

Motor Vehicle Division Information Memo # 24-03 Vehicle Title Legislation - 2024

DATE: May 6, 2024

FROM: Kathleen Meradith-Eyers, MVD Deputy Director

TO: All Motor Vehicle Division staff, and all county treasurer staff

SUBJECT

This informational memo explains two bills that passed during the 2024 legislative session related to vehicle titles and title transactions.

SUMMARY

1) Prior owner name and address on vehicle titles (HF 2185)

Under current Iowa Code section 321.24, an Iowa vehicle title must include certain elements including the previous owner's name and address. **HF 2185 removes the requirement that the last owner's information appear on the printed title**, however, this information must still be retained in ARTS and in the county treasurer records system as part of the vehicle's record. This change protects the prior owner against potential fraud or misuse of the information, aligns with other state title requirements, and conforms to federal and state privacy laws.

2) Bonded title requirements for low-value vehicles (HF 2316)

Under existing Iowa law in section 321.24(11), any person seeking to title and register a vehicle who cannot show proper ownership documents is required to obtain a surety bond or submit a cash bond equal to 1.5x the current value of the vehicle. If an owner or lienholder later makes a claim to the vehicle, the bond provides funds to compensate them. If no one makes a claim on the bond, the bond and any deposit is returned to the title holder after three years. **HF 2316 eliminates the bond requirement for vehicles that are 12+ model years old and worth \$1,000 or less.**

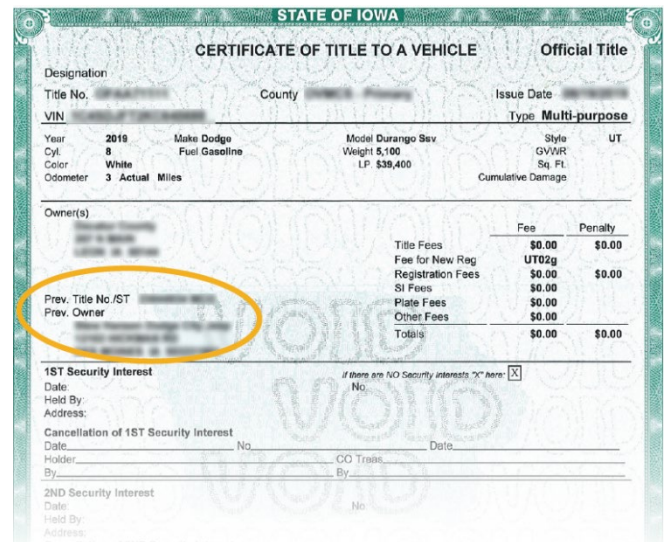
With the change, applicants for a vehicle title who lack ownership documents will still need to apply to the MVD first. MVD will investigate whether there are any liens or claims to ownership, then will determine the current value and age of the vehicle, as is the current process. If there are no liens or ownership claims **and** the vehicle is 12+ years old and worth \$1,000 or less, MVD will notify the vehicle owner that the vehicle is approved to be titled. The owner must apply for title and registration within 30 days of MVD's notification.

Both bills become effective on July 1, 2024.

LINK TO BILLS

Prior owner on vehicle titles (HF 2185) - <https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=hf2185>

Bonded title changes (HF 2316) - <https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=HF2316>



CURRENT

- 1) Iowa vehicle titles include the name and address of the previous vehicle owner on the face of the title.
- 2) Any person who cannot show proper ownership documents for a vehicle they seek to title and register must file a cash or surety bond before a title can be issued. This applies to all vehicles regardless of value.

NEW

- 1) As of July 1, 2024, the previous vehicle owner's name and address will no longer be printed on Iowa titles.
- 2) As of July 1, 2024, vehicles 12+ model years old that are worth \$1,000 or less do not require a cash or surety bond prior to issuing an Iowa title.

BUSINESS IMPACT

- 1) The removal of the prior owner's information from printed titles will not require any process or form changes, but it is important for staff to be aware that all titles printed beginning July 1 will no longer contain this information. **This law change does not require a change in title stock, nor does it invalidate any previously issued titles that contain the prior owner's information.**
- 2) The bonded title process change will require several process changes for the MVD Vehicle Services team. Similar to the current process, all customers lacking proper vehicle ownership documents will still need to apply to the MVD. **However, as of July 1, if MVD determines that there are no liens or ownership claims and the vehicle is 12+ years old and worth \$1,000 or less, MVD will notify the vehicle owner and the county treasurer that the vehicle is approved to be titled. The owner must apply for title and registration within 30 days of MVD's notification.**

MVD is working to update the DOT website, forms, publications, and the county treasurer's manual to incorporate these changes. Additionally, MVD will be revising administrative rule chapter 400 (Vehicle Title & Registration) to incorporate these two legislative changes as part of the existing review of the chapter under Executive Order 10.

QUESTIONS AND ANSWERS

WILL THE CHANGE TO PRINTED TITLES ALSO IMPACT THE ARTS TITLE SNAPSHOT?

Yes. Since the title snapshot is intended to be an exact representation of the title printed from ARTS, and the legislation requires that the title no longer include the prior owner's name and address as of July 1, the title snapshot will likewise no longer include the prior owner's name and address as of July 1, 2024.

HOW DO CUSTOMERS APPLY FOR A TITLE WITHOUT PROPER OWNERSHIP DOCUMENTATION?

The application process will remain unchanged from today's procedures. Customers seeking to title and register a vehicle without ownership documentation will apply to MVD using the online form at:

<https://iowadot.seamlessdocs.com/w/ApplicationforBondedTitle>

HOW WILL THE COUNTY KNOW THAT A CUSTOMER IS APPROVED TO BE ISSUED A TITLE WITHOUT FIRST OBTAINING A BOND?

MVD will notify the customer in writing that the vehicle is approved to be titled. The customer will need to present this notice to the county treasurer's office in order to title the vehicle.

WHAT IF A CUSTOMER DOESN'T APPLY FOR TITLE AND REGISTRATION WITHIN 30 DAYS FROM MVD'S NOTICE?

As is the current process, a customer who fails to apply for title and registration within 30 days of receiving MVD's approval to title and register the vehicle will be subject to all applicable penalties and fees. After 90 days, the customer will need to obtain a bond rider.