



Motor Vehicle Division Policy Memo # 19-10

FEDERAL ODOMETER DISCLOSURE REQUIREMENTS

DATE: December 21, 2020

FROM: Angel Robinson, Director
Vehicle & Motor Carrier Services Bureau

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

SUBJECT

Effective January 1, 2021, the National Highway Traffic Safety Administration (NHTSA) has put into place new requirements for odometer disclosure when a vehicle is transferred. Currently, any vehicle of less than 10 model years requires odometer disclosure when transferred. The new federal requirements are that in 2031, odometer disclosure will be required for any vehicle that is less than 20 model years old, and that there will be a 10-year ramp-up period starting in 2021 to reach that milestone.

This memo was originally issued January 3, 2020. It was revised December 21, 2020 to address county treasurers' processes for states that are unable to meet the January 1, 2021 deadline.

EXPLANATION

Federal and Iowa law require odometer disclosure upon transfer of a vehicle to prevent odometer fraud and ensure that all parties are aware of the mileage on a vehicle. This is a consumer protection that allows for the buyer to make an informed purchase. Under current law, a seller must disclose the odometer mileage for any vehicle of less than 10 model years when transferring the vehicle.

NHTSA recently published a final rule on electronic odometer disclosure, under 49 CFR 580, which puts into place provisions from the FAST ACT that was passed in 2016. In addition to the electronic odometer provisions – which are optional for states to enact – NHTSA mandated that odometer disclosures are required for the transfer of a vehicle that is less than 20 model years old, beginning with vehicles from the 2011 model year (49 CFR 580.17). This rule is effective on January 1, 2021.

This requirement puts into place the following scenarios:

1. For a vehicle transfer that occurs from January 1, 2021 through December 31, 2030, any vehicle of model year 2011 or newer (2012, 2013, etc.) will require odometer disclosure.
2. For a vehicle transfer that occurs on or after January 1, 2031, any vehicle that is less than 20 model years old will require odometer disclosure. The model year formula for odometer statements will be the current year minus twenty. For example, if the calendar year is 2033 and the car model year is 2013, the car is 20 model years old and therefore is not subject to odometer disclosure.

This requirement is for all transfers of vehicles, whether through sale at a licensed dealer, private sale, operation of law transfer, or other method.

IS THERE ANYTHING ELSE IN THE NHTSA RULE THAT IS BEING IMPLEMENTED?

While the NHTSA rule primarily addressed the acceptance of electronic signature for odometer disclosure, those provisions are permissible for states but not mandatory. Given the short timeline for the mandatory disclosure change, we are concentrating on that requirement in the short term. At this time, we are not pursuing electronic odometer disclosures, but may consider doing so in the future. The rule in its entirety can be found at: <https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/ofrrev-ibr-2019-00035-draft-rule.pdf>.

WILL THIS REQUIRE PROGRAMMING IN ARTS AND ERT?

We are already working on the necessary programming changes in ARTS and ERT. Both systems will be updated to accommodate the new requirements.

WILL THIS REQUIRE CHANGES TO FORMS OR BROCHURES?

We are examining all Iowa DOT forms and brochures that reference the odometer disclosure requirements and will make and deploy any necessary changes before January 1, 2021. We have already confirmed that changes are NOT needed to the certificate of title or to Iowa DOT Forms 411007 (title and registration application) or 411077 (odometer disclosure).

We recommend that County Treasurers also review their own forms or brochures to determine if changes may be needed.

WILL THIS REQUIRE CHANGES TO THE IOWA DOT WEBSITE?

We are examining all relevant Iowa DOT web pages to determine if changes are needed to address this requirement. All changes will be made on or before January 1, 2021.

We recommend that County Treasurers also review their own web pages to determine if changes may be needed.

HOW WILL WE NOTIFY CUSTOMERS AND STAKEHOLDERS?

We will work with the Iowa DOT Office of Strategic Communications to use various methods to communicate this change to customers and stakeholders, especially dealers through the website. We will also work with the Iowa Automobile Dealers Association and the Iowa Independent Automobile Dealers Association to communicate this change.

We encourage County Treasurers to reach out to customers to let them know about the change through web sites, signs, posters, or other means. We appreciate these efforts as we recognize that the Treasurers have the most direct contact with customers.

This is a national requirement. We assume other states and possibly NHTSA will also be communicating this change to customers and stakeholders.

WHAT HAPPENS IF AN APPLICATION IS SUBMITTED WITHOUT AN ODOMETER DISCLOSURE IN THE ASSIGNMENT ON THE BACK OF THE TITLE BUT THE VEHICLE IS A 2011 MODEL YEAR OR NEWER?

Until the year 2031, all vehicles of model year 2011 or newer must have odometer disclosure. Vehicles of model year 2010 or older continue to be exempt.

County treasurers will need to reject any title and registration application involving transfer if the required odometer disclosure is not provided in the assignment on the back of the title. If the odometer disclosure line is blank, the applicant may resubmit with proper disclosure.

If the odometer disclosure line on the assignment is handwritten as Exempt but the vehicle is a 2011 model year or newer, the transferor will need to request a replacement title and re-transfer it to the transferee while disclosing the odometer reading in the assignment.

WHAT HAPPENS IF A TITLE IS RECEIVED FROM ANOTHER JURISDICTION AND IS LABELED “NOT ACTUAL” ON THE FRONT OF THE TITLE BUT THE VEHICLE IS A 2011 MODEL YEAR OR NEWER?

We have learned that some states will not be ready to implement the new federal odometer rules on January 1, 2021. This means that as of January 1, 2021, some 2011 vehicles may enter Iowa with a title from a previous state where mileage is listed as not actual or exempt. Under federal law, these vehicles should have odometer disclosure.

If a county treasurer receives a vehicle that requires odometer disclosure but enters Iowa on a title issued by another jurisdiction that labels odometer disclosure as Not Actual, the applicant is required to make an odometer estimate. The county treasurer should keep the odometer statement as Not Actual.

WHAT HAPPENS IF A TITLE IS RECEIVED FROM ANOTHER JURISDICTION AND IS LABELED “EXEMPT” ON THE FRONT OF THE TITLE BUT THE VEHICLE IS A 2011 MODEL YEAR OR NEWER?

As mentioned above, we are aware that some states will not be ready to implement the new federal odometer rules on January 1, 2021. County treasurers may see vehicles from other jurisdictions where mileage is listed as exempt and under federal law, these vehicles should have odometer disclosure.

Until the year 2031, if a county treasurer receives a vehicle of model year 2011 or newer but the front of the title labels odometer disclosure as Exempt, the county treasurer should then check the title assignment on the back.

- If the front of the title says Exempt and the title assignment is blank, the county treasurer must direct the customer that mileage must be provided. If the customer wants to return the vehicle to Actual mileage, the county treasurer should provide contact information for a Bureau of Investigation investigator, and the customer may contact the investigator. These vehicles have a heightened risk of fraud and additional investigation is necessary. The investigator will respond to the customer to let them know of what process and documentation will be required to return to Actual mileage. If the customer wants to self-certify the mileage, counties must inform the customer that self-certified mileage will be Not Actual and should explain how Not Actual mileage may affect future transactions with the vehicle.
- If the front of the title says Exempt and the title assignment says Actual mileage, the customer may either request to return the vehicle to Actual mileage or agree to accept the mileage as Not Actual. If the customer requests to return the vehicle to Actual mileage, the county treasurer should provide contact information for a Bureau of Investigation investigator and the customer may contact the investigator. The

investigator will respond to the customer to let the customer know of what process and documentation will be required to return to Actual mileage. If the customer wants to accept the mileage as Not Actual, counties should explain how Not Actual mileage may affect future transactions with the vehicle.

MAY A CUSTOMER TITLE A VEHICLE AS NOT ACTUAL MILEAGE AND THEN FOLLOW UP WITH AN INVESTIGATOR LATER TO CONVERT IT TO ACTUAL MILEAGE?

No, we will require the customer to make the decision at the time of titling if the customer wants to return the vehicle to Actual mileage. The issue is that many different systems are updated with Not Actual mileage for these vehicles at the time of titling, including NMVTIS. Changing from Not Actual to Actual mileage after a title is issued could lead to fraud concerns in the future.

IF A CUSTOMER CHOOSES TO CONVERT THE TITLE TO ACTUAL MILEAGE AND IT TAKES LONGER THAN 30 DAYS TO RESOLVE THE TITLE TRANSACTION, WILL THE CUSTOMER INCUR A TITLE PENALTY?

Iowa Code section 321.49 requires the owner of a vehicle to make application to the county treasurer for certificate of title within thirty days of purchase or date of assignment, transfer of title, or date of delivery to the purchaser or the customer will accrue a penalty. The county treasurers have discretion to interpret if a customer has acted reasonably in making application to the county treasurer while the transaction is resolved. If so, the treasurer has discretion to waive the title penalty.

WHAT IS THE PROCESS IF A VEHICLE IS LABELED AS EXEMPT AS PART OF A DEALER REASSIGNMENT?

If the odometer disclosure exemption is added as part of a dealer reassignment, the county treasurer should direct the customer to return to the dealer to have the mileage certified. The customer should be directed to the dealer even if the dealer is in another jurisdiction. The dealer will likely need to obtain either a dealer title or a replacement title and correct either title with the correct mileage.

WILL IOWA MAKE CHANGES TO THE LAW AND ADMINISTRATIVE RULES?

Yes. We have updated our Iowa laws to conform with the new requirements.

WHO WILL BE THE BEST CONTACT PERSON REGARDING QUESTIONS?

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