

Senate File 2325 - Introduced

SENATE FILE 2325

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SF 157)

A BILL FOR

1 An Act relating to the notation of discharges of motor vehicle
2 security interests.

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

1 Section 1. Section 321.50, subsection 5, paragraph a, Code
2 2018, is amended to read as follows:

3 a. When a security interest is discharged, the holder shall
4 note a cancellation of the security interest on the face of the
5 certificate of title over the holder's signature and or may
6 note the cancellation of the security interest on a separate,
7 notarized release form or letter. The holder shall deliver the
8 certificate of title and the form or letter, if applicable, to
9 the county treasurer where the title was issued. In the case
10 of a security interest that has been delivered by electronic
11 means, the holder shall notify the department or the county
12 treasurer, in a manner prescribed by the department, of the
13 release of the security interest. The county treasurer shall
14 immediately note the cancellation of the security interest on
15 the face of the certificate of title, if applicable, and in
16 the county records system. The county treasurer shall on the
17 same day deliver the certificate of title, if applicable, and
18 the separate, notarized release form or letter, if applicable,
19 to the then first secured party or, if there is no such
20 person, to the person as directed by the owner, in writing,
21 on a form prescribed by the department or, if there is no
22 person designated, then to the owner. The cancellation of
23 the security interest shall be noted on the certificate of
24 title by the county treasurer without charge. The holder of a
25 security interest discharged by payment who fails to release
26 the security interest within fifteen days after being requested
27 in writing to do so shall forfeit to the person making the
28 payment the sum of twenty-five dollars.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 Current law provides that when a security interest on a motor
33 vehicle is discharged, other than a security interest that has
34 been delivered by electronic means, the holder is required to
35 note the cancellation of the security interest on the face of

1 the vehicle's certificate of title over the holder's signature
2 and deliver the certificate of title to the county treasurer
3 where the title was issued.

4 This bill permits the holder of the security interest to
5 instead note the cancellation of the security interest on a
6 separate, notarized release form or letter and deliver the form
7 or letter along with the certificate of title to the county
8 treasurer where the title was issued. The county treasurer
9 must then deliver the certificate of title and the form or
10 letter to the first secured party, the owner, or the owner's
11 designee, as applicable.