

Motor Vehicle Division Informational Memo # 22-10

Vehicle Registration and Certificate of Title Administrative Rule Updates

DATE: May 9, 2022

FROM: MVD Policy & Compliance Team

TO: All Motor Vehicle Division staff, Iowa County Treasurers and County Treasurer staff

SUBJECT

This informational memo explains updates to administrative rule chapter 761—400, Vehicle Registration and Certificate of Title and is most applicable to staff involved with issuing motor vehicle titles and registrations.

SUMMARY

The amendments to this rule chapter align with existing legal authority and department practice and update various rules related to the vehicle registration and titling process. Below is a description of the amendments:

Contiguous county registration. We defined contiguous county to mean counties that share a corner or corners.

Electronic lien and title. We added a new definition and rule for electronic lien and title (ELT) to the chapter, which reflects the department's current ELT system facilitating the electronic security interest process contemplated in Iowa Code section 321.50(4).

Registration products and plates for exempt vehicles. We added new subrule 400.2(10) which conforms with the current MVD practice of issuing registration plates to exempted vehicles, including issuing regular registration plates to certain eligible agencies under Iowa Code section 321.19(1)"c."

Title and registration application and supporting documents. We updated certain rules related to vehicle registration and title application requirements and supporting documents, including:

- Specifying that if there are two or more owners of a vehicle, all owner signatures are required on the application.
- Complying with existing department practice of requiring a lessor to include the leasing number on the application for a leased vehicle, if applicable.
- Adding courtesy deals language that allows use of ERT by a dealer when the vehicle is delivered to another dealer for sale to a customer. This was a request by IADA.
- Aligning with the current department practice of comparing the security interest on the certificate of title with the security interest listed on the reverse side of the manufacturer's certificate of origin (MCO) and more accurately reflecting Iowa Code, which allows a final-stage vehicle manufacturer to assign an incomplete MCO to retail buyers.

- Clarifying that a signature, unless otherwise specified, includes an ink signature or an electronic signature.

Bonded titles. We amended the bonded title process rules to align with current department practice and provide further detail on what steps we will take if an owner of record or security interest is found during a records search for a vehicle subject to the bonded title process. Under the new rule, staff will be able to continue through the bonded title process even when a cancellation of security interest letter is returned as undeliverable.

Temporary registration. We updated the rule governing temporary use of a vehicle without license plates or a registration card to align with our current practices and Iowa Code section 321.25, which states a person may operate with a temporary registration for 45 days from the date the vehicle was *delivered* rather than *purchased*.

Voluntary contributions to anatomical gift fund. We clarified that voluntary contributions made to the anatomical gift public awareness and transplantation fund during a vehicle registration transaction are deposited to that fund monthly rather than quarterly.

Manufactured or mobile homes. We amended the rule encompassing certificate of title requirements in a situation where a manufactured or mobile home is converted to or from real property to align with Iowa Code and the Iowa Department of Revenue rules addressing the scenarios that can occur at the time of conversion, and specifically what the secured party, the owner, the assessor, or the county treasurer should do in each of those scenarios. Ensuring a proper initial conversion process is followed will help streamline the reconversion process. Also, new subrule 400.40(3) is added to conform the rules with Iowa Code section 435.26B to outline current Department practice of utilizing Form 411186 when an owner is surrendering a certificate of title for a manufactured or mobile home, and by setting a records search fee of five dollars as authorized by Iowa Code section 435.26B.

Fee refunds and credits. We updated the rule related to fee refunds and credits to allow a statement of nonuse to be used for vehicles registered under the International Registration Plan pursuant to Iowa Code chapter 326, to align the refund process for annual registration fees with the requirements set forth in Iowa Code section 321.126, and outline how the department will round credits in the uncommon scenario where a customer may be receiving credit from two registration years.

Notice of vehicle registration suspension or revocation. We updated the rule to clearly outline the notice requirements when issuing a vehicle registration suspension or revocation, including specifying the basis for the suspension or revocation and providing information regarding how a person subject to suspension or revocation can come back into compliance and have the suspension or revocation lifted.

License plate stickers and surrender. We amended the rules addressing license plate stickers to clarify that due to the design of the flying our colors license plate, a person with that plate who also has a persons with disabilities sticker or special truck sticker must affix the sticker to the lower left-hand

corner of the plate rather than the lower right-hand corner so as to not obscure the plate text. We also amended the rule related to disposal of surrendered registration plates to align with current practices where the county treasurer returns surrendered plates to Iowa Prison Industries (IPI) rather than destroying the plates, which helps ensure credit is received for the returned plates.

The administrative rule amendments are effective May 11, 2022.

LINK TO ADMINISTRATIVE RULES

<https://www.legis.iowa.gov/docs/aco/arc/6287C.pdf>

CURRENT

Administrative rule chapter 761—400 previously referenced outdated terms and processes related to vehicle registration and certificates of title.

NEW

As of May 11, 2022, the rules will now clearly address the requirements outlined in the summary above.

BUSINESS IMPACT

This directive does not significantly impact the way that MVD operates as the majority of these changes are anticipated to increase clarity by ensuring the administrative rules reflect current department practices. However, the rules do provide a new option for customers with a mobile home to have the title to their mobile home and the title to the land the mobile home sits on merge and then allow the county treasurer to cancel the certificate of title as converted to real estate as further discussed in the Q&A below.

QUESTIONS AND ANSWERS

The following questions and answers provide additional information to you and to customers:

HOW WILL THE RULE CHANGE TO MOBILE HOME CONVERSION TO REAL ESTATE AFFECT COUNTIES?

The only change from existing law is new subsection (d) in subrule 761—400.40(1), which will allow customers in certain situations to have the title to the home and the title to the land merge and allow the county treasurer to cancel the title as converted to real estate. In these situations, we recommend the following steps:

Step 1: the customer speaks to the county assessor and gets documentation that there is no lien on the land.

Step 2: the customer asks the county treasurer to verify that there is no lien on the certificate of title.

Step 3: if there is no lien on the land, and no lien on the title, the county treasurer may cancel the title as converted to real estate.