

MAR 11 2003
Place On Calendar

HOUSE FILE **502**
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 21)

Passed House, Date Passed 4/3/03 Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to damage disclosure statements required for
2 transfer of ownership of motor vehicles.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HOUSE FILE 502

H-1048

1 Amend House File 502 as follows:
2 1. Title page, line 2, by inserting after the
3 word "vehicles" the following: "and providing a
4 penalty".

By HOFFMAN of Crawford

H-1048 FILED MARCH 12, 2003

Adopted 4/3/03

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HOUSE FILE 502

H-1234

1 Amend House File 502 as follows:
2 1. Page 3, line 29, by inserting after the word
3 "homes." the following: "This section does not apply
4 to a vehicle with a certificate of title bearing a
5 designation that the vehicle was previously titled on
6 a salvage certificate of title pursuant to section
7 321.52, subsection 4, paragraph "b", or to vehicles
8 with a certificate of title bearing a "REBUILT" or
9 "SALVAGE" designation pursuant to section 321.24,
10 subsection 4 or 5."

By HOFFMAN of Crawford

H-1234 FILED APRIL 2, 2003

Adopted as amended 4/3/03

HF 502

1 Section 1. Section 321.69, subsections 2 and 3, Code 2003,
2 are amended to read as follows:

3 2. The damage disclosure statement required by this
4 section shall, at a minimum, state the total retail dollar
5 amount of all damage to the vehicle during the period of the
6 transferor's ownership of the vehicle and whether the
7 transferor knows if the vehicle was titled as a salvage or
8 flood vehicle in this or any other state prior to the
9 transferor's ownership of the vehicle. For the purposes of
10 this section, "damage" refers to damage to the vehicle caused
11 by fire, vandalism, collision, weather, falling objects,
12 submersion in water, or flood, where the cost of repair is
13 five six thousand dollars or more per incident, but does not
14 include normal wear and tear, glass damage, mechanical repairs
15 or electrical repairs that have not been caused by fire,
16 vandalism, collision, weather, falling objects, submersion in
17 water, or flood. "Damage" does not include the cost of
18 repairing, replacing, or reinstalling tires, lights,
19 batteries, windshields, windows, a sound system, or an
20 inflatable restraint system. A determination of the amount of
21 damage to a vehicle shall be based on estimates of the retail
22 cost of repairing the vehicle, including labor, parts, and
23 other materials, if the vehicle has not been repaired or on
24 the actual retail cost of repair, including labor, parts, and
25 other materials, if the vehicle has been repaired. Only
26 individual incidents in which the retail cost of repairs is
27 five six thousand dollars or more are required to be disclosed
28 by this section. If the vehicle has incurred damage of five
29 six thousand dollars or more per incident in more than one
30 incident, the damage amounts must be combined and disclosed as
31 the total of all separate incidents.

32 3. The damage disclosure statement shall be provided by
33 the transferor to the transferee at or before the time of
34 sale. However, if the transferor has a salvage certificate of
35 title for the vehicle, the transferor is not required to

1 disclose under this section the total retail cost of repairs
2 to the vehicle during the period of the transferor's ownership
3 of the vehicle. If the transferor is not a resident of this
4 state or if the transferee acquired the vehicle by operation
5 of law as provided in section 321.47, the transferee shall not
6 be required to submit a damage disclosure statement from the
7 transferor with the transferee's application for title unless
8 the state of the transferor's residence requires a damage
9 disclosure statement. However, the transferee shall submit a
10 damage disclosure statement with the transferee's application
11 for title indicating whether a salvage or rebuilt title had
12 ever existed for the vehicle, whether the vehicle had incurred
13 prior damage of five six thousand dollars or more per
14 incident, and the year, make, and vehicle identification
15 number of the motor vehicle. The transferee shall not be
16 required to indicate whether the vehicle had incurred prior
17 damage of five six thousand dollars or more per incident under
18 this subsection if the transferor's certificate of title is
19 from another state and if it indicates that the vehicle is
20 salvaged and not rebuilt or is another state's salvage
21 certificate of title.

22 Sec. 2. Section 321.69, subsection 7, unnumbered paragraph
23 1, Code 2003, is amended to read as follows:

24 The damage disclosure statements shall be made on the back
25 of the certificate of title if the title is available to the
26 transferor at the time of sale. If the title is not available
27 at the time of sale or if the face of the transferor's Iowa
28 title contains no indication that the vehicle was previously
29 salvaged or titled as salvaged or rebuilt and the transferor
30 knows or reasonably should know that the vehicle was
31 previously salvaged or titled as salvaged or rebuilt in
32 another state, the transferor shall make the disclosure on a
33 separate disclosure document. The damage disclosure statement
34 forms shall be as approved by the department. The treasurer
35 shall not accept a damage disclosure statement and issue a

1 title unless the back of the title or separate disclosure
2 document has been fully completed and signed and dated by the
3 transferee and the transferor, if applicable. If a separate
4 damage disclosure document from a prior owner is required to
5 be furnished with the application for title, the transferor
6 must provide a copy of the separate damage disclosure document
7 to the transferee at or before the time of sale.

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

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

23 9. This section does not apply to ~~new-motor-vehicles-with~~
24 ~~a-true-mileage, as defined in section 321.71, of one thousand~~
25 ~~miles or less,~~ motor trucks and truck tractors with a gross
26 vehicle weight rating of sixteen thousand pounds or more,
27 vehicles more than nine model years old, motorcycles,
28 motorized bicycles, and special mobile equipment. ~~The~~ This
29 section does apply to motor homes. This section does not
30 apply to new motor vehicles with a true mileage, as defined in
31 section 321.71, of one thousand miles or less, unless such
32 vehicle has incurred damage as defined in subsection 2.

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

35 NEW SUBSECTION. 9A. A person shall not sell, lease, or

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

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

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

17 10. A person who knowingly makes a false damage disclosure
18 statement or fails to make a damage disclosure statement
19 required by this section commits a fraudulent practice.
20 Failure of a person, authorized vehicle recycler licensed
21 under chapter 321H, or motor vehicle dealer licensed under
22 chapter 3227 to comply with any duty imposed by this section
23 constitutes a violation of section 714.16, subsection 2,
24 paragraph "a".

25 EXPLANATION

26 Current law requires a transferor of a motor vehicle to
27 provide a damage disclosure statement to the transferee
28 indicating the costs of repair to the vehicle if the costs due
29 to a single incident of damage exceeded \$5,000. This bill
30 amends that requirement by increasing the threshold amount to
31 \$6,000.

32 The bill provides that a transferee who acquires a vehicle
33 by operation of law is not required to submit a damage
34 disclosure statement from the transferor when applying for
35 title unless the transferor's state of residence requires a

1 damage disclosure statement. However, such a transferee must
2 submit a damage disclosure statement with the application for
3 title in the manner required of a transferee when the
4 transferor is a nonresident.

5 The bill requires that a transferor must provide a copy of
6 a separate damage disclosure document to the transferee at or
7 before the time of sale if such a document is required to be
8 furnished with the application for title.

9 The bill amends a current provision that limits the
10 liability of a person, authorized vehicle recycler, or
11 licensed motor vehicle dealer to subsequent owners of a
12 vehicle by also limiting the liability of such a person,
13 recycler, or dealer to subsequent drivers or passengers of a
14 vehicle.

15 The bill provides that the exemption of new motor vehicles
16 with true mileage of 1,000 miles or less from damage
17 disclosure requirements does not apply to new motor vehicles
18 which have incurred damage of \$6,000 or more.

19 The bill requires a person selling, leasing, or trading a
20 motor vehicle, and a lessee upon termination of a lease, to
21 disclose in writing if the vehicle contains a nonoperative
22 airbag or that an airbag has been removed and not replaced.
23 Such a disclosure is deemed to be a damage disclosure
24 statement for purposes of certain recordkeeping requirements
25 and liability and penalty provisions of Code section 321.69.

26 The bill provides that a person who fails to make a damage
27 disclosure statement as required commits a fraudulent
28 practice, the same as a person who makes a false damage
29 disclosure statement under current law.

30 HOUSE FILE 502

31 **H-1271**

32 1 Amend the amendment, H-1234, to House File 502 as
33 2 follows:

34 3 1. Page 1, line 3, by striking the words "This
35 4 section" and inserting the following: "The
5 requirement in subsection 1 that the new certificate
6 of title and registration receipt shall state on the
7 face of the title the total cumulative dollar amount
8 of damage".

9 2. Page 1, line 7, by striking the word
10 "vehicles" and inserting the following: "a vehicle".

By HOFFMAN of Crawford

HOUSE FILE **502**
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 21)

(As Amended and Passed by the House April 3, 2003)

Passed House, Date Passed 4/3/03 Passed Senate, Date Passed 4/14/03
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved 4/3/03

A BILL FOR

1 An Act relating to damage disclosure statements required for
2 transfer of ownership of motor vehicles and providing a
3 penalty.

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

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House Amendments _____

HF 502

1 Section 1. Section 321.69, subsections 2 and 3, Code 2003,
2 are amended to read as follows:

3 2. The damage disclosure statement required by this
4 section shall, at a minimum, state the total retail dollar
5 amount of all damage to the vehicle during the period of the
6 transferor's ownership of the vehicle and whether the
7 transferor knows if the vehicle was titled as a salvage or
8 flood vehicle in this or any other state prior to the
9 transferor's ownership of the vehicle. For the purposes of
10 this section, "damage" refers to damage to the vehicle caused
11 by fire, vandalism, collision, weather, falling objects,
12 submersion in water, or flood, where the cost of repair is
13 ~~five~~ six thousand dollars or more per incident, but does not
14 include normal wear and tear, glass damage, mechanical repairs
15 or electrical repairs that have not been caused by fire,
16 vandalism, collision, weather, falling objects, submersion in
17 water, or flood. "Damage" does not include the cost of
18 repairing, replacing, or reinstalling tires, lights,
19 batteries, windshields, windows, a sound system, or an
20 inflatable restraint system. A determination of the amount of
21 damage to a vehicle shall be based on estimates of the retail
22 cost of repairing the vehicle, including labor, parts, and
23 other materials, if the vehicle has not been repaired or on
24 the actual retail cost of repair, including labor, parts, and
25 other materials, if the vehicle has been repaired. Only
26 individual incidents in which the retail cost of repairs is
27 ~~five~~ six thousand dollars or more are required to be disclosed
28 by this section. If the vehicle has incurred damage of ~~five~~
29 six thousand dollars or more per incident in more than one
30 incident, the damage amounts must be combined and disclosed as
31 the total of all separate incidents.

32 3. The damage disclosure statement shall be provided by
33 the transferor to the transferee at or before the time of
34 sale. However, if the transferor has a salvage certificate of
35 title for the vehicle, the transferor is not required to

1 disclose under this section the total retail cost of repairs
2 to the vehicle during the period of the transferor's ownership
3 of the vehicle. If the transferor is not a resident of this
4 state or if the transferee acquired the vehicle by operation
5 of law as provided in section 321.47, the transferee shall not
6 be required to submit a damage disclosure statement from the
7 transferor with the transferee's application for title unless
8 the state of the transferor's residence requires a damage
9 disclosure statement. However, the transferee shall submit a
10 damage disclosure statement with the transferee's application
11 for title indicating whether a salvage or rebuilt title had
12 ever existed for the vehicle, whether the vehicle had incurred
13 prior damage of ~~five~~ six thousand dollars or more per
14 incident, and the year, make, and vehicle identification
15 number of the motor vehicle. The transferee shall not be
16 required to indicate whether the vehicle had incurred prior
17 damage of ~~five~~ six thousand dollars or more per incident under
18 this subsection if the transferor's certificate of title is
19 from another state and if it indicates that the vehicle is
20 salvaged and not rebuilt or is another state's salvage
21 certificate of title.

22 Sec. 2. Section 321.69, subsection 7, unnumbered paragraph
23 1, Code 2003, is amended to read as follows:

24 The damage disclosure statements shall be made on the back
25 of the certificate of title if the title is available to the
26 transferor at the time of sale. If the title is not available
27 at the time of sale or if the face of the transferor's Iowa
28 title contains no indication that the vehicle was previously
29 salvaged or titled as salvaged or rebuilt and the transferor
30 knows or reasonably should know that the vehicle was
31 previously salvaged or titled as salvaged or rebuilt in
32 another state, the transferor shall make the disclosure on a
33 separate disclosure document. The damage disclosure statement
34 forms shall be as approved by the department. The treasurer
35 shall not accept a damage disclosure statement and issue a

1 title unless the back of the title or separate disclosure
2 document has been fully completed and signed and dated by the
3 transferee and the transferor, if applicable. If a separate
4 damage disclosure document from a prior owner is required to
5 be furnished with the application for title, the transferor
6 must provide a copy of the separate damage disclosure document
7 to the transferee at or before the time of sale.

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

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

23 9. This section does not apply to ~~new-motor-vehicles-with~~
24 ~~a-true-mileage, as-defined-in-section-321.71, of-one-thousand~~
25 ~~miles-or-less,~~ motor trucks and truck tractors with a gross
26 vehicle weight rating of sixteen thousand pounds or more,
27 vehicles more than nine model years old, motorcycles,
28 motorized bicycles, and special mobile equipment. ~~The~~ This
29 section does apply to motor homes. The requirement in
30 subsection 1 that the new certificate of title and
31 registration receipt shall state on the face of the title the
32 total cumulative dollar amount of damage does not apply to a
33 vehicle with a certificate of title bearing a designation that
34 the vehicle was previously titled on a salvage certificate of
35 title pursuant to section 321.52, subsection 4, paragraph "b",

1 or to a vehicle with a certificate of title bearing a
2 "REBUILT" or "SALVAGE" designation pursuant to section 321.24,
3 subsection 4 or 5. This section does not apply to new motor
4 vehicles with a true mileage, as defined in section 321.71, of
5 one thousand miles or less, unless such vehicle has incurred
6 damage as defined in subsection 2.

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

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

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

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

26 10. A person who knowingly makes a false damage disclosure
27 statement or fails to make a damage disclosure statement
28 required by this section commits a fraudulent practice.
29 Failure of a person, authorized vehicle recycler licensed
30 under chapter 321H, or motor vehicle dealer licensed under
31 chapter 322, to comply with any duty imposed by this section
32 constitutes a violation of section 714.16, subsection 2,
33 paragraph "a".

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Succeeded By **HSB 21**
502 LOCAL GOVERNMENT

Hoffman, Ch.
Schickel
Olson, D.

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON LOCAL
GOVERNMENT BILL BY
CHAIRPERSON VAN ENGELNHOVEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to damage disclosure statements required for
2 transfer of ownership of motor vehicles.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. _____ H.F. _____

1 Section 1. Section 321.69, subsections 2 and 3, Code 2003,
2 are amended to read as follows:

3 2. The damage disclosure statement required by this
4 section shall, at a minimum, state the total retail dollar
5 amount of all damage to the vehicle during the period of the
6 transferor's ownership of the vehicle and whether the
7 transferor knows if the vehicle was titled as a salvage or
8 flood vehicle in this or any other state prior to the
9 transferor's ownership of the vehicle. For the purposes of
10 this section, "damage" refers to damage to the vehicle caused
11 by fire, vandalism, collision, weather, falling objects,
12 submersion in water, or flood, where the cost of repair is
13 ~~five-thousand-dollars~~ the established minimum amount or more
14 per incident, but does not include normal wear and tear, glass
15 damage, mechanical repairs or electrical repairs that have not
16 been caused by fire, vandalism, collision, weather, falling
17 objects, submersion in water, or flood. "Damage" does not
18 include the cost of repairing, replacing, or reinstalling
19 tires, lights, batteries, windshields, windows, a sound
20 system, or an inflatable restraint system. A determination of
21 the amount of damage to a vehicle shall be based on estimates
22 of the retail cost of repairing the vehicle, including labor,
23 parts, and other materials, if the vehicle has not been
24 repaired or on the actual retail cost of repair, including
25 labor, parts, and other materials, if the vehicle has been
26 repaired. Only individual incidents in which the retail cost
27 of repairs is ~~five-thousand-dollars~~ the established minimum
28 amount or more are required to be disclosed by this section.
29 If the vehicle has incurred damage of ~~five-thousand-dollars~~
30 the established minimum amount or more per incident in more
31 than one incident, the damage amounts must be combined and
32 disclosed as the total of all separate incidents. For
33 purposes of this section, the "established minimum amount" is
34 six thousand dollars. For the 2004 calendar year and each
35 calendar year thereafter, the "established minimum amount"

1 shall be adjusted for inflation using the latest available
2 figures for motor vehicle purchase prices published in the
3 consumer price index. The commission shall provide notice of
4 the adjusted amount annually by publication in the Iowa
5 administrative bulletin.

6 3. The damage disclosure statement shall be provided by
7 the transferor to the transferee at or before the time of
8 sale. However, if the transferor has a salvage certificate of
9 title for the vehicle, the transferor is not required to
10 disclose under this section the total retail cost of repairs
11 to the vehicle during the period of the transferor's ownership
12 of the vehicle. If the transferor is not a resident of this
13 state the transferee shall not be required to submit a damage
14 disclosure statement from the transferor with the transferee's
15 application for title unless the state of the transferor's
16 residence requires a damage disclosure statement. However,
17 the transferee shall submit a damage disclosure statement with
18 the transferee's application for title indicating whether a
19 salvage or rebuilt title had ever existed for the vehicle,
20 whether the vehicle had incurred prior damage of ~~five-thousand~~
21 ~~dollars~~ the established minimum amount or more per incident,
22 and the year, make, and vehicle identification number of the
23 motor vehicle. The transferee shall not be required to
24 indicate whether the vehicle had incurred prior damage of ~~five~~
25 ~~thousand-dollars~~ the established minimum amount or more per
26 incident under this subsection if the transferor's certificate
27 of title is from another state and if it indicates that the
28 vehicle is salvaged and not rebuilt or is another state's
29 salvage certificate of title.

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EXPLANATION

31 Current law requires a transferor of a motor vehicle to
32 provide a damage disclosure statement to the transferee
33 indicating the costs of repair to the vehicle if the costs due
34 to a single incident of damage exceeded \$5,000. This bill
35 amends that requirement by increasing the threshold amount,

1 referred to as the "established minimum amount", to \$6,000.
2 For the 2004 calendar year and each subsequent year, the state
3 transportation commission is required to publish the
4 established minimum amount, as adjusted for inflation based on
5 the latest available consumer price index figures for motor
6 vehicle purchases, in the Iowa administrative bulletin.

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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, 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 _____, 2003

THOMAS J. VILSACK
Governor