

Motor Vehicle Division Policy Memo # 22-03

CLARIFICATION ON SR-22 VEHICLE TITLE AND REGISTRATION STOPS

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TO: Iowa County Treasurers
Iowa DOT Vehicle & Motor Carrier Services personnel

SUBJECT

This policy memo clarifies the process that should be followed when a customer has an SR-22 stop on their customer record during a vehicle title and registration transaction.

Please also see Policy Memo #23-03 issued on March 1, 2023, for additional explanation of the title and registration process when an SR-22 stop is on a customer record.

EXPLANATION

Iowa Code 321A requires certain persons to have proof of financial responsibility after that person's driver's license has been sanctioned. Under 321A.17, no motor vehicle shall be registered in the name of a person until the person has given and thereafter maintains proof of financial responsibility. This financial responsibility is shown on an SR-22 form. Individuals who are required to have certain financial coverage prior to licensing or registration have an SR-22 stop on their records.

~~Unlike other registration stop transactions, Iowa Code does not allow a customer to have a newly-acquired vehicle titled and registered, with immediate suspension, when the customer record shows an SR-22 stop. Instead, the customer must resolve the SR-22 issue prior to the transaction.~~

SR-22 forms are electronically sent to the MVD by the insurance company and added to a person's record by the MVD Sanctions team. If an individual has an SR-22 stop and ARTS shows no SR-22 on file, that means the MVD has not yet received satisfactory proof of SR-22 coverage. If the customer can provide a paper copy of the SR-22 form or a viewable copy on the customer's cell phone, county staff may review. It is important to remember that many customers do not have hardcopy proof of SR-22 coverage, because the insurance companies are only required to submit the SR-22 information electronically to the MVD. If the customer does not have an SR-22 form on file and does not provide an SR-22 form during the transaction, the county can either deny the vehicle registration ~~and title transaction~~ or place the transaction on hold.

If an individual has an SR-22 stop and ARTS show an SR-22 on file, the county must review the SR-22 form. A lift notice and/or insurance card are not acceptable proofs of financial responsibility. In addition to existing options for the customer to show the paper copy of the SR-22 form or a viewable copy on the customer's cell phone, we have updated ARTS to allow all counties to access the SR-22 form in ARTS Correspondence for 90 days from receipt by the DOT. If the SR-22 form is on file but not

viewable to the county, the county may contact the DOT Advanced Customer Experience (ACE) team to provide the SR-22 form to the county.

TERMINOLOGY

SR-22 form: an insurance form from an insurer that verifies a vehicle owner or operator has the additional high-risk liability insurance coverage required under state law. This form is referred to in the Iowa Administrative Code as the AAMVA Uniform Financial Responsibility Form. It may also be referred to as the AAMVA form, SR-22 insurance filing, or simply SR-22 in your particular office. The form itself is not required to say AAMVA on it to be compliant.

SR-23 form: an insurance form from the insurer that verifies an operator employed by an owner of a fleet of motor vehicles has the liability insurance coverage required under state law.

SR-26 form: an insurance form from the insurer showing that the SR-22 or SR-23 form has been cancelled or terminated. If an SR-26 form is the most recent form on file, the customer does not have satisfactory proof of SR-22 coverage on file.

QUESTIONS AND ANSWERS

WHY IS CLARIFICATION BEING PROVIDED?

We are issuing this information because it came to our attention that the county treasurer's manual contained conflicting information on processing SR-22 stops. ~~Further, there is confusion between the SR-22 stops and the child support stops under Iowa Code 252J.8.~~ This policy memo seeks to bring all practices into compliance, provide clarification on Iowa laws to our partners, and to ensure that all vehicle owners are treated consistently.

WHAT CHANGES ARE BEING MADE UNDER THIS MEMO?

We have identified the following two legal corrections and one process improvement:

- Legal correction 1: if a customer does not have an SR-22 form on file and does not provide an SR-22 form during the transaction, the county can either deny the vehicle registration and title transaction or place the transaction on hold. ~~It is not permissible under Iowa law to title and register the vehicle and then suspend.~~ **Please see PM #23-03 for temporary guidance regarding titling and registering, then immediately suspending vehicle registration.**
- Legal correction 2: the county must review the SR-22 form to lift the vehicle registration suspension. A lift notice and/or insurance card are not acceptable proofs of financial responsibility.
- Process improvement: in addition to the current ways a customer may show the SR-22 form, we have updated ARTS to allow all counties to access the SR-22 form in ARTS Correspondence for 90 days from receipt by the DOT. This option is available for SR-22 forms electronically submitted to the DOT as required by law. If the SR-22 form is on file but not viewable to the county, the county may contact the DOT ACE team to provide the SR-22 form to the county.

~~WHAT IS THE IMPLEMENTATION DATE OF THESE CORRECTIONS AND PROCESS IMPROVEMENT?~~

~~May 2022 was intended to educate on these changes and identify questions that counties, dealers, and customers may have. June 1, 2022 is when all DOT guidance and materials will be updated and is when we expect all counties to be following the corrected legal guidance. While~~

~~we are aware there may be additional questions about specific transactions or aspects of a transaction, our county liaisons continue to be available for specific scenarios.~~

HOW WILL INDIVIDUAL CUSTOMERS BE IMPACTED FOR INITIAL TITLE AND REGISTRATION TRANSACTIONS?

Per PM 23-03, customers will receive a title and have registration immediately suspended. A customer is unable to title and register the vehicle in the customer's name until the customer has provided the DOT with satisfactory proof of SR-22 coverage. Satisfactory proof of SR-22 coverage is the SR-22 form.

Any customer who has a delay in submitting a title and registration application due to an SR-22 issue may be subject to title and registration penalties if the ultimate application is not submitted within 30 days of acquiring the vehicle. The county treasurer's office will determine the receipt date of the application and apply penalties if required.

HOW WILL INDIVIDUAL CUSTOMERS BE IMPACTED FOR REGISTRATION RENEWALS?

The registration renewal process will remain largely the same. A customer must provide the DOT with satisfactory proof of SR-22 coverage prior to registration renewal. This proof may include:

- The customer providing a paper copy of the SR-22 form
- The customer providing a copy of the SR-22 form on the customer's cell phone
- The county accessing the SR-22 form through ARTS Correspondence
- The county contacting DOT ACE team to provide the form.

For registration renewals, the main changes for the customer are that the lift notice or insurance card are not satisfactory proof of SR-22 coverage, and that the county may have additional options to access the form for the customer either through ARTS or the DOT ACE team.

HOW WILL DEALERS BE IMPACTED FOR INITIAL TITLE AND REGISTRATION APPLICATIONS?

~~If a dealer submits a title and registration application on behalf of a customer that has an unresolved SR-22 stop, the county will return the paperwork to the dealer and state that the customer is ineligible to title and register the vehicle. The county may let the dealer know that the deal is being returned due to an initial title and registration stop, and that the customer should contact the DOT or the county treasurer for information of how to resolve the transaction. The county may also let the dealer know that to perfect a security interest for the untitled vehicle may submit Form 411046, the Application for Notation of Security Interest, with the applicable fee to the county treasurer. The county has a procedure to process the security interest without issuing a title.~~

~~A dealer who has a Power of Attorney for a customer with an SR-22 stop will be unable to title and register on the customer's behalf.~~

~~Any customer who has a delay in submitting a title application due to an SR-22 issue may be subject to title and registration penalties if the application is not ultimately submitted within 30 days of acquiring the vehicle. The county treasurer's office will determine the receipt date of the application and apply penalties if required.~~

HOW WILL LIENHOLDERS BE IMPACTED?

MVD is aware that one purpose in securing a title is to ensure that a security interest (or “lien”) is perfected. Iowa Code 321.50 specifies that the date of delivery of the application for notation of security interest or of delivery of the application for certificate of title which lists the security interest shall be the date of perfection for the lien, regardless of the date of the title. The lien application is Form 411046, the Application for Notation of Security Interest, and the applicable fee.

HOW WILL COUNTIES BE IMPACTED FOR THE INITIAL TITLE AND REGISTRATION TRANSACTION?

As authorized under Iowa Code 321A, the counties will be required to ~~deny or hold transactions~~ suspend registration until the customer has provided the proper proof of SR-22 to allow ~~title~~ and registration. There are ~~three~~ two basic scenarios that may arise if a customer does not have proof of SR-22:

- ~~1. A customer with an SR-22 stop submits a title and registration application, and the Exception Case states Check SR-22. The Description column states that there is no SR-22 on file, and no SR-22 form is provided for review. The county has two options:
 - ~~a. The county may deny the deal, cancel the deal in ARTS, return the paperwork and inform the customer how to provide satisfactory proof of SR-22 coverage, which means contacting their insurance provider to send the SR-22 form to the DOT. Insurers are required under Iowa Administrative Code to electronically submit the SR-22 form to the DOT.~~
 - ~~b. The county may put the deal on hold. The county may choose to keep the transaction in ARTS Work In Progress (WIP) while the customer contacts their insurance provider.~~~~

~~If the title and registration application was submitted through a dealer, the county should deny the deal and return the paperwork to the dealer. The county may let the dealer know that the deal is being returned due to an initial title and registration stop, and that the customer should contact the DOT or the county treasurer for information of how to resolve the transaction. The county may also let the dealer know that to perfect a security interest for the untitled vehicle may resubmit Form 411046, the Application for Notation of Security Interest, with the applicable fee to the county treasurer.~~

- ~~2. A customer with an SR-22 stop submits a title and registration application, the Exception Case says Check SR-22, no SR-22 is on file, but the customer provides an SR-22 form for review. The county should review the SR-22 form to confirm the information is correct. If the information is correct, the county may override the stop and title and register the vehicle.~~
- ~~3. A customer with an SR-22 stop submits a title and registration application, the Exception Case says Check SR-22, and the Description column states that an SR-22 form is on file. The county may ask if the customer has an AAMVA form for review, either a physical copy or a copy on the customer’s cell phone. If the customer does not, the county should check ARTS for the SR-22 form. Due to new programming, the SR-22 form will~~

now be viewable to all counties in ARTS for a period of 90 days from the Iowa DOT's receipt of the SR-22 form. To check ARTS, the county should use Tools → Correspondence → Search Correspondence.

- a. If the SR-22 form is viewable, the county should review and if the SR-22 form applies to the vehicle, approve the title and registration application and title and registration the vehicle.
- b. If the SR-22 form is not viewable in ARTS, such as if the title and registration application is received more than 90 days after DOT's receipt of the SR-22, the county should contact the Advanced Customer Experience Team (ACE Team) at MVD.ACETeam@iowadot.us with the customer information or, if the customer is in-person, call 515-237-3070. This team will provide a copy of the SR-22 form for review. The county should review the SR-22 form, and then can approve the ~~title and~~ registration application and ~~title and~~ register the vehicle. Note that the ACE team can provide information specifically about the SR-22 form but for other questions about the vehicle transaction, the county treasurer should continue to contact County.Vehicle@iowadot.us.

Any customer who has a delay in submitting a title application due to an SR-22 issue may be subject to title and registration penalties if the ultimate application is not submitted within 30 days of acquiring the vehicle. The county treasurer will determine the receipt date of the application and apply penalties if required.

HOW WILL COUNTIES BE IMPACTED FOR REGISTRATION RENEWALS?

The registration renewal process will remain largely the same, except counties have additional options to access the SR-22 form to help the customer. During registration renewal, a customer with an SR-22 stop will be notified by the renewal postcard that the customer may not renew registration without proof of SR-22 coverage. The customer will be unable to renew online.

A customer must provide the DOT with satisfactory proof of SR-22 coverage prior to registration renewal. This proof may include:

- The customer providing a paper copy of the SR-22 form
- The customer providing a copy of the SR-22 form on the customer's cell phone
- The county accessing the SR-22 form through ARTS Correspondence
- The county contacting DOT ACE team to provide the form.

As noted above, the lift notice or insurance card are not satisfactory proof of SR-22 coverage.

If the customer attempts to mail in payment, staff should confirm that an SR-22 form is on file in ARTS. If the SR-22 form is not on file, then staff should deny the transaction. If the SR-22 form is on file, county staff may check ARTS Correspondence or contact ACE team, whichever is appropriate.

If a customer has the SR-22 stop applied after the renewal notice is sent but before the renewal is processed, the same renewal restrictions will apply. However, the customer may not realize that the SR-22 stop is preventing an on-line renewal and the county may need to review the stop and advise the customer to contact their insurance company.

HOW WILL IOWA DOT BE IMPACTED?

Iowa DOT will update the county treasurer's manual and review all materials to ensure that the legally correct information is presented to our partners.

HOW WILL PRIVATE TO PRIVATE VEHICLE SALES BE IMPACTED?

We are aware of situations in private-to-private vehicle sales where the buyer does not title and register the vehicle in a timely fashion. This is not unique to SR-22 stops but may happen in a variety of situations. We have existing forms for the seller to update ownership in our system. To update the ARTS record and address concerns for registration, parking tickets, and vehicle-related issues, the seller may complete Form 411107. If the vehicle is involved in a crash, the seller may complete Form 431125 to be absolved of financial responsibility with the crash. We are also looking at updating our guidance to both sellers and buyers to be aware of this possible issue for all private-to-private sales.

HOW SHOULD COUNTY TREASURERS PROCESS AN EXCEPTION CASE OF "CONTACT DRIVER SERVICES" AS IT RELATES TO SR-22 STOPS?

~~In some situations, the exception case may state "Contact Driver Services" instead of "Check SR-22." We are still identifying the exact situations that this occurs.~~ This stop occurs due to a customer having outstanding financial liability for a prior crash as per Iowa Code 321A.5 and 321A.7. Counties should treat the "Contact Driver Services" exception case the same as the "Check SR-22" exception case ~~and determine if the SR-22 is on file or not on file to proceed~~ and may title and register the vehicle but immediately suspend registration. If the "Contact Driver Services" exception case appears and it is unclear how to proceed, please contact ~~county vehicle staff~~ Vehicle Central staff for further guidance.

IF A COUNTY CONTACTS THE DOT ACE TEAM TO PROVIDE A COPY OF THE SR-22 FORM, HOW QUICKLY WILL THE COUNTY RECEIVE A RESPONSE?

The DOT Advanced Customer Experience team, or ACE team, provides real-time county support for driver's license transactions and monitors both email and phone lines during the business day of Monday through Friday, 8:00 a.m. to 5:00 p.m. If a customer is in-person at the counter, we recommend calling the ACE team phone number to alert the ACE team that there is a transaction needing more immediate review. The email address for DOT ACE team is MVD.ACETeam@iowadot.us. The phone number is 515-237-3070. Please note this phone number is for county support and internal staff only and is not for general customer contact.

~~WHY CAN'T WE TITLE AND REGISTER THE VEHICLE, AND THEN SUSPEND THE REGISTRATION, IF THE CUSTOMER DOES NOT HAVE SR 22 COVERAGE ON FILE?~~

~~We have been asked why the following steps cannot be taken when there is an SR-22 stop:~~

- ~~1. Title and register the vehicle~~
- ~~2. Suspend the registration~~

~~Taking steps one and two above are not legally valid because Iowa Code 321A.17 states that when a person's driver's license is suspended or revoked, the person must provide proof of financial responsibility, and that no motor vehicle shall be registered in the name of such person "until the person shall give and thereafter maintain proof of financial responsibility." If the person does not have proof of financial responsibility, Iowa Code does not allow the vehicle to be registered in their name.~~

In other words, because the county cannot legally complete step one to title and register the vehicle, the county cannot reach step two to suspend the vehicle. The requirements of Iowa Code section 321A.17 are in place because the customer has demonstrated risky driving behavior such that the law requires the customer to have high risk liability coverage before registering a vehicle in the customer's name.

~~CAN THE COUNTY TREASURER COMPLETE A "TITLE ONLY" TRANSACTION IF THE CUSTOMER DOES NOT HAVE AN SR-22 TO AVOID REGISTERING THE VEHICLE?~~

~~No. Iowa law requires the customer complete an application for title and registration and for the county treasurer to issue certificate of title and a registration receipt. Because the customer cannot have the vehicle registered, the customer also cannot have the vehicle titled.~~

ARE THERE ANY NEW IT CHANGES IN ARTS RELATED TO THIS GUIDANCE?

Yes, we are aware in the past that the SR-22 form has not been accessible directly to all county partners. Previously the SR-22 form was only available in ARTS for a short period of time before shifting to ERMS. We have extended that length of time. The SR-22 form will now be accessible in ARTS for 90 days from the date that the DOT receives the SR-22 form. We expect most transactions will occur in that 90-day period, and our county partners will be able to help customers directly with access to this document instead of referring the customers elsewhere.

WHY IS THE SR-22 FORM ONLY IN ARTS FOR 90 DAYS IF THE PROOF OF FINANCIAL RESPONSIBILITY IS REQUIRED FOR TWO YEARS?

The 90-day period is a starting point. The concern with a longer time period is that the longer the documents are stored in ARTS, the increased likelihood that ARTS processing will be slower for other transactions. We would like to hear back from the county treasurers on this time period over the next several months to see if this time frame should be revisited.

WHAT DOCUMENTS MAY THE COUNTY TREASURER ACCEPT AS PROOF OF FINANCIAL COVERAGE TO TITLE AND REGISTER THE VEHICLE?

The only acceptable document to show proof of financial coverage is the current SR-22 form from the insurance company. This document must contain the following:

1. Must indicate that it is an SR-22
2. Must uniquely identify the person (name, address, birth date, driver's license number)
3. Policy number
4. Effective date of coverage
5. Must indicate owner's coverage with the vehicle information if they are registering the vehicle or otherwise qualify as a similar classification of vehicle. Vehicle information includes model, year, make, and at least the last four digits of the VIN.
6. Must indicate "Iowa," if coverage for Iowa. The coverage must be for Iowa so we can't accept any other state.
7. Company name
8. Signature
9. Date of certificate

MAY A COUNTY TREASURER ACCEPT AS PROOF OF FINANCIAL COVERAGE AN SR-22 FORM THAT IS NOT CURRENTLY EFFECTIVE?

No, the SR-22 form must have an effective date that shows proof of financial coverage on the date that the customer seeks to complete the transaction. For example, a customer may have an SR-22 form that is effective on July 1 but attempt to complete the transaction several days earlier, on June 27. The county cannot accept the SR-22 form as proof of financial coverage until the SR-22 form is effective.

ON THE SR-22 FORM, IF THE OWNER'S POLICY BOX IS CHECKED IT STATES THAT THE POLICY APPLIES TO ANY REPLACEMENT VEHICLES BY SIMILAR CLASSIFICATION AND ANY ADDITIONALLY ACQUIRED VEHICLES OF SIMILAR CLASSIFICATION FOR A PERIOD OF AT LEAST 30 DAYS FROM THE DATE OF ACQUISITION. WHAT DOES "SIMILAR CLASSIFICATION" MEAN?

"Similar classification" is an insurance term. It is broader than the specific make or model or the vehicle but must be a similar type of vehicle. For example, a motorcycle policy covers other motorcycles, or a private passenger vehicle policy covers other private passenger vehicles. Multi-purpose vehicles and pickup trucks may both qualify as private passenger vehicles if being used as private passenger vehicles.

If a county is retaining the SR-22 form for your files for future use, be aware that future versions of the SR-22 form will need to have the correct make, model, VIN, and other information because the SR-22 form only covers additionally acquired vehicles for 30 days.

MAY THE COUNTY TREASURER ACCEPT THE LIFT NOTICE ISSUED TO THE OWNER BY DRIVER SERVICES AND AN INSURANCE CARD WITH THE YEAR, MAKE, AND VIN OF THE VEHICLE?

No. A lift notice and insurance card do not meet the requirement of acceptable evidence. The lift notice and insurance card will not contain all of the required information listed above. The only acceptable document is the current SR-22 form from the insurance company.

We are aware that previous guidance in the county treasurer's manual stated that a lift notice and insurance card were acceptable proof. We are correcting this guidance, as those documents do not meet the requirements of Iowa law.

MAY A CUSTOMER SHOW A PAPER COPY OR A CELL-PHONE VERSION OF THEIR REQUIRED PROOF OF FINANCIAL RESPONSIBILITY FORM FOR THE COUNTY TO PROCESS THE TRANSACTION?

Yes, consistent with the process a customer will experience for a driver's license transaction related to SR-22, a customer may provide a paper copy or a cell-phone version of their required proof of financial responsibility form. The county should review the form to confirm it has the proper information, and then may complete the transaction if appropriate.

IS THERE A BEST PRACTICE FOR WHAT THE COUNTY SHOULD DO TO HELP UPDATE THE CUSTOMER'S DRIVING RECORD IF ARTS SHOWS THE DOT DOES NOT HAVE AN SR-22 ON FILE, AND THE CUSTOMER PROVIDES A PAPER COPY OR A CELL-PHONE VERSION OF THEIR REQUIRED PROOF OF FINANCIAL RESPONSIBILITY?

No, counties continue to have discretion on whether or how to direct the customer to updating their driving record with the SR-22 coverage information for driver's license reinstatement purposes. This is an existing situation that has not changed with this memo.

Some counties who handle driver's license transactions have a process already to update the customer's driving record during that transaction, for instance, by emailing the SR-22 form to the MVD. Other counties may choose to simply recommend the customer contact a driver's

license service center for further steps on getting the SR-22 form on file for driver's license reinstatement purposes. Since SR-22 coverage is required for both vehicle registration and for driver's license reinstatement, and those transactions are sometimes completed at different locations (i.e. county and MVD) the customer may simply have to show it separately for both types of transactions if their insurance company has not submitted it electronically to the DOT. We defer to the county on what may be best practice in your area, and please contact the Iowa DOT if a particular county wants to discuss further if your particular process could be refined.

SHOULD A COUNTY PROCESS PROOF OF FINANCIAL RESPONSIBILITY FORM THAT IS FAXED, EMAILED, OR HAND-DELIVERED FROM AN INSURER?

Yes, the county may continue to use the SR-22 form provided from an insurer to complete the customer's transaction and should not turn customers away simply because their insurer provided only a paper copy of the SR-22 form. However, insurers are required under Iowa law to electronically submit the SR-22 form to the Iowa DOT. If a county is aware that a particular insurer is consistently providing faxed, emailed, or paper copies without electronic submission, please contact the Iowa DOT and we can reach out to the insurer and provide additional training on how to electronically submit the documents in compliance with Iowa law.

MAY THE COUNTY TREASURER REQUIRE A CUSTOMER TO HAVE A PHYSICAL COPY OF THE SR-22 FORM?

No, a physical copy of the SR-22 form cannot be required and many customers will not have a physical copy available to them. Iowa Administrative Code now requires insurance companies to file SR-22 forms electronically with the DOT. Some insurance companies have chosen to no longer send physical copies to the customers and your customer may simply not have this document available to them.

It is our intent that the new extended access for 90 days to the SR-22 form in ARTS will allow a county to access the SR-22 form in ARTS on the customer's behalf. Counties may ask if a customer has a physical copy, but if the customer does not the next step is to check ARTS for the SR-22 form and if the SR-22 form is not available, to contact the ACE team

THE CUSTOMER AT THE COUNTER RECEIVED THE SR-22 INSURANCE WITHIN THE PAST 90 DAYS, BUT THE SR-22 FORM IS NOT SHOWING UP IN ARTS CORRESPONDENCE. WHY IS THAT?

Programming was updated in April 2022 to give all counties access to the SR-22 in ARTS Correspondence. However, the SR-22 form only reaches ARTS Correspondence if the insurance company follows Iowa law and submits the SR-22 form electronically to the DOT. If the SR-22 form was submitted in a form that had to be scanned in, it was scanned straight into ERMS and will not be accessible in ARTS. However, there are still three options for a customer in this situation:

1. The customer may have a physical copy of the SR-22 form for the county to review.
2. The customer may have a version viewable on the customer's cell phone, such as to the insurer's website.
3. The county may contact DOT ACE team to email a copy of the SR-22 form for review.

~~WHY IS THERE A DIFFERENCE BETWEEN THE SR-22 STOP AND THE CHILD SUPPORT STOP?~~

~~Failure to pay child support has no implication on public safety, whereas a person with an SR-22 stop has that stop because they have exhibited risky driving behavior compromising public safety (OWI, habitual violators, etc). While suspending a registration for nonpayment of child~~

~~support presents a barrier to driving a vehicle in order to incentivize payment, Iowa Code 321A provides an even stronger barrier to driving by preventing the title and registration from the start, because that person constitutes a “high risk” to traffic safety and is therefore being required to possess higher risk liability coverage.~~

~~Furthermore, child support stops are authorized under a different statute, and have different authorizing language that produces a different result. Under Iowa Code section 252J.8, a licensing authority shall deny issuance or renewal of certain licenses, which in this section includes vehicle registrations. This statute authorizes the licensed authority to adopt administrative rules based on unpaid child support. Iowa DOT adopted 761 IAC 400.45(3) to allow the department and the counties to title and register a vehicle, and then immediately suspend the registration, to comply with child support stops.~~

~~However, for the SR-22 stops, Iowa Code 321A does not allow title and registration and then immediate suspension. Instead, it prohibits the department or the counties from registering the vehicle entirely. To be able to suspend the registration, the department or counties must first register the vehicle. Because the first step to register is prohibited, it is not possible to register and then suspend under the law as written.~~

HOW MAY A DEALER PERFECT A LIEN FOR AN UNTITLED VEHICLE FOR A PAPER TRANSACTION?

Under Iowa law, a lien is considered perfected the date the county treasurer receives the signed security interest application and lien notation fee. If a dealer submits the signed security interest application and lien notation fee in a separate mailing/transaction from the title and registration paperwork, the county will process the separate security interest application and perfect the lien.

We are aware that dealers may submit the signed security interest application and lien notation fee in the same mailing/transaction as the rest of the title and registration paperwork. ~~When there is an SR-22 stop and the dealer has submitted all the paperwork together, we are advising the county treasurers to return paperwork in their entirety to the dealer, including any fees. If a dealer has received a returned application and wishes to perfect the lien, the dealer may complete the security interest application and pay the lien notation fee and submit these documents separately to the county for processing.~~

HOW WILL A COUNTY PROCESS THE LIEN FOR AN UNTITLED VEHICLE FROM A DEALER FOR A PAPER TRANSACTION?

If a dealer submits the signed security interest application and lien notation fee in a separate transaction from the title and registration paperwork, counties should continue to process the lien separately as under regular practice.

If there is no SR-22 coverage on file for a customer and the dealer has submitted the signed security interest application and lien notation fee in the same mailing/transaction as the rest of the title and registration paperwork, we advise that the county ~~deny the transaction and return the application in its entirety to the dealer.~~ The county should let the dealer know to have the customer contact the county in regards to the registration. The dealer may perfect the lien by resubmitting a completed security interest application and the lien notation fee. The county treasurer should process the security interest as stated in the county treasurer’s manual in section 12.2. We have also received questions about perfecting a lien on an MCO. This process

should apply for MCOs as well. If there are any issues for a particular deal, please contact the county liaison staff.

HOW MAY A DEALER PERFECT A LIEN FOR AN UNTITLED VEHICLE WHEN USING ERT?

ERT programming does not currently allow a dealer to submit only the security interest application and the lien notation fee. If a dealer submits a deal through ERT that cannot be processed ~~because of an SR-22 issue~~, the county will return the whole deal to the dealer ~~due to an initial title and registration stop~~, including the security interest application and lien notation fee if it was included in the ERT deal. A dealer has 3 options when using ERT if the dealer suspects an SR-22 stop may affect lien perfection:

- The dealer may submit the security interest application and the lien notation fee separately to the county via paper and use ERT for the rest of the paperwork. If the ERT paperwork is returned, the security interest application has been separately processed to perfect the lien under Iowa Code 321.50.
- The dealer may submit the security interest application and lien notation fee with the rest of the paperwork in ERT. If the paperwork is returned, the dealer may resubmit the security interest application and lien notation fee separately to the county via paper for processing of just the lien notation.
- The dealer may submit the security interest application and lien notation fee with the rest of the paperwork in ERT and if the paperwork is returned, the dealer may choose to rely on Iowa Code 321.50 which states that the date of delivery is the date of perfection, and that the date of delivery was the date of the original application of the security interest notation via ERT. This is not legal advice, and we recommend that a dealer confirm with legal counsel that this would be the date of perfection of the lien.

IF A DEALER SENDS IN THE SECURITY INTEREST APPLICATION AND LIEN NOTATION FEE SEPARATELY, DOES THE DEALER NEED TO ALERT THE COUNTY ON THE TITLE AND REGISTRATION APPLICATION THAT THE SECURITY INTEREST APPLICATION/FEE WERE ALREADY PROVIDED?

It is not necessary to alert the county that the security interest application and lien notation fee were sent separately in this or any scenario, because if the security interest application and lien notation fee have been processed, ARTS will find the previously submitted security interest application information and automatically apply the lien holder and date of perfection to the title transfer. The county treasurer's manual includes that the transaction fees will include the security interest fee and the process to collect less than what appears on the transaction fees and how to include any fee held in escrow.

We would recommend that the dealer keep a copy of the security interest application and lien notation fee. If the dealer chooses, or if there is concern that the security interest application may not be received prior to the title and registration application, the dealer may submit a separate note of explanation with the title and registration application stating that the security interest application and lien notation fee were sent separately. A reminder that the additional letter cannot alter any choices the customer has made on the transaction and no notes should be made on the application itself.

MAY A DEALER RESUBMIT A COPY OF THE TITLE AND REGISTRATION APPLICATION WITH THE LIEN NOTATION FEE, INSTEAD OF SEPARATELY FILLING OUT THE SECURITY INTEREST APPLICATION?

We recommend for ease of processing that a dealer submit the security interest application and the lien notation fee if submitting for lien notation separately from the title application paperwork. Iowa Code 321.50 allows that a security interest may also be perfected by delivery to the county treasurer an application for certificate of title which lists the security interest. A possible concern with resubmitting the application for certificate of title with the lien notation fee is that it may be unclear to the county treasurer that the dealer only intends to perfect the security interest and not to have the full title and registration application processed.

If the dealer chooses to re-submit the title and registration application to complete the lien perfection process, we encourage the dealer and the county treasurer to be in contact on the particular transaction to make sure the dealer's intent is understood.

IF A ~~TITLE AND~~ REGISTRATION APPLICATION IS DENIED, MAY THE COUNTY TELL THE MOTOR VEHICLE DEALER THAT THE APPLICATION IS DENIED DUE TO THE CUSTOMER'S SR-22 STATUS?

Best practice will be for the county to let the motor vehicle dealer know that the application was denied because of an initial title and registration stop, and to ask for the customer to contact the county treasurer or the DOT for further steps. While the SR-22 status is not protected information, the motor vehicle dealer did not submit the application intending to obtain the driver's license status. It is best practice not to provide information in our records, even if not protected information, until that information is expressly requested.

ARE THERE PROCESSES A DEALER CAN ADOPT PRIOR TO THE MOTOR VEHICLE SALE TO IDENTIFY IF A CUSTOMER MAY BE UNABLE TO ~~TITLE AND~~ REGISTER A VEHICLE DUE TO AN SR-22 STOP?

Yes, there are a few options to identify prior to the sale if an SR-22 stop may keep a vehicle from being ~~titled and~~ registered in the customer's name:

1. The revocation or suspension of a driver's license may mean the driver's license was surrendered or taken and the customer will be unable to provide the driver's license. This may be helpful information for a dealer as well while a dealer is conducting a test drive. There are additional reasons a customer may not have a valid driver's license and would caution it should not be assumed that a person without a driver's license necessarily has an SR-22 stop.
2. If the customer has a driver's license, the driver's license may have an S restriction and state on the back of the driver's license that the S restriction relates to an SR-22 requirement. The S restriction means the SR-22 is on file with the DOT but it may not cover this class of vehicle (such as a motorcycle SR-22 would not cover a passenger vehicle SR-22) and in any event would need to be updated with the newly-purchased vehicle's information within 30 days of purchase.
3. The customer may input their driver's license information at the following website to see if there is a restriction on the driver's license:
<https://mymvd.iowadot.gov/Account/Login?ReturnUrl=%2fCompliance>
4. The dealer may contact the DOT Driver's License Info Center or email driver.services@iowadot.us for the customer's driver's license status. The dealer will need to provide the customer's name and DL number.

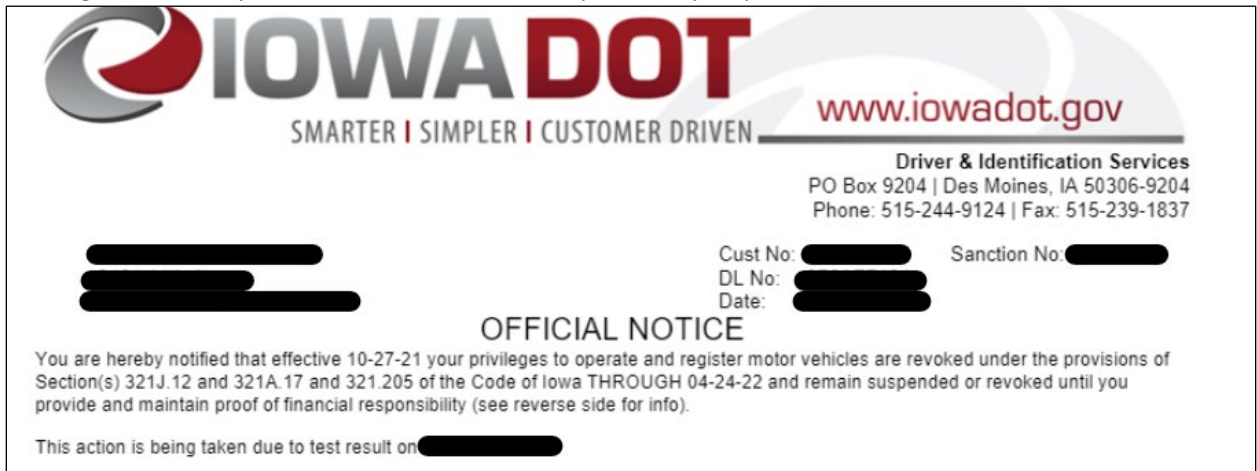
IF A DEALER PERFECTS THE LIEN BUT THE CUSTOMER DOES NOT PROVIDE THE SR-22 PAPERWORK TO THE COUNTY, WHAT ARE THE LEGAL IMPLICATIONS FOR THE DEALER?

We would recommend that a dealer consult with legal counsel for any legal advice on what remedies are available under the specific financing, franchise, or other contracts that may govern a particular motor vehicle sale in this situation. Specifically for the lien notation, Iowa Code 321.50 states that the date of delivery of the application for notation of the security interest and payment of the fee is the date the lien is perfected. This is regardless of the date the security interest is noted on the certificate of title.

If helpful, Form 431125, Affidavit of Seller, may be available to relieve the seller from the financial responsibility requirements for an accident that occurs with the vehicle but again we would recommend a dealer consult with legal counsel on the availability of this form as it relates to any other contracts that may be involved.

HOW WILL A CUSTOMER BE AWARE IF THEY ARE UNABLE TO REGISTER THE VEHICLE PRIOR TO OBTAINING SR-22 COVERAGE?

Customers who have an SR-22 stop have also had their driver’s license revoked or suspended for certain reasons. These customers have received a suspension/revocation letter from the Iowa DOT. In this letter, the customer was informed that the customer’s vehicle registration privileges would be impacted by the driver’s license suspension/revocation. The customer should be encouraged to contact their insurer to obtain the proper insurance on file with the DOT to register their vehicle. For those who are unfamiliar with the contents of a driver’s license sanction notice, here is an example of the wording that informs customers of the license and registration suspension and the financial responsibility requirements:



IF A CUSTOMER PROVIDES THE SR-22 FORM TO ENABLE TITLE AND REGISTRATION OF A VEHICLE, WILL PROVIDING THAT ALSO UPDATE THE DRIVER RECORD?

No, if a customer provides the correct SR-22 form to title and register a vehicle with a county treasurer, this transaction is unconnected to the driver record and the customer may still not have valid driving privileges until the customer presents the SR-22 form to a driver license service center for either MVD or a county. Counties may remind customers that fully resolving the SR-22 may require two different transactions: one for the driver license and one for the vehicle title and registration.

WILL A CUSTOMER WHO HAS A DELAY IN SUBMITTING A TITLE AND REGISTRATION APPLICATION DUE TO AN SR-22 ISSUE BE SUBJECT TO PENALTIES?

Yes. The customer may be subject to title and registration penalties if the application is not submitted within 30 days of acquiring the vehicle. The county treasurer will determine the receipt date of the application and apply penalties if required.

WHO IS THE CONTACT FOR ADDITIONAL INFORMATION?

Contact Vehicle Central Programs at county.vehicle@iowadot.us.