

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 337
Committee Substitute Favorable 4/9/19
PROPOSED COMMITTEE SUBSTITUTE H337-PCS30432-BG-38

Short Title: Change Salvage Vehicle Transfer Requirements.

(Public)

Sponsors:

Referred to:

March 13, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND LAWS GOVERNING THE TRANSFER OF SALVAGE VEHICLES
3 BY REMOVING NOTARY REQUIREMENTS, PERMITTING ELECTRONIC
4 SIGNATURES, AND ALLOWING ACCESS TO DIVISION OF MOTOR VEHICLE
5 SYSTEMS FOR SALVAGE VEHICLE TITLE PROCESSING.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 20-52(c) reads as rewritten:

8 "(c) Unless otherwise prohibited by federal law, an application for a certificate of title,
9 salvage certificate of title, a registration plate, a registration card, and any other document
10 required by the Division to be submitted with the application and requiring a signature may be
11 submitted to the Division with an electronic signature in accordance with Article 40 of Chapter
12 66 of the General Statutes. The required notarization of any electronic signature on any
13 application or document submitted to the Division pursuant to this subsection may be performed
14 electronically in accordance with Article 2 of Chapter 10B of the General Statutes. The Division
15 will not certify or approve a specific electronic process or vendor. Any entity offering an
16 electronic signature process assumes all responsibility and liability for the accuracy of the
17 signature. The Division shall be held harmless from any liability to a claim arising from
18 applications submitted with an inaccurate electronic signature pursuant to this subsection."

19 **SECTION 2.** G.S. 20-63(i) and (j) read as rewritten:

20 "(i) Electronic Applications and Collections. – The Division shall accept electronic
21 applications for the issuance of registration plates, registration certificates, salvage certificates of
22 title, and certificates of title, and is authorized to electronically collect fees from online motor
23 vehicle registration vendors under contract with the Division.

24 (j) The Division shall contract with at least two online motor vehicle registration vendors
25 which may enter into contracts with motor vehicle dealers to complete and file Division required
26 documents for the issuance of a certificate of title, registration plate, or registration card or a
27 duplicate certificate of title, registration plate, or registration card for a motor vehicle, upon
28 purchase or sale of a vehicle. Vendors under contract with the Division pursuant to this subsection
29 may also enter into contracts with used motor vehicle dealers whose primary business is the sale
30 of salvage vehicles on behalf of insurers to complete and file documents required by the Division
31 for the issuance of a salvage certificate of title."

32 **SECTION 3.** G.S. 20-72(b) reads as rewritten:

33 "(b) In order to assign or transfer title or interest in any motor vehicle registered under the
34 provisions of this Article, the owner shall execute in the presence of a person authorized to
35 administer oaths an assignment and warranty of title on the reverse of the certificate of title in



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1 form approved by the Division, including in such assignment the name and address of the
2 transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed
3 and the motor vehicle delivered to the transferee. The provisions of this section shall not apply
4 to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any
5 judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer
6 pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to
7 G.S. 20-109.1(e1). The provisions of this subsection requiring that an assignment and warranty
8 of title be executed in the presence of a person authorized to administer oaths shall not apply to
9 any transfer of title to or from an insurer pursuant to G.S. 20-109.1.

10 When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle
11 is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also transfer
12 title to a vehicle currently titled in this State to another by certifying in writing in a sworn
13 statement to the Division that is signed by the dealer principal, general manager, general sales
14 manager, controller, or owner of the dealership that, to the best of the signatory's knowledge and
15 information as of the date of the sworn certification, all prior perfected liens on the vehicle that
16 are known or reasonably ascertainable by the signatory have been paid and that the motor vehicle
17 dealer, despite having used reasonable diligence, was unable to obtain the vehicle's statement of
18 origin or certificate of title. For purposes of this subsection, a dealer may certify that the dealer
19 is unable to obtain the vehicle's statement of origin or certificate of title if the statement of origin
20 or certificate of title has either (i) not been delivered to the dealer or (ii) has been lost or
21 misplaced. The Division is authorized to request any information it deems necessary to transfer
22 the vehicle and shall develop a form for this purpose. The knowing and intentional filing of a
23 false sworn certification with the Division pursuant to this subsection shall constitute a Class H
24 felony. A dealer principal, owner, or manager of a motor vehicle dealership who is not a signatory
25 of the sworn certification required under this subsection may only be charged for a criminal
26 violation for filing a false certification under this subsection by another dealership employee if
27 the dealer principal, owner, or manager had actual knowledge of the falsity of the sworn
28 certification at the time the sworn certification was submitted to the Division.

29 Any person transferring title or interest in a motor vehicle shall deliver the certificate of title
30 duly assigned in accordance with the foregoing provision to the transferee at the time of
31 delivering the vehicle, except when a certificate of title is unavailable as provided in this
32 subsection or in G.S. 20-72.1, and except that where a security interest is obtained in the motor
33 vehicle from the transferee in payment of the purchase price or otherwise, the transferor shall
34 deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of
35 title together with the transferee's application for new title and necessary fees to the Division
36 within 20 days. If the title to a vehicle is unavailable and the dealer transfers the vehicle on a
37 sworn certification pursuant to this section or G.S. 20-52.1, and the title is subsequently received
38 or found by the dealer, the dealer shall retain a copy for its records and submit the title to the
39 Division. Any person who delivers or accepts a certificate of title assigned in blank shall be guilty
40 of a Class 2 misdemeanor. No person shall have a cause of action against the Division or Division
41 contractors arising from the transfer of a vehicle by a sworn certification pursuant to this section.

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

45 **SECTION 4.** G.S. 20-75 reads as rewritten:

46 "**§ 20-75. When transferee is a charitable organization, dealer, or insurance company.**

47 A transferee of a vehicle registered under this Article is not required to register the vehicle or
48 forward the certificate of title to the Division as provided in G.S. 20-73 when the transferee is
49 any of the following:

- 50 (1) A dealer who is licensed under Article 12 of this Chapter and who holds the
51 vehicle for resale.

- 1 (2) An insurance company taking the vehicle for sale or disposal for salvage
- 2 purposes where the title is taken or requested as a part of a bona fide claim
- 3 settlement transaction and only for the purpose of resale.
- 4 (3) A charitable organization operating under section 501(c)(3) of the Internal
- 5 Revenue Code (26 U.S.C. § 501(c)(3)) and the vehicle was donated to the
- 6 charitable organization solely for purposes of resale by the charitable
- 7 organization.

8 To assign or transfer title or interest in the vehicle, the charitable ~~organization, dealer, or~~
 9 ~~insurance company~~ organization or dealer shall execute, in the presence of a person authorized
 10 to administer oaths, a reassignment and warranty of title on the reverse of the certificate of title
 11 in the form approved by the Division, which shall include the name and address of the transferee.
 12 To assign or transfer title or interest in the vehicle, the insurance company shall execute a
 13 reassignment and warranty of title on the reverse of the certificate of title in the form approved
 14 by the Division, which shall include the name and address of the transferee. The title to the
 15 vehicle shall not pass or vest until the reassignment is executed and the motor vehicle delivered
 16 to the transferee.

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

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

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

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

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

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

- 39 (1) Each application for certificate of title..... \$52.00
- 40 (2) Each application for duplicate or corrected certificate of title..... 20.00
- 41 (3) Each application of reposessor for certificate of title..... 20.00
- 42 (4) Each transfer of registration..... 20.00
- 43 (5) Each set of replacement registration plates..... 20.00
- 44 (6) Each application for duplicate registration card..... 20.00
- 45 (7) Each application for recording supplementary lien 20.00
- 46 (8) Each application for renewing a security interest on a certificate of title or
- 47 removing a lien or security interest from a certificate of title..... 20.00
- 48 (9) Each application for certificate of title for a motor vehicle transferred to a
- 49 manufacturer, as defined in G.S. 20-286, or a motor vehicle retailer for the
- 50 purpose of resale 20.00

- 1 (10) Each application for a salvage certificate of title made by an insurer pursuant
- 2 to G.S. 20-109.1 or by a used motor vehicle dealer pursuant to ~~subdivision~~
- 3 ~~(b)(2) or subsection (e1) of G.S. 20-109.1~~ G.S. 20-109.1(e1) 20.00
- 4 (11) Each set of replacement Stock Car Racing Theme plates issued under
- 5 G.S. 20-79.425.00."

6 **SECTION 6.** G.S. 20-109.1(b) reads as rewritten:

7 "(b) Transfer to Insurer. –

- 8 (1) If a salvage vehicle owner does not want to keep the vehicle, the owner must
- 9 assign the vehicle's certificate of title to the insurer when the insurer pays the
- 10 claim. The insurer must send the assigned title to the Division within 10 days
- 11 after receiving it from the vehicle owner. The Division must then send the
- 12 insurer a form to use to transfer title to the vehicle from the insurer to a person
- 13 who buys the vehicle from the insurer. If the insurer sells the vehicle, the
- 14 insurer must complete the form and give it to the buyer. If the buyer rebuilds
- 15 the vehicle, the buyer may apply for a new certificate of title to the vehicle.
- 16 (2) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate
- 17 of title to the insurer within 30 days of the payment of the claim in accordance
- 18 with subdivision (b)(1) of this section, the insurer, without surrendering the
- 19 certificate of title, may, at any time thereafter, request that the Division send
- 20 the insurer a form to use to transfer title to the vehicle from the insurer to a
- 21 person who buys the vehicle from the insurer. The request shall be made on a
- 22 form prescribed by the Division and shall be accompanied by proof of
- 23 payment of the claim and proof of notice sent to the owner and any lienholder
- 24 requesting the vehicle's certificate of title. If the records of the Division
- 25 indicate there is an outstanding lien against the vehicle immediately before the
- 26 payment of the claim and if the payment was made to a lienholder or to a
- 27 lienholder and the owner jointly, the proof of payment shall include evidence
- 28 that funds were paid to the first lienholder shown on the records of the
- 29 Division. The notice must be sent by the insurer at least 30 days prior to
- 30 requesting the Division send the insurer a form to use to transfer title and must
- 31 be sent by certified mail or by another commercially available delivery service
- 32 providing proof of delivery to the address on record with the Division. Upon
- 33 the Division's receipt of such request, the vehicle's certificate of title is deemed
- 34 to be assigned to the insurer. Notwithstanding any outstanding liens against
- 35 the vehicle, the Division must send the insurer a form to use to transfer title to
- 36 the vehicle from the insurer to a person who buys the vehicle from the insurer.
- 37 The Division's issuance of the form extinguishes all existing liens on the motor
- 38 vehicle. If the insurer sells the vehicle, the insurer must complete the form and
- 39 give it to the buyer. In such a sale by the insurer, the motor vehicle shall be
- 40 transferred free and clear of any liens. If the buyer rebuilds the vehicle, the
- 41 buyer may apply for a new certificate of title to the vehicle.
- 42 (3) Notwithstanding any other provision of law, with respect to a vehicle
- 43 described in this subsection, the following shall be exempt from the
- 44 requirements of notarization, including exemption from the notarization of
- 45 electronic signature requirements of G.S. 20-52(c):
- 46 a. The transfer of ownership on the certificate of title.
- 47 b. Any power of attorney required in connection with the transfer of
- 48 ownership to the insurer.
- 49 c. Any required odometer disclosure affidavit.
- 50 d. The application for a salvage certificate of title.
- 51 e. The transfer of ownership on the salvage certificate of title issued.

- 1 f. Any affidavit pursuant to subdivision (2) of subsection (b) of this
- 2 section.
- 3 g. Any affidavit on the salvage certificate of title issued."
- 4 **SECTION 7.** This act becomes effective October 1, 2019.