

## **Motor Vehicle Division Informational Memo # 18-13**

### ***2018 Legislation – Notation of Discharge of Security Interest on Certificate of Title***

**DATE:** June 12, 2018

**FROM:** Sara Siedsma, Compliance Officer, MVD

**TO:** All Office of Vehicle & Motor Carrier Services (OV&MCS) staff, Bureau of Investigation & Identity staff, Iowa County Treasurers and County Treasurers' staff.

#### **SUBJECT**

This informational memo explains legislation enacted during the 2018 legislative session regarding notation of discharge of a security interest on a certificate of title.

#### **SUMMARY**

Senate File 2325 amended Iowa Code section 321.50 and impacts how a security interest is released and what documents may be submitted to the county treasurer in order to re-title a vehicle after a lien holder releases a security interest. The bill allows a person seeking to re-title their vehicle to submit a notarized form or letter from the lien holder in order to get the vehicle re-titled. **The legislation is effective July 1, 2018.**

#### **LINK TO LEGISLATION**

2018 Iowa Acts, Senate File 2325:

<https://www.legis.iowa.gov/docs/publications/LGE/87/SF2325.pdf>

#### **CURRENT**

Under current law, a lienholder is required to note the cancellation of a security interest on the face of the vehicle's certificate of title over the person's signature and deliver the certificate of title to the county treasurer in order to get the vehicle re-titled.

#### **NEW**

The legislation provides that in addition to the current process, the person may instead provide a notarized form or letter from the lienholder indicating that the security interest has been canceled. The lienholder or the customer may deliver the notarized form or letter along with the certificate of title to the county treasurer in order to have the vehicle re-titled.

#### **BUSINESS IMPACT**

This legislation provides a favorable alternative to the current process and will solve the conflict between current code and the current practice of some banks or lien holders not signing the title and instead sending a notarized letter or release form and the unsigned title.

## **HELPFUL QUESTIONS AND ANSWERS**

The following questions and answers provide additional information that will be helpful to you and to customers.

### **CAN WE ACCEPT A COPY OF THE NOTARIZED STATEMENT OR MUST IT BE AN ORIGINAL?**

At this time, we must require an original.

### **DO WE NEED TO KEEP A COPY OF THE NOTARIZED STATEMENT FOR OUR RECORDS?**

Yes, you will need to keep a copy of the notarized statement.

### **DO WE NEED TO ISSUE A NEW TITLE TO THE CUSTOMER OR SHOULD THEY SIMPLY KEEP THE NOTARIZED STATEMENT WITH THE ORIGINAL TITLE?**

You may stamp the title and attach the separate notarized statement releasing the lien, and then send that to the owner. The code does not require a new title to be issued in this scenario, rather we are only required to update the record as our record system is the permanent record of ownership for each vehicle title under the laws of this state. However, if the customer would rather have a title with no lien on it, you may issue replacement title and charge the \$25 fee.

### **WHAT IF WE ONLY RECEIVE THE NOTARIZED STATEMENT RELEASING THE LIEN, BUT NOT THE TITLE?**

If this happens, you will need to release it in ARTS and make a note in the tab that you received a separate lien release, but no title.