

## **Motor Vehicle Division Informational Memo # 21-03**

### ***Salvage Vehicle Administrative Rule Updates***

**DATE:** UPDATED – March 18, 2021

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

**TO:** All Vehicle and Motor Carrier Services staff, Bureau of Investigation and Identity staff, Iowa County Treasurers and County Treasurer's staff

#### **SUBJECT**

This informational memo explains updates to administrative rule chapter 761—405, Salvage Vehicles.

#### **SUMMARY**

The amendments to this rule chapter relate to titling and registration of salvage motor vehicles and align with existing legal authority and Department practice. Iowa Code section 321.52 and 761—Chapter 405 provide a specific process for obtaining a regular certificate of title for a wrecked or salvage vehicle that has been rebuilt, including undergoing a salvage theft examination. The following further explains the proposed amendments:

**Title Brands.** The amendments remove outdated language that no longer appears on the title and conforms to current practice of the system printing the brand on the title, rather than the title being physically stamped. The amendments also address the fact that Iowa is the only state that prints the “prior salvage” designation on the title rather than using the “rebuilt” designation. While these two phrases mean the same thing, other states do not recognize the “prior salvage” designation and it can sometimes cause confusion.

Changing the title designation in Iowa to “REBUILT-IA” rather than “prior salvage” will assure consistency with other states and make the process more efficient as there will be less need for follow-up clarifications. Finally, the amendments conform the rules related to titles for foreign vehicles to utilize the designation “rebuilt” rather than “prior salvage” but still account for times when a record check for a foreign vehicle may reflect that the vehicle was previously titled in Iowa under a “prior salvage” designation.

**Salvage Theft Examinations.** The amendments address the process for converting a salvage title to a regular title to reflect the current practice of notating in the computer system when a salvage theft examination is complete, rather than issuing a physical certificate of completion. The amendments also do the following:

- Clarify that educational institutions may be assigned a salvage certificate of title as authorized by Iowa Code section 321.52(4)“b.”
- Utilize current terminology for the salvage theft examination form and align with current practice by no longer requiring an owner to certify by affidavit if a representative will be present at the salvage theft examination.
- Outline that there is a three-year period in which an owner seeking a salvage theft exam can request the exam be scheduled utilizing the original fee.
- Strike an outdated requirement to use a physical form as evidence of completion of a salvage theft examination as this form is now completed electronically.

- Align with current practice of accessing the affidavit of salvage vehicle repairs via the department's website.
- Provide that if a peace officer needs to utilize a physical salvage theft examination certificate, a peace officer is required to use a controlled form provided by the department for such purposes.
- Align with the fact that in most all cases, there is no longer a physical salvage theft examination certificate, while maintaining the existing content of the rule that the results of a salvage theft examination are not transferable.

**The administrative rule amendments are effective February 3, 2021.**

#### **LINK TO ADMINISTRATIVE RULES**

<https://www.legis.iowa.gov/docs/aco/arc/5345C.pdf>

#### **CURRENT**

Administrative rule chapter 761—405 previously referenced outdated terms and processes related to salvage titles and utilized the prior salvage designation rather than the rebuilt designation. The chapter also did not recognize all of the current practices associated with the salvage theft examination process.

#### **NEW**

As of February 3, 2021, the rules will now clearly address the requirements outlined in the summary above.

#### **QUESTIONS AND ANSWERS**

##### **WHY IS THIS CHANGE HAPPENING?**

The change for the title designation will bring Iowa more in line with national practice since most states use Rebuilt and very few use Prior Salvage. The change related to the salvage-theft exam are primarily to recognize that a physical certificate is not generated from the exam but approval is noted in the system.

##### **WHEN AN IOWA TITLE CURRENTLY DESIGNATED AS PRIOR SALVAGE GOES TO A NEW OWNER, WHAT DESIGNATION WILL BE INDICATED ON THE NEW TITLE?**

ARTS will automatically change the title designation to Rebuilt and print Rebuilt IA on the title upon transfer of an Iowa Prior Salvage title.

##### **IF A TITLE FROM ANOTHER STATE COMES IN AS PRIOR SALVAGE, SHOULD IT BE CHANGED TO REBUILT?**

Yes. This should be changed to Rebuilt with the appropriate two-letter state abbreviation.

##### **IS "PRIOR SALVAGE" STILL AN OPTION TO APPLY AS A DESIGNATION IN ARTS?**

Yes. It is still an option because it may be needed to apply edits that were effective before February 3, 2021. However, for any designation on a vehicle with an effective date on or after February 3, 2021, we ask the county to use the Rebuilt designation.

If a county inadvertently designates a vehicle as Prior Salvage and it prints on the title it does not require immediate correction. If the customer asks for a correction, it should be provided at

no cost if it is the error of the county. Otherwise, it will automatically correct the next time the vehicle is titled in Iowa.

**WHAT HAPPENS IF A CUSTOMER WITH A CURRENT IOWA PRIOR SALVAGE TITLE WANTS THIS CHANGED TO REBUILT IA?**

This should be done as a Replacement Title transaction with the normal fees charged. ARTS will automatically change the designation to Rebuilt IA.

**WHAT HAPPENS IF A CUSTOMER WITH A CURRENT IOWA TITLE WANTS A REPLACEMENT TITLE THAT STILL SAYS PRIOR SALVAGE?**

This cannot be done. All replacement titles will automatically change Prior Salvage to Rebuilt IA. There is no difference in terms of the designation or what it means as the vehicle can still be operated and transferred.

**WHO WILL BE THE BEST CONTACT PERSON REGARDING QUESTIONS ON TITLE DESIGNATIONS?**

Daniel Yeh, Vehicle Services Manager

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