

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

H.B. 727  
Apr 10, 2013  
HOUSE PRINCIPAL CLERK

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HOUSE DRH70263-ML-107 (03/05)

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

Sponsors: Representative Hamilton.

Referred to:

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 to a person who buys the vehicle from the insurer. The Division's issuance of



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

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

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

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

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

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

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