receipt in black  
16 letters no bigger than sixteen point type. The designation  
17 shall be retained on the face of all subsequent registration  
18 receipts for the vehicle.

19 If the county treasurer or department is not satisfied as  
20 to the ownership of the vehicle or that there are no  
21 undisclosed security interests in it, or a junking certificate  
22 has been issued for the vehicle but a certificate of title  
23 will not be reissued under section 321.52, subsection 3, and  
24 the vehicle qualifies as an antique vehicle under section  
25 321.115, subsection 1, the county treasurer or department may  
26 register the vehicle but shall as a condition of issuing a  
27 certificate of title and registration receipt, require the  
28 applicant to file with the department a bond in the form  
29 prescribed by the department and executed by the applicant,  
30 and either accompanied by the deposit of cash with the  
31 department or also executed by a person authorized to conduct  
32 a surety business in this state. The bond shall be in an  
33 amount equal to one and one-half times the current value of  
34 the vehicle as determined by the department and conditioned to  
35 indemnify any prior owner and secured party and any subsequent

1 purchaser of the vehicle or person acquiring any security  
2 interest in it, and their respective successors in interest,  
3 against any expense, loss or damage, including reasonable  
4 attorney's fees, by reason of the issuance of the certificate  
5 of title of the vehicle or on account of any defect in or  
6 undisclosed security interest upon the right, title and  
7 interest of the applicant in and to the vehicle. Any such  
8 interested person has a right of action to recover on the bond  
9 for any breach of its conditions, but the aggregate liability  
10 of the surety to all persons shall not exceed the amount of  
11 the bond. The bond, and any deposit accompanying it, shall be  
12 returned at the end of three years or prior thereto if the  
13 vehicle is no longer registered in this state and the  
14 currently valid certificate of title is surrendered to the  
15 department, unless the department has been notified of the  
16 pendency of an action to recover on the bond.

17 Sec. 2. Section 321.52, subsection 3, unnumbered paragraph  
18 2, Code 1995, is amended to read as follows:

19 However, upon application the department upon a showing of  
20 good cause may issue a certificate of title after the  
21 fourteen-day period for a junked vehicle for which a junking  
22 certificate has been issued. For purposes of this subsection,  
23 "good cause" means that the junking certificate was obtained  
24 by mistake or inadvertence. If a person's application to the  
25 department is denied, the person may make application for a  
26 certificate of title under the bonding procedure as provided  
27 in section 321.24, if the vehicle qualifies as an antique  
28 vehicle under section 321.115, subsection 1, or the person may  
29 seek judicial review as provided under sections 17A.19 and  
30 17A.20.

31 Sec. 3. Section 321.52, subsection 4, paragraphs a and b,  
32 Code 1995, are amended to read as follows:

33 a. A vehicle rebuilder or a person engaged in the business  
34 of buying, selling, or exchanging vehicles of a type required  
35 to be registered in this state, upon acquisition of a wrecked

1 or salvage vehicle, shall surrender the certificate of title  
2 or manufacturer's or importer's statement of origin properly  
3 assigned, together with an application for a salvage  
4 certificate of title to the county treasurer of the county of  
5 residence of the purchaser or transferee within fifteen days  
6 after the date of assignment of the certificate of title for  
7 the wrecked or salvage motor vehicle. This subsection applies  
8 only to vehicles with a fair market value of five hundred  
9 dollars or more, based on the value before the vehicle became  
10 wrecked or salvage. Upon payment of a fee of two dollars, the  
11 county treasurer shall issue a salvage certificate of title  
12 which shall bear the word "SALVAGE" stamped ~~or~~ and printed on  
13 the face of the title in a manner prescribed by the  
14 department. A salvage certificate of title may be assigned to  
15 an educational institution, a new motor vehicle dealer  
16 licensed under chapter 322, a person engaged in the business  
17 of purchasing bodies, parts of bodies, frames or component  
18 parts of vehicles for sale as scrap metal, a salvage pool, or  
19 an authorized vehicle recycler licensed under chapter 321H.  
20 An authorized vehicle recycler licensed under chapter 321H or  
21 a new motor vehicle dealer licensed under chapter 322 may  
22 assign a salvage certificate of title to any person. A  
23 vehicle on which ownership has transferred to an insurer of  
24 the vehicle, as a result of a settlement with the owner of the  
25 vehicle arising out of damage to, or unrecovered theft of the  
26 vehicle, shall be deemed to be a wrecked or salvage vehicle  
27 and the insurer shall comply with this subsection to obtain a  
28 salvage certificate of title within fifteen days after the  
29 date of assignment of the certificate of title of the vehicle.

30 b. When a wrecked or salvage vehicle has been repaired,  
31 the owner may apply for a regular certificate of title by  
32 paying the appropriate fees and surrendering the salvage  
33 certificate of title and a properly executed salvage theft  
34 examination certificate. The county treasurer shall issue a  
35 regular certificate of title which shall bear a designation

1 stamped or printed on the face of the title and stamped and  
2 printed on the center of the right side of the registration  
3 receipt indicating that the vehicle was previously titled on a  
4 salvage certificate of title in a form approved by the  
5 department. This designation shall be included on every Iowa  
6 certificate of title and registration receipt issued  
7 thereafter for the vehicle. The stamped designation shall be  
8 in black and shall be in letters no bigger than sixteen point  
9 type. However, if ownership of a stolen vehicle has been  
10 transferred to an insurer organized under the laws of this  
11 state or admitted to do business in this state, or if the  
12 transfer was the result of a settlement with the owner of the  
13 vehicle arising from damage to or the unrecovered theft of the  
14 vehicle, and if the insurer certifies to the county treasurer  
15 on a form approved by the department that the insurance  
16 company has received one or more written estimates which  
17 states that the retail cost of repairs including labor, parts,  
18 and other materials of all damage to the vehicle is less than  
19 three thousand dollars, the county treasurer shall issue to  
20 the insurance company the regular certificate of title and  
21 registration receipt without this designation.

22 Sec. 4. Section 321.69, subsections 2, 7, and 8, Code  
23 1995, are amended to read as follows:

24 2. The damage disclosure statement required by this  
25 section shall, at a minimum, state the total retail dollar  
26 amount of all damage to the vehicle during the period of the  
27 transferor's ownership of the vehicle and whether the  
28 transferor knows if the vehicle was titled as a salvage or  
29 flood vehicle in this or any other state prior to the  
30 transferor's ownership of the vehicle. For the purposes of  
31 this section, "damage" refers to damage to the vehicle caused  
32 by fire, vandalism, collision, weather, falling objects,  
33 submersion in water, or flood, where the cost of repair is  
34 three thousand dollars or more per incident, but does not  
35 include normal wear and tear, glass damage, mechanical repairs

1 or electrical repairs that have not been caused by fire,  
2 vandalism, collision, weather, falling objects, submersion in  
3 water, or flood. "Damage" does not include the cost of  
4 repairing, replacing, or reinstalling an inflatable restraint  
5 system. A determination of the amount of damage to a vehicle  
6 shall be based on estimates of the retail cost of repairing  
7 the vehicle, including labor, parts, and other materials, if  
8 the vehicle has not been repaired or on the actual retail cost  
9 of repair, including labor, parts, and other materials, if the  
10 vehicle has been repaired. Only individual incidents in which  
11 the retail cost of repairs is three thousand dollars or more  
12 are required to be disclosed by this section. If the vehicle  
13 has incurred damage of three thousand dollars or more per  
14 incident in more than one incident, the damage amounts must be  
15 combined and disclosed as the total of all separate incidents.

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

28 8. This section does not apply to motor trucks and truck  
29 tractors with a gross vehicle weight rating of sixteen  
30 thousand pounds or more, vehicles more than nine model years  
31 old, ~~vehicles with titles stating the vehicle is salvage or~~  
32 ~~rebuilt~~, motorcycles, motorized bicycles, and special mobile  
33 equipment. The section does apply to motor homes.

34 Sec. 5. Section 321.69, Code 1995, is amended by adding  
35 the following new subsection:

1 NEW SUBSECTION. 3A. A lessee who has executed a lease as  
2 defined in section 321F.1 shall provide a damage disclosure  
3 statement to the lessor at the termination of the lease. The  
4 damage disclosure statement shall be made on a separate  
5 disclosure document and shall state the total dollar amount of  
6 all damage to the vehicle which occurred during the term of  
7 the lease. The lessee's damage disclosure statement shall not  
8 be submitted with the application for title, but the lessor  
9 shall retain the lessee's damage disclosure statement for five  
10 years following the date of the statement.

11 Sec. 6. Section 322G.2, subsection 13, Code 1995, is  
12 amended to read as follows:

13 13. "Motor vehicle" means a self-propelled vehicle  
14 purchased or leased in this state, except as provided in  
15 section 322G.15, and primarily designed for the transportation  
16 of persons or property over public streets and highways, but  
17 does not include mopeds, motorcycles, motor homes, or vehicles  
18 over ten thousand pounds gross vehicle weight rating.

19 Sec. 7. Section 322G.11, Code 1995, is amended to read as  
20 follows:

21 322G.11 DEALER LIABILITY.

22 This chapter, except for the requirements of section  
23 322G.12, does not impose any liability on a franchised motor  
24 vehicle dealer or create a cause of action by a consumer  
25 against a dealer. A dealer shall not be made a party  
26 defendant in any action involving or relating to this chapter,  
27 except as provided in this section. The manufacturer shall  
28 not charge back or require reimbursement by the dealer for any  
29 costs, including but not limited to any refunds or vehicle  
30 replacements, incurred by the manufacturer pursuant to this  
31 chapter, in the absence of a finding by a court that the  
32 related repairs had been carried out by the dealer in a manner  
33 substantially inconsistent with the manufacturer's published  
34 instructions. A manufacturer who is found by a court to have  
35 improperly charged back a dealer because of a violation of

1 this section is liable to the injured dealer for full  
2 reimbursement plus reasonable costs and any attorney's fees.

3 Sec. 8. Section 322G.12, Code 1995, is amended to read as  
4 follows:

5 322G.12 RESALE OF RETURNED VEHICLES.

6 Subsequent to December 31, 1991, a manufacturer who accepts  
7 the return of a motor vehicle pursuant to a settlement,  
8 determination, or decision under this chapter shall notify the  
9 state department of transportation and report the vehicle  
10 identification number of that motor vehicle within ten days  
11 after the acceptance. The state department of transportation  
12 shall note the fact that the motor vehicle was returned  
13 pursuant to this chapter on the title for the motor vehicle.  
14 A person shall not knowingly lease; or sell, either at  
15 wholesale or retail; or transfer a title to a motor vehicle  
16 returned by reason of a settlement, determination, or decision  
17 pursuant to this chapter or a similar statute of any other  
18 state unless the nature of the nonconformity is clearly and  
19 conspicuously disclosed to the prospective transferee, lessee,  
20 or buyer. The attorney general shall prescribe by rule the  
21 form, content, and procedure pertaining to such a disclosure  
22 statement, recognizing the need of manufacturers to implement  
23 a uniform disclosure form. The manufacturer shall make a  
24 reasonable effort to ensure that such disclosure is made to  
25 the first subsequent retail buyer or lessee. For purposes of  
26 this subsection, "settlement" includes an agreement entered  
27 into between the manufacturer and the consumer that occurs  
28 after the dispute has been submitted to a state-operated  
29 dispute resolution program or to a manufacturer-established  
30 program certified in this or any other state, but does not  
31 include agreements reached in informal proceedings prior to  
32 the first written or oral presentation to the certified state-  
33 operated or state-certified dispute resolution program by  
34 either party. "Settlement" also includes an agreement entered  
35 into between a manufacturer and a consumer that occurs after

1 the dispute has been submitted to a dispute resolution program  
2 that is not state-operated or state-certified.

3 Sec. 9. Section 322G.15, Code 1995, is amended to read as  
4 follows:

5 322G.15 EFFECTIVE DATES.

6 This chapter applies to motor vehicles originally purchased  
7 or leased in this state by consumers on or after July 1, 1991.  
8 Except for section 322G.3, subsections 1 and 2, and section  
9 322G.6, subsection 1, this chapter applies to motor vehicles  
10 originally purchased or leased in other states, if the  
11 consumer is a resident of this state at the time the  
12 consumer's rights are asserted under this chapter. Section  
13 322G.14, which concerns rulemaking, shall take effect May 9,  
14 1991.

15 Sec. 10. EFFECTIVE DATE. The amendments to section  
16 321.69, subsections 2 and 8, in section 4 of this Act take  
17 effect January 1, 1996. The remainder of this Act takes  
18 effect on July 1, 1995.

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SENATE FILE 214

H-3767

- 1 Amend Senate File 214, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 3, line 12, by striking the words "or  
4 and" and inserting the following: "or".  
5 2. Page 4, line 2, by striking the words "center  
6 of the right side of the".  
7 3. Page 4, line 9, by inserting after the word  
8 "type" the following: "and located on the center of  
9 the right side of the registration receipt".  
10 4. Page 8, line 17, by striking the word and  
11 figures "January 1, 1996" and inserting the following:  
12 "on the date the state department of transportation  
13 prescribes the appropriate forms or January 1, 1996,  
14 whichever date is earlier".

By COMMITTEE ON TRANSPORTATION  
WELTER of Jones, Chairperson

H-3767 FILED APRIL 5, 1995

*adopted 4-11-95 (p. 1438)*

HOUSE AMENDMENT TO  
SENATE FILE 214

S-3392

- 1 Amend Senate File 214, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 3, line 12, by striking the words "or  
4 and" and inserting the following: "or".  
5 2. Page 4, line 2, by striking the words "center  
6 of the right side of the".  
7 3. Page 4, line 9, by inserting after the word  
8 "type" the following: "and located on the center of  
9 the right side of the registration receipt".  
10 4. Page 8, line 17, by striking the word and  
11 figures "January 1, 1996" and inserting the following:  
12 "on the date the state department of transportation  
13 prescribes the appropriate forms or January 1, 1996,  
14 whichever date is earlier".

RECEIVED FROM THE HOUSE

*Senate Concurred 4/12/95*  
S-3392 FILED APRIL 11, 1995 (p. 1169)

SENATE FILE 214

AN ACT

TO PROVIDE GREATER PROTECTION FOR CONSUMERS WHO PURCHASE  
OR LEASE MOTOR VEHICLES AND PROVIDING EFFECTIVE DATES.

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

Section 1. Section 321.24, unnumbered paragraphs 4 and 10, Code 1995, are amended to read as follows:

If the prior certificate of title is from another state and indicates that the vehicle was rebuilt the new certificate of title ~~and the registration receipt~~ shall contain the designation of "REBUILT" stamped or printed on its face together with the name of the state issuing the prior title. The designation of "REBUILT" and the name of the other state shall be retained on all subsequent Iowa certificates of title ~~and registration receipts~~ for the vehicle. If the prior certificate of title is from another state and indicates that the vehicle was rebuilt the registration receipt shall contain the designation of "REBUILT" stamped and printed on its face. The stamped designation of "REBUILT" shall be located on the center of the right side of the registration receipt in black

letters no bigger than sixteen point type. The designation shall be retained on the face of all subsequent registration receipts for the vehicle.

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 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 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 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's fees, by reason of the issuance of the certificate of title of 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 prior thereto 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.

Sec. 2. Section 321.52, subsection 3, unnumbered paragraph 2, Code 1995, is amended to read as follows:

However, upon application the department upon a showing of good cause may issue a certificate of title 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, 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.

Sec. 3. Section 321.52, subsection 4, paragraphs a and b, Code 1995, are amended to read as follows:

a. A vehicle rebuilder or a person engaged in the business of buying, selling, or exchanging vehicles of a type required to be registered in this state, upon acquisition of a wrecked or salvage vehicle, shall surrender the certificate of title or manufacturer's or importer's statement of origin properly assigned, together with an application for a salvage certificate of title to the county treasurer of the county of residence of the purchaser or transferee within fifteen days after the date of assignment of the certificate of title for the wrecked or salvage motor vehicle. This subsection applies only to vehicles with a fair market value of five hundred dollars or more, based on the value before the vehicle became wrecked or salvage. Upon payment of a fee of two dollars, the county treasurer shall issue a salvage certificate of title which shall bear the word "SALVAGE" stamped or printed on the face of the title in a manner prescribed by the department. A salvage certificate of title may be assigned to an educational institution, a new motor vehicle dealer licensed under chapter 322, a person engaged in the business of purchasing bodies,

parts of bodies, frames or component parts of vehicles for sale as scrap metal, a salvage pool, or an authorized vehicle recycler licensed under chapter 321H. An authorized vehicle recycler licensed under chapter 321H or a new motor vehicle dealer licensed under chapter 322 may assign a salvage certificate of title to any person. A vehicle on which ownership has transferred to an insurer of the vehicle, as a result of a settlement with the owner of the vehicle arising out of damage to, or unrecovered theft of the vehicle, shall be deemed to be a wrecked or salvage vehicle and the insurer shall comply with this subsection to obtain a salvage certificate of title within fifteen days after the date of assignment of the certificate of title of the vehicle.

b. When a wrecked or salvage vehicle has been repaired, the owner may apply for a regular certificate of title by paying the appropriate fees and surrendering the salvage certificate of title and a properly executed salvage theft examination certificate. The county treasurer shall issue a regular certificate of title which shall bear a designation stamped or printed on the face of the title and stamped and printed on the registration receipt indicating that the vehicle was previously titled on a salvage certificate of title in a form approved by the department. This designation shall be included on every Iowa certificate of title and registration receipt issued thereafter for the vehicle. The stamped designation shall be in black and shall be in letters no bigger than sixteen point type and located on the center of the right side of the registration receipt. However, if ownership of a stolen vehicle has been transferred to an insurer organized under the laws of this state or admitted to do business in this state, or if the transfer was the result of a settlement with the owner of the vehicle arising from damage to or the unrecovered theft of the vehicle, and if the insurer certifies to the county treasurer on a form approved by the department that the insurance company has received one

or more written estimates which states that the retail cost of repairs including labor, parts, and other materials of all damage to the vehicle is less than three thousand dollars, the county treasurer shall issue to the insurance company the regular certificate of title and registration receipt without this designation.

Sec. 4. Section 321.69, subsections 2, 7, and 8, Code 1995, 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 three 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 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 three thousand dollars or more are required to be disclosed by this section. If the vehicle has incurred damage of three 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.

7. 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 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.

8. This section does not apply to motor trucks and truck tractors with a gross vehicle weight rating of sixteen thousand pounds or more, vehicles more than nine model years old, ~~vehicles with titles stating the vehicle is salvage or rebuilt~~, motorcycles, motorized bicycles, and special mobile equipment. The section does apply to motor homes.

Sec. 5. Section 321.69, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. A lessee who has executed a lease as defined in section 321F.1 shall provide a damage disclosure statement to the lessor at the termination of the lease. The damage disclosure statement shall be made on a separate disclosure document and shall state the total dollar amount of all damage to the vehicle which occurred during the term of the lease. The lessee's damage disclosure statement shall not be submitted with the application for title, but the lessor shall retain the lessee's damage disclosure statement for five years following the date of the statement.

Sec. 6. Section 322G.2, subsection 13, Code 1995, is amended to read as follows:

13. "Motor vehicle" means a self-propelled vehicle purchased or leased in this state, except as provided in section 322G.15, and primarily designed for the transportation

of persons or property over public streets and highways, but does not include mopeds, motorcycles, motor homes, or vehicles over ten thousand pounds gross vehicle weight rating.

Sec. 7. Section 322G.11, Code 1995, is amended to read as follows:

322G.11 DEALER LIABILITY.

This chapter, except for the requirements of section 322G.12, does not impose any liability on a franchised motor vehicle dealer or create a cause of action by a consumer against a dealer. A dealer shall not be made a party defendant in any action involving or relating to this chapter, except as provided in this section. The manufacturer shall not charge back or require reimbursement by the dealer for any costs, including but not limited to any refunds or vehicle replacements, incurred by the manufacturer pursuant to this chapter, in the absence of a finding by a court that the related repairs had been carried out by the dealer in a manner substantially inconsistent with the manufacturer's published instructions. A manufacturer who is found by a court to have improperly charged back a dealer because of a violation of this section is liable to the injured dealer for full reimbursement plus reasonable costs and any attorney's fees.

Sec. 8. Section 322G.12, Code 1995, is amended to read as follows:

322G.12 RESALE OF RETURNED VEHICLES.

Subsequent to December 31, 1991, a manufacturer who accepts the return of a motor vehicle pursuant to a settlement, determination, or decision under this chapter shall notify the state department of transportation and report the vehicle identification number of that motor vehicle within ten days after the acceptance. The state department of transportation shall note the fact that the motor vehicle was returned pursuant to this chapter on the title for the motor vehicle. A person shall not knowingly lease; or sell, either at wholesale or retail; or transfer a title to a motor vehicle

returned by reason of a settlement, determination, or decision pursuant to this chapter or a similar statute of any other state unless the nature of the nonconformity is clearly and conspicuously disclosed to the prospective transferee, lessee, or buyer. The attorney general shall prescribe by rule the form, content, and procedure pertaining to such a disclosure statement, recognizing the need of manufacturers to implement a uniform disclosure form. The manufacturer shall make a reasonable effort to ensure that such disclosure is made to the first subsequent retail buyer or lessee. For purposes of this subsection, "settlement" includes an agreement entered into between the manufacturer and the consumer that occurs after the dispute has been submitted to a state-operated dispute resolution program or to a manufacturer-established program certified in this or any other state, but does not include agreements reached in informal proceedings prior to the first written or oral presentation to the certified state-operated or state-certified dispute resolution program by either party. "Settlement" also includes an agreement entered into between a manufacturer and a consumer that occurs after the dispute has been submitted to a dispute resolution program that is not state-operated or state-certified.

Sec. 9. Section 322G.15, Code 1995, is amended to read as follows:

322G.15 EFFECTIVE DATES.

This chapter applies to motor vehicles originally purchased or leased in this state by consumers on or after July 1, 1991. Except for section 322G.3, subsections 1 and 2, and section 322G.6, subsection 1, this chapter applies to motor vehicles originally purchased or leased in other states, if the consumer is a resident of this state at the time the consumer's rights are asserted under this chapter. Section 322G.14, which concerns rulemaking, shall take effect May 9, 1991.

Sec. 10. EFFECTIVE DATE. The amendments to section 321.69, subsections 2 and 8, in section 4 of this Act take effect on the date the state department of transportation prescribes the appropriate forms or January 1, 1996, whichever date is earlier. The remainder of this Act takes effect on July 1, 1995.

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LEONARD L. BOSWELL  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 214, Seventy-sixth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 20, 1995

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TERRY E. BRANSTAD  
Governor