

House File 2485 - Introduced

HOUSE FILE 2485

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 656)

A BILL FOR

1 An Act relating to remote sales of motor vehicles.

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

1 Section 1. Section 321.45, subsection 2, Code 2026, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. c. For purposes of this subsection, a motor
4 vehicle dealer licensed under chapter 322 shall be deemed to
5 have acquired and to possess the right, title, claim, and
6 interest in a vehicle if the vehicle's certificate of title is
7 issued or properly assigned to an entity with direct ownership
8 or control over the dealer.

9 Sec. 2. Section 321.63, Code 2026, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 3. A dealer shall do all of the following:

12 a. Store all records at a place of business of the dealer
13 or at a place of business within the United States of an entity
14 that has direct ownership or control over the dealer.

15 b. Provide electronic records to the department within
16 twenty-four hours after receiving a request.

17 c. Provide physical records to the department within a
18 reasonable time considering postal delivery.

19 Sec. 3. Section 322.3, subsection 12, paragraphs a and c,
20 Code 2026, are amended to read as follows:

21 a. The dealer or an entity with direct ownership or control
22 over the dealer shall possess, at the time of the sale, the
23 certificate of title to any motor vehicle offered for remote
24 sale by the dealer. The certificate of title may be in an
25 electronic format that is created, stored, or transferred only
26 through a secure electronic system approved by the department
27 and shall not be in a portable document format, a scanned copy,
28 evidenced by an electronic mail message, or in another format
29 created by the dealer.

30 ~~c. The dealer shall not sign a proposed purchase agreement~~
31 ~~until the dealer receives an executed purchase agreement from~~
32 ~~the buyer.~~ A signed purchase agreement must be delivered to
33 the dealer's place of business, as listed on the dealer's
34 license.

35 Sec. 4. Section 322.3, subsection 12, Code 2026, is amended

1 by adding the following new paragraphs:

2 NEW PARAGRAPH. *f.* The dealer shall disclose to a
3 prospective buyer all of the following regarding the vehicle
4 offered for sale:

5 (1) That the vehicle is not located in this state, if
6 applicable.

7 (2) That the certificate of title is in an electronic
8 format, if applicable.

9 NEW PARAGRAPH. *g.* If requested, the dealer shall produce
10 proof, including in an electronic format, to the department
11 that the dealer has the certificate of title for a vehicle
12 offered for sale. The dealer shall also retain records showing
13 where a vehicle is stored, the status of the vehicle's title,
14 and documents relating to the remote sale of a vehicle. The
15 dealer shall store and provide records in accordance with
16 section 321.63, subsection 3.

17 NEW PARAGRAPH. *h.* Pursuant to section 554D.108 and
18 consistent with 49 C.F.R. pt. 580 and the federal Electronic
19 Signatures in Global and National Commerce Act, 15 U.S.C. §7001
20 et seq., an electronic signature captured and applied to an
21 image of a physical certificate of title that was originally
22 printed by a secure printing process as defined in 49 C.F.R.
23 §580.3, which complies with all applicable requirements under
24 49 C.F.R. pt. 580, shall be accepted for purposes of odometer
25 disclosure. A dealer using an electronic signature on a
26 digital image of a physical title shall mark the original
27 title as "void" or "surrendered" and submit an application
28 for certificate of title and registration electronically via
29 an authorized service provider pursuant to section 321.20,
30 subsection 2.

31 NEW PARAGRAPH. *i.* A remote sale of a motor vehicle is not
32 a door-to-door sale as defined in section 555A.1, and is not
33 subject to chapter 555A.

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 Under current law, a retail seller licensed under Code
3 chapter 322 (motor vehicle manufacturers, distributors,
4 wholesalers, and dealers) is authorized to sell, offer, barter,
5 negotiate, exchange, and communicate regarding the sale of a
6 motor vehicle via mail, either electronically or by courier,
7 and to deliver a vehicle to the residence of the buyer or
8 another agreed-to location (remote sale). This bill relates to
9 remote sales.

10 Under current law, a person does not acquire any right,
11 title, claim, or interest in or to any vehicle subject to
12 registration except by virtue of a certificate of title or
13 manufacturer's or importer's certificate for such vehicle, with
14 certain exceptions. The bill provides that a licensed motor
15 vehicle dealer is deemed to have acquired and to possess the
16 right, title, claim, and interest in a vehicle if the vehicle's
17 certificate of title is issued or properly assigned to an
18 entity with direct ownership or control over the dealer.

19 Under current law, if a dealer has more than one established
20 place of business, the dealer may designate one such location
21 in this state for purposes of keeping all the dealer's books
22 and records, regardless of the line-make of motor vehicles to
23 which such books and records pertain, by submitting a written
24 certification to the department of transportation (DOT) in a
25 manner approved by the DOT. The bill requires a dealer to
26 store all records at a place of business of the dealer or at
27 a place of business within the United States of an entity
28 that has direct ownership or control over the dealer, provide
29 electronic records to the DOT within 24 hours after receiving
30 a request, and provide physical records to the DOT within a
31 reasonable time considering postal delivery.

32 The bill expands the requirement for a dealer to possess
33 the certificate of title to any motor vehicle offered for
34 remote sale by authorizing an entity with direct ownership or
35 control over a dealer to possess the title at the time of the

1 sale. Under the bill, the certificate of title may be in an
2 electronic format as described in the bill.

3 The bill strikes a provision prohibiting a dealer, during a
4 remote sale, from signing a proposed purchase agreement until
5 the dealer receives an executed purchase agreement from a
6 buyer.

7 The bill requires a dealer engaging in a remote sale to
8 disclose to a prospective buyer certain facts about the
9 location and title status of a vehicle. A dealer is required
10 to produce proof that the dealer has the certificate of title
11 for a vehicle offered for sale if requested by the DOT. The
12 dealer is required to retain records showing where a vehicle
13 is stored, the status of the vehicle's title, and documents
14 relating to the remote sale of the vehicle, in accordance with
15 the bill.

16 For purposes of remote sales, the bill requires an
17 electronic signature captured and applied to an image of a
18 physical certificate of title that was originally printed by
19 a secure printing process in compliance with all applicable
20 requirements under federal regulations to be accepted for
21 purposes of odometer disclosure. A dealer using an electronic
22 signature on a digital image of a physical title is required
23 to mark the original title as "void" or "surrendered" and
24 submit an application for certificate of title and registration
25 electronically in accordance with current law.

26 The bill specifies that a remote sale of a motor vehicle is
27 not a "door-to-door sale" and is not subject to Code chapter
28 555A (door-to-door sales).

29 Under current law and the bill, remote sales are subject
30 to Code chapter 554D (electronic transactions — computer
31 agreements).