

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 727

Short Title: Alt. Procedure for Obtaining Salvage Title. (Public)

Sponsors: Representative Hamilton (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Transportation.

April 11, 2013

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE DIVISION OF MOTOR VEHICLES TO ISSUE A SALVAGE
CERTIFICATE OF TITLE TO AN INSURANCE COMPANY OR USED CAR DEALER
IN CERTAIN SITUATIONS WHERE THE INSURANCE COMPANY OR USED CAR
DEALER IS UNABLE TO OBTAIN THE ORIGINAL CERTIFICATE OF TITLE FROM
THE OWNER OF THE MOTOR VEHICLE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-109.1 reads as rewritten:

"§ 20-109.1. Surrender of titles to salvage vehicles.

...
(b) Transfer to Insurer. –

(1) If a salvage vehicle owner does not want to keep the vehicle, the owner must assign the vehicle's certificate of title to the insurer when the insurer pays the claim. The insurer must send the assigned title to the Division within 10 days after receiving it from the vehicle owner. The Division must then send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.

(2) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate of title to the insurer within 30 days of the payment of the claim, the insurer, without surrendering the certificate of title, may, at any time thereafter, request that the Division send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. The request shall be made on a form prescribed by the Division and shall be accompanied by proof of payment of the claim and proof of notice sent to the owner and any lienholder requesting the vehicle's certificate of title. The notice must be sent by the insurer at least 30 days prior to requesting the Division send the insurer a form to use to transfer title and must be sent by certified mail or by another commercially available delivery service providing proof of delivery. Upon the Division's receipt of such request, the vehicle's certificate of title is deemed to be assigned to the insurer. Notwithstanding any outstanding liens against the vehicle, the Division must send the insurer a form to use to transfer title to the vehicle from the insurer



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1 to a person who buys the vehicle from the insurer. The Division's issuance of
2 the form extinguishes all existing liens on the motor vehicle. If the insurer
3 sells the vehicle, the insurer must complete the form and give it to the buyer.
4 In such a sale by the insurer, the motor vehicle shall be transferred free and
5 clear of any liens. If the buyer rebuilds the vehicle, the buyer may apply for
6 a new certificate of title to the vehicle.

7 (c) Owner Keeps Vehicle. – If a salvage vehicle owner wants to keep the vehicle, the
8 insurer must give the owner an owner-retained salvage form. The owner must complete the
9 form and give it to the insurer when the insurer pays the claim. The owner's signature on the
10 owner-retained salvage form must be notarized. The insurer must send the completed form to
11 the Division within 10 days after receiving it from the vehicle owner. The Division must then
12 note in its vehicle registration records that the vehicle listed on the form is a salvage vehicle.

13 (d) Theft Claim on Salvage Vehicle. – An insurer that pays a theft loss claim on a
14 vehicle and, upon recovery of the vehicle, determines that the vehicle has been damaged to the
15 extent that it is a salvage vehicle must send the vehicle's certificate of title to the Division
16 within 10 days after making the determination. The Division and the insurer must then follow
17 the procedures set in subdivision (1) of subsection (b) of this section.

18 (e) Out-of-State Vehicle. – A person who acquires a salvage vehicle that is registered in
19 a state that does not require surrender of the vehicle's certificate of title must send the title to
20 the Division within 10 days after the vehicle enters this State. The Division and the person must
21 then follow the procedures set in subdivision (1) of subsection (b) of this section.

22 (e1) Owner or Lienholder Abandons Vehicle. – If an insurer requests a used motor
23 vehicle dealer, the primary business of which is the sale of salvage vehicles on behalf of
24 insurers, to take possession of a salvage vehicle which is the subject of an insurance claim and
25 subsequently the insurer does not take ownership of the vehicle, the insurer may direct the used
26 motor vehicle dealer to release the vehicle to the owner or lienholder. The insurer shall provide
27 the used motor vehicle dealer a release statement authorizing the used motor vehicle dealer to
28 release the vehicle to the vehicle's owner or lienholder.

29 Upon receiving a release statement from an insurer, the used motor vehicle dealer shall
30 send notice to the owner and any lienholder of the vehicle informing the owner or lienholder
31 that the vehicle is available for pick up. The notice shall include an invoice for any outstanding
32 charges owed to the used motor vehicle dealer. The notice shall inform the owner and any
33 lienholder that the owner or lienholder has 30 days from the date of the notice, and upon
34 payment of applicable charges owed to the used motor vehicle dealer, to pick up the vehicle
35 from the used motor vehicle dealer. Notice under this subsection must be sent by certified mail
36 or by another commercially available delivery service providing proof of delivery to the
37 address on record with the Division.

38 If the owner or any lienholder of the vehicle does not pick up the vehicle within 30 days
39 after notice was sent to the owner and any lienholder in accordance with this subsection, the
40 vehicle shall be considered abandoned, the vehicle's certificate of title is deemed to be assigned
41 to the used motor vehicle dealer, and the used motor vehicle dealer, without surrendering the
42 certificate of title, may request that the Division send the used motor vehicle dealer a form to
43 use to transfer title to the vehicle from the used motor vehicle dealer to a person who buys the
44 vehicle from the used motor vehicle dealer. Notwithstanding any outstanding liens against the
45 vehicle, the Division must send the used motor vehicle dealer a form to use to transfer title to
46 the vehicle from the used motor vehicle dealer to a person who buys the vehicle from the used
47 motor vehicle dealer. The Division's issuance of the form extinguishes all existing liens on the
48 motor vehicle. If the used motor vehicle dealer sells the vehicle, the used motor vehicle dealer
49 must complete the form and give it to the buyer. In such a sale by the used motor vehicle
50 dealer, the motor vehicle shall be transferred free and clear of any liens. If the buyer rebuilds
51 the vehicle, the buyer may apply for a new certificate of title.

1 (f) Sanctions. – Violation of this section is a Class 1 misdemeanor. In addition to this
2 criminal sanction, a person who violates this section is subject to a civil penalty of up to one
3 hundred dollars (\$100.00), to be imposed in the discretion of the Commissioner.

4 (g) Fee. – G.S. 20-85 sets the fee for issuing a salvage certificate of title."

5 **SECTION 2.** G.S. 20-72(b) reads as rewritten:

6 "(b) In order to assign or transfer title or interest in any motor vehicle registered under
7 the provisions of this Article, the owner shall execute in the presence of a person authorized to
8 administer oaths an assignment and warranty of title on the reverse of the certificate of title in
9 form approved by the Division, including in such assignment the name and address of the
10 transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed
11 and the motor vehicle delivered to the transferee. The provisions of this section shall not apply
12 to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any
13 judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer
14 pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to
15 G.S. 20-109.1(e1).

16 When a manufacturer's statement of origin or an existing certificate of title on a motor
17 vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may
18 also transfer title to another by certifying in writing in a sworn statement to the Division that all
19 prior perfected liens on the vehicle have been paid and that the motor vehicle dealer, despite
20 having used reasonable diligence, is unable to obtain the vehicle's statement of origin or
21 certificate of title. The Division is authorized to develop a form for this purpose. The filing of a
22 false sworn certification with the Division pursuant to this paragraph shall constitute a Class H
23 felony.

24 Any person transferring title or interest in a motor vehicle shall deliver the certificate of
25 title duly assigned in accordance with the foregoing provision to the transferee at the time of
26 delivering the vehicle, except that where a security interest is obtained in the motor vehicle
27 from the transferee in payment of the purchase price or otherwise, the transferor shall deliver
28 the certificate of title to the lienholder and the lienholder shall forward the certificate of title
29 together with the transferee's application for new title and necessary fees to the Division within
30 20 days. Any person who delivers or accepts a certificate of title assigned in blank shall be
31 guilty of a Class 2 misdemeanor.

32 The title to a salvage vehicle shall be forwarded to the Division as provided in
33 ~~G.S. 20-109.1.~~ G.S. 20-109.1, except with respect to the title of any salvage vehicle transferred
34 pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

35 **SECTION 3.** G.S. 20-75 reads as rewritten:

36 "**§ 20-75. When transferee is dealer or insurance company.**

37 When the transferee of a vehicle registered under this Article is:

- 38 (1) A dealer who is licensed under Article 12 of this Chapter and who holds the
39 vehicle for resale; or
40 (2) An insurance company taking the vehicle for sale or disposal for salvage
41 purposes where the title is taken or requested as a part of a bona fide claim
42 settlement transaction and only for the purpose of resale,

43 the transferee shall not be required to register the vehicle nor forward the certificate of title to
44 the Division as provided in G.S. 20-73.

45 To assign or transfer title or interest in the vehicle, the dealer or insurance company shall
46 execute, in the presence of a person authorized to administer oaths, a reassignment and
47 warranty of title on the reverse of the certificate of title in the form approved by the Division,
48 which shall include the name and address of the transferee. The title to the vehicle shall not
49 pass or vest until the reassignment is executed and the motor vehicle delivered to the transferee.

1 The dealer transferring title or interest in a motor vehicle shall deliver the certificate of title
2 duly assigned in accordance with the foregoing provision to the transferee at the time of
3 delivering the vehicle, except:

- 4 (1) Where a security interest in the motor vehicle is obtained from the transferee
5 in payment of the purchase price or otherwise, the dealer shall deliver the
6 certificate of title to the lienholder and the lienholder shall forward the
7 certificate of title together with the transferee's application for new
8 certificate of title and necessary fees to the Division within 20 days; or
- 9 (2) Where the transferee has the option of cancelling the transfer of the vehicle
10 within 10 days of delivery of the vehicle, the dealer shall deliver the
11 certificate of title to the transferee at the end of that period. Delivery need
12 not be made if the contract for sale has been rescinded in writing by all
13 parties to the contract.

14 Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of
15 a Class 2 misdemeanor.

16 The title to a salvage vehicle shall be forwarded to the Division as provided in
17 ~~G.S. 20-109.1~~.G.S. 20-109.1, except with respect to the title of any salvage vehicle transferred
18 pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

19 **SECTION 4.** G.S. 20-78(a) reads as rewritten:

20 "(a) The Division, upon receipt of a properly endorsed certificate of title, application for
21 transfer thereof and payment of all proper fees, shall issue a new certificate of title as upon an
22 original registration. The Division, upon receipt of an application for transfer of registration
23 plates, together with payment of all proper fees, shall issue a new registration card transferring
24 and assigning the registration plates and numbers thereon as upon an original assignment of
25 registration plates. The Division, upon receipt of an application for transfer thereof and
26 payment of all proper fees, but without receipt of a properly endorsed certificate of title, shall
27 issue a salvage certificate of title pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

28 **SECTION 5.** G.S. 20-85(a)(10) reads as rewritten:

29 "(a) The following fees are imposed concerning a certificate of title, a registration card,
30 or a registration plate for a motor vehicle. These fees are payable to the Division and are in
31 addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes.

- 32 ...
- 33 (10) Each application for a salvage certificate of title made by
34 an ~~insurer~~insurer or by a used motor vehicle dealer
35 pursuant to G.S. 20-109.1(e1) 15.00

36"
37 **SECTION 6.** G.S. 105-187.6(a)(1) reads as rewritten:

38 "(a) Full Exemptions. – The tax imposed by this Article does not apply when a
39 certificate of title is issued as the result of a transfer of a motor vehicle:

- 40 (1) To (i) the insurer of the motor vehicle under G.S. 20-109.1 because the
41 vehicle is a salvage ~~vehicle~~.vehicle or (ii) a used motor vehicle dealer under
42 G.S. 20-109.1 because the vehicle is a salvage vehicle that was abandoned.

43"
44 **SECTION 7.** This act becomes effective October 1, 2013.