

House Study Bill 223

Bill Text

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1 1 Section 1. Section [321.69](#), subsections 1 through 4 and 9,
1 2 Code 1997, are amended to read as follows:

1 3 1. A certificate of title shall not be issued for a motor
1 4 vehicle unless a damage disclosure statement has been made by
1 5 the transferor of the vehicle and is furnished with the
1 6 application for certificate of title. A damage disclosure
1 7 statement must be provided by the transferor to the transferee
1 8 in a transfer of ownership of a motor vehicle.

~~The new~~

~~1 9~~

~~certificate of title and registration receipt shall state on~~

~~1 10~~

~~the face of the title the total cumulative dollar amount of~~

~~1 11~~

~~damage reported by owners prior to the owner listed on the~~

~~1 12~~

~~front of the title.~~

1 13 2. The damage disclosure statement required by this
1 14 section shall, at a minimum, state

~~the total retail dollar~~

~~1 15~~

~~amount of all damage to the vehicle during the period of the~~

~~1 16~~

~~transferor's ownership of the vehicle and~~

~~whether the~~

1 17 transferor knows if the vehicle was titled as a salvage or
1 18 flood vehicle in this or any other state prior to the
1 19 transferor's ownership of the vehicle and whether, during the
1 20 period of the transferor's ownership or prior to the
1 21 transferor's ownership, the vehicle sustained significant
1 22 damage. For the purposes of this section,

~~"damage" refers to~~

~~1 23~~

~~damage to the vehicle caused by fire, vandalism, collision,~~

~~1 24~~

~~weather, falling objects, submersion in water, or flood, where~~

~~-~~
1 25

~~the cost of repair is three thousand dollars or more per~~

~~-~~
1 26

~~incident, but does not include normal wear and tear, glass~~

~~-~~
1 27

~~damage, mechanical repairs or electrical repairs that have not~~

~~-~~
1 28

~~been caused by fire, vandalism, collision, weather, falling~~

~~-~~
1 29

~~objects, submersion in water, or flood~~

~~- "significant damage"~~

1 30 means damage sustained in any one incident for which the cost

1 31 of repair exceeds fifty percent of the fair market value of

1 32 the vehicle before it became damaged, as determined in

1 33 accordance with rules adopted by the department pursuant to

1 34 section 321.52, subsection 4, paragraph "d".

~~"Damage" does~~

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1 35

~~not include the cost of repairing, replacing, or reinstalling~~

~~-~~
2 1

~~an inflatable restraint system.~~

~~- A determination of the amount~~

2 2 of damage to a vehicle shall be based on estimates of the

2 3 retail cost of repairing the vehicle, including labor, parts,

2 4 and other materials, if the vehicle has not been repaired or

2 5 on the actual retail cost of repair, including labor, parts,

2 6 and other materials, if the vehicle has been repaired.

~~Only~~

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2 7

~~individual incidents in which the retail cost of repairs is~~

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2 8

~~three thousand dollars or more are required to be disclosed by~~

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2 9

~~this section. If the vehicle has incurred damage of three~~

~~-~~
2 10

~~thousand dollars or more per incident in more than one~~

~~-~~
2 11

~~incident, the damage amounts must be combined and disclosed as~~

~~-~~
2 12

~~the total of all separate incidents.~~

2 13 3. The damage disclosure statement shall be provided by
2 14 the transferor to the transferee at or before the time of
2 15 sale. If the transferor is not a resident of this state the
2 16 transferee shall not be required to submit a damage disclosure
2 17 statement from the transferor with the transferee's
2 18 application for title unless the state of the transferor's
2 19 residence requires a damage disclosure statement. However,
2 20 the transferee shall submit a damage disclosure statement with
2 21 the transferee's application for title indicating whether the
2 22 transferee knows that a salvage or rebuilt title had ever
2 23 existed for the vehicle, whether the vehicle had

~~incurred~~

2 24

~~prior damage of three thousand dollars or more per incident~~

2 25 ever sustained significant damage, and the year, make, and
2 26 vehicle identification number of the motor vehicle.

~~The~~

2 27

~~transferee shall not be required to indicate whether the~~

2 28

~~vehicle had incurred prior damage of three thousand dollars or~~

2 29

~~more per incident under this subsection if the transferor's~~

2 30

~~certificate of title is from another state and if it indicates~~

2 31

~~that the vehicle is salvaged and not rebuilt or is another~~

2 32

~~state's salvage certificate of title.~~

2 33 4.

~~A lessee who has executed a lease as defined in section~~

2 34

~~321F.1 shall provide a damage disclosure statement to the~~

2 35

~~lessor at the termination of the lease. The damage disclosure~~

3 1

~~statement shall be made on a separate disclosure document and~~

3 2

~~shall state the total dollar amount of all damage to the~~

3 3

~~vehicle which occurred during the term of the lease. The~~

3 4

~~lessee's damage disclosure statement shall not be submitted~~

3 5

~~with the application for title, but the lessor shall retain~~

3 6

~~the lessee's damage disclosure statement for five years~~

3 7

~~following the date of the statement.~~

~~If the transferor's~~

3 8 damage disclosure statement indicates that during the period
3 9 of the transferor's ownership or prior to the transferor's
3 10 ownership the vehicle sustained significant damage, the new
3 11 certificate of title and registration receipt shall contain
3 12 the designation of "DAMAGED" and subsequent certificates of
3 13 title and registration receipts shall contain the "DAMAGED"
3 14 designation for the life of the vehicle, unless the
3 15 certificate of title is transferred to a salvage certificate
3 16 of title or unless the vehicle acquires a "REBUILT" or
3 17 "SALVAGE" designation pursuant to section 321.24.

3 18 9. This section does not apply to motor trucks and truck
3 19 tractors with a gross vehicle weight rating of sixteen
3 20 thousand pounds or more, vehicles more than

~~nine~~

~~five~~ model

3 21 years old, motorcycles, motorized bicycles, and special mobile
3 22 equipment. The section does apply to motor homes.

3 23

EXPLANATION

3 24 This bill makes the following changes to Code section
3 25 321.69, regarding motor vehicle damage disclosure statements:

3 26 1. The requirement that a new certificate of title and
3 27 registration receipt state on the face of the title the total
3 28 cumulative dollar amount of damage reported by owners prior to
3 29 the owner listed on the title is removed from subsection 1.

3 30 2. The requirement that a damage disclosure statement
3 31 contain the total retail dollar amount of all damage to the
3 32 vehicle during the time the vehicle was owned by the person
3 33 transferring the vehicle is removed from subsection 2. A
3 34 provision requiring the person transferring the vehicle to
3 35 state whether the person knows whether the vehicle sustained
4 1 significant damage during the time the vehicle was owned by
4 2 the person is added. "Significant damage" is defined as
4 3 damage in any one incident for which the cost of repair is
4 4 greater than 50 percent of the fair market value of the
4 5 vehicle prior to the damage. Fair market value is to be
4 6 determined in accordance with rules developed by the state
4 7 department of transportation regarding wrecked or salvage
4 8 vehicles.

4 9 3. The \$3,000 damage requirement for submitting damage
4 10 disclosure statements is eliminated.

4 11 4. A damage disclosure statement which must be submitted
4 12 by a person obtaining a vehicle from a transferor who is not a
4 13 resident of this state is changed to provide that the person
4 14 must state whether the person knows if the vehicle sustained

4 15 significant damage rather than whether the vehicle sustained
4 16 \$3,000 or more of damage.
4 17 5. Subsection 4, regarding damage disclosure statements at
4 18 the termination of leases, is stricken and replaced with a
4 19 provision requiring the certificate of title of a vehicle
4 20 which has sustained significant damage to contain the
4 21 designation "DAMAGED" unless the vehicle is transferred to a
4 22 salvage certificate of title or acquires a "REBUILT" or
4 23 "SALVAGE" designation.
4 24 6. Subsection 9 is amended to provide that the section
4 25 does not apply to vehicles more than five years old.
4 26 Currently, the section does not apply to vehicles more than
4 27 nine years old.
4 28 LSB 2704HC 77
4 29 mk/cf/24