

Motor Vehicle Division Information Memo # 19-05

Vehicle Registration, Titling, and Motor Vehicle Dealer Administrative Rule Updates

DATE: April 16, 2019

FROM: Sara Siedsma, Compliance Officer, MVD

TO: All Office of Vehicle and Motor Carrier Services staff, Iowa County Treasurers and County Treasurer's staff

SUBJECT

This informational memo explains an update to administrative rule chapters 761—400, Vehicle Registration and Certificate of Title, and 761—425, Motor Vehicle Dealers. In 2018, various Iowa Code sections were amended to change or newly address provisions related to notation of cancellation of a security interest on a motor vehicle title, the location of motor vehicle dealer books and records, and the ability of a final-stage motor vehicle manufacturer to sell a completed multi-stage manufactured vehicle to a retail buyer.

SUMMARY

Final-stage manufacturers: The amendments conform the rules to 2018 legislation, which changed the definition of “manufacturer” to include a final-stage motor vehicle manufacturer, and defines “final-stage manufacturer” to mean a person who performs such manufacturing operations on an incomplete motor vehicle that it becomes a completed motor vehicle. Prior to the legislation, a final-stage manufacturer was prohibited from holding a motor vehicle dealer’s license and thus could not sell a multi-stage manufactured vehicle directly to a retail buyer. The legislation allowed a final-stage manufacturer holding either a new or used motor vehicle dealer license to assign an incomplete motor vehicle manufacturer’s certificate of origin to a retail buyer for purposes of issuance of a certificate of title by a county treasurer as a new motor vehicle, which may have the same make as the incomplete motor vehicle. The rules implement the legislation by addressing the eligibility and application requirements for a final-stage manufacturer motor vehicle dealer license. Specifically, the applicant for a final-stage manufacturer’s motor vehicle dealer license must meet the definition of a final-stage manufacturer in the Iowa Code, must meet the final-stage manufacturer certification responsibilities under federal regulation in 49 CFR Section 567.5, and must already be licensed as a manufacturer under Iowa Code chapter 322 and 761—Chapter 425. The applicant must also follow the same standards and meet the same criteria for a motor vehicle dealer license as already established in rule 761—425.10(322).

Motor vehicle dealer books and records: The amendments add a new rule to incorporate the requirements newly added by the 2018 legislation related to motor vehicle dealer books and records when the motor vehicle dealer has more than one licensed location. The rule specifies that a motor vehicle dealer may keep the dealer’s collective business records together at any of the dealer’s licensed locations, but the records must be stored in a manner so the records are distinguishable to each licensee and may be accurately identified in any audit proceeding. Also, the dealer must notify the Department when the dealer intends to move business records to another licensed location, which complies with the statutory requirement to notify the Department of the records location.

Security interest cancellation title notations: The amendments also incorporate the requirements in Iowa Code section 321.50, as amended by the 2018 legislation allowing for the cancellation of a security interest to be submitted either on the title itself or on a separate notarized statement from the lienholder.

The administrative rule amendments are effective April 17, 2019.

LINK TO ADMINISTRATIVE RULES

<https://www.legis.iowa.gov/docs/aco/arc/4343C.pdf>

CURRENT

Based on the 2018 legislative changes, we have already changed our processes to adhere to the new requirements related to notation of cancellation of a security interest on a motor vehicle title, the location of motor vehicle dealer books and records, and the ability of a final-stage motor vehicle manufacturer to sell a completed multi-stage manufactured vehicle to a retail buyer.

You may wish to review the previous guidance we issued when the 2018 legislation became effective for more information about the background of the legislation and additional questions and answers. The relevant memo numbers are: IM 18-10, IM 18-12 and IM 18-13.

For internal DOT employees, you may find the 2018 memo in the W drive at the address below:

W:\MotorVehicle\Policy & Communications\Memorandums\Memos\Informational Memos\2018

For County Treasurers and staff, you may find the 2018 memos at the links to the county treasurer's manual below:

<https://iowadot.gov/mvd/ovs/ctmanual/memos/IM-18-10.pdf>

<https://iowadot.gov/mvd/ovs/ctmanual/memos/IM-18-12.pdf>

<https://iowadot.gov/mvd/ovs/ctmanual/memos/IM-18-13.pdf>

NEW

As of April 17, 2019, the rules will align with the 2018 legislative changes and our current processes for notation of cancellation of a security interest on a motor vehicle title, the location of motor vehicle dealer books and records, and the ability of a final-stage motor vehicle manufacturer to sell a completed multi-stage manufactured vehicle to a retail buyer.

BUSINESS IMPACT

This directive does not impact the way that OVMCS operates as we have already updated our processes to conform to the 2018 legislative changes, rather this directive is just informing you that the administrative rules have now been updated.