

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 337

Short Title: Change Salvage Vehicle Transfer Requirements. (Public)

Sponsors: Representatives Torbett and Lewis (Primary Sponsors).

*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Transportation, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

March 13, 2019

A BILL TO BE ENTITLED

AN ACT TO AMEND LAWS GOVERNING THE TRANSFER OF SALVAGE VEHICLES BY REMOVING NOTARY REQUIREMENTS, PERMITTING ELECTRONIC SIGNATURES, AND ALLOWING ACCESS TO DIVISION OF MOTOR VEHICLE SYSTEMS FOR SALVAGE VEHICLE TITLE PROCESSING.

The General Assembly of North Carolina enacts:

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

"(c) Unless otherwise prohibited by federal law, an application for a certificate of title, salvage certificate of title, a registration plate, a registration card, and any other document required by the Division to be submitted with the application and requiring a signature may be submitted to the Division with an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes. The required notarization of any electronic signature on any application or document submitted to the Division pursuant to this subsection may be performed electronically in accordance with Article 2 of Chapter 10B of the General Statutes."

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

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

(j) The Division shall contract with at least two online motor vehicle registration vendors which may enter into contracts with motor vehicle dealers to complete and file Division required documents for the issuance of a salvage certificate of title, certificate of title, registration plate, or registration card or a duplicate salvage certificate of title, certificate of title, registration plate, or registration card for a motor vehicle, upon purchase or sale of a vehicle. Motor vehicle dealer transactions authorized in this subsection may include submissions to the Division on behalf of insurers pursuant to G.S. 20-109.1."

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

"(b) In order to assign or transfer title or interest in any motor vehicle registered under the provisions of this Article, the owner shall execute in the presence of a person authorized to administer oaths an assignment and warranty of title on the reverse of the certificate of title in form approved by the Division, including in such assignment the name and address of the transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed and the motor vehicle delivered to the transferee. The provisions of this section shall not apply to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any



1 judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer  
2 pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(b)(3) or (ii) any transfer to a used motor vehicle  
3 dealer pursuant to G.S. 20-109.1(e1). The provisions of this subsection requiring that an  
4 assignment and warranty of title be executed in the presence of a person authorized to administer  
5 oaths shall not apply to any transfer of title to or from an insurer pursuant to G.S. 20-109.1.

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

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

38 The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1,  
39 except with respect to the title of any salvage vehicle transferred pursuant to ~~G.S. 20-109.1(b)(2)~~  
40 ~~G.S. 20-109.1(b)(2), 20-109.1(b)(3), or G.S. 20-109.1(e1)-20-109.1(e1).~~"

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

42 **"§ 20-75. When transferee is a charitable organization, dealer, or insurance company.**

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

- 46 (1) A dealer who is licensed under Article 12 of this Chapter and who holds the  
47 vehicle for resale.
- 48 (2) An insurance company taking the vehicle for sale or disposal for salvage  
49 purposes where the title is taken or requested as a part of a bona fide claim  
50 settlement transaction and only for the purpose of resale.

(3) A charitable organization operating under section 501(c)(3) of the Internal Revenue Code (26 U.S.C. § 501(c)(3)) and the vehicle was donated to the charitable organization solely for purposes of resale by the charitable organization.

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

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

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

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

The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1, except with respect to the title of any salvage vehicle transferred pursuant to ~~G.S. 20-109.1(b)(2)~~ G.S. 20-109.1(b)(2), 20-109.1(b)(3), or G.S. 20-109.1(e1)-20-109.1(e1)."

**SECTION 5.** G.S. 20-78(a) reads as rewritten:

"(a) The Division, upon receipt of a properly endorsed certificate of title, application for transfer thereof and payment of all proper fees, shall issue a new certificate of title as upon an original registration. The Division, upon receipt of an application for transfer of registration plates, together with payment of all proper fees, shall issue a new registration card transferring and assigning the registration plates and numbers thereon as upon an original assignment of registration plates. The Division, upon receipt of an application for transfer thereof and payment of all proper fees, but without receipt of a properly endorsed certificate of title, shall issue a salvage certificate of title pursuant to ~~G.S. 20-109.1(b)(2)~~ G.S. 20-109.1(b)(2), 20-109.1(b)(3), or G.S. 20-109.1(e1)-20-109.1(e1)."

**SECTION 6.** G.S. 20-85(a) reads as rewritten:

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

- (1) Each application for certificate of title..... \$52.00
- (2) Each application for duplicate or corrected certificate of title..... 20.00
- (3) Each application of reposessor for certificate of title..... 20.00
- (4) Each transfer of registration..... 20.00
- (5) Each set of replacement registration plates..... 20.00
- (6) Each application for duplicate registration card..... 20.00
- (7) Each application for recording supplementary lien ..... 20.00

- 1 (8) Each application for renewing a security interest on a certificate of title or
- 2 removing a lien or security interest from a certificate of title..... 20.00
- 3 (9) Each application for certificate of title for a motor vehicle transferred to a
- 4 manufacturer, as defined in G.S. 20-286, or a motor vehicle retailer for the
- 5 purpose of resale ..... 20.00
- 6 (10) Each application for a salvage certificate of title made by an insurer or by a
- 7 used motor vehicle dealer pursuant to ~~subdivision (b)(2)~~ or subsection (e1) of
- 8 G.S. 20-109.1 ..... 20.00
- 9 (11) Each set of replacement Stock Car Racing Theme plates issued under
- 10 G.S. 20-79.4 .....25.00."

SECTION 7. G.S. 20-109.1(b) reads as rewritten:

12 "(b) Transfer to Insurer. –

13 (1) If a salvage vehicle owner does not want to keep the vehicle, the owner must

14 assign the vehicle's certificate of title to the insurer when the insurer pays the

15 claim. The insurer must send the assigned title to the Division within 10 days

16 after receiving it from the vehicle owner. The Division must then send the

17 insurer a form to use to transfer title to the vehicle from the insurer to a person

18 who buys the vehicle from the insurer. If the insurer sells the vehicle, the

19 insurer must complete the form and give it to the buyer. If the buyer rebuilds

20 the vehicle, the buyer may apply for a new certificate of title to the vehicle.

21 Notwithstanding any other provision of law, with respect to a vehicle

22 described in this subsection, the following shall be exempt from the

23 requirements of notarization, including exemption from the notarization of

24 electronic signature requirements of G.S. 20-52(c):

- 25 a. The transfer of ownership on the certificate of title.
- 26 b. Any power of attorney required in connection with the transfer of
- 27 ownership to the insurer.
- 28 c. Any required odometer disclosure affidavit.
- 29 d. The application for a salvage certificate of title.
- 30 e. The transfer of ownership on the salvage certificate of title issued.
- 31 f. Any affidavit pursuant to subdivision (b)(2) of this section.
- 32 g. Any affidavit on the salvage certificate of title issued.

33 (2) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate

34 of title to the insurer within 30 days of the payment of the claim in accordance

35 with subdivision (b)(1) of this section, the insurer, without surrendering the

36 certificate of title, may, at any time thereafter, request that the Division send

37 the insurer a form to use to transfer title to the vehicle from the insurer to a

38 person who buys the vehicle from the insurer. The request shall be made on a

39 form prescribed by the Division and shall be accompanied by proof of

40 payment of the claim and proof of notice sent to the owner and any lienholder

41 requesting the vehicle's certificate of title. If the records of the Division

42 indicate there is an outstanding lien against the vehicle immediately before the

43 payment of the claim and if the payment was made to a lienholder or to a

44 lienholder and the owner jointly, the proof of payment shall include evidence

45 that funds were paid to the first lienholder shown on the records of the

46 Division. The notice must be sent by the insurer at least 30 days prior to

47 requesting the Division send the insurer a form to use to transfer title and must

48 be sent by certified mail or by another commercially available delivery service

49 providing proof of delivery to the address on record with the Division. Upon

50 the Division's receipt of such request, the vehicle's certificate of title is deemed

51 to be assigned to the insurer. Notwithstanding any outstanding liens against

1 the vehicle, the Division must send the insurer a form to use to transfer title to  
2 the vehicle from the insurer to a person who buys the vehicle from the insurer.  
3 The Division's issuance of the form extinguishes all existing liens on the motor  
4 vehicle. If the insurer sells the vehicle, the insurer must complete the form and  
5 give it to the buyer. In such a sale by the insurer, the motor vehicle shall be  
6 transferred free and clear of any liens. If the buyer rebuilds the vehicle, the  
7 buyer may apply for a new certificate of title to the vehicle. The provisions of  
8 this subdivision shall only apply when the most recent certificate of title for  
9 the vehicle was issued by this State.

10 (3) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate  
11 of title to the insurer within 30 days of the payment of the claim in accordance  
12 with subdivision (b)(1) of this section, the insurer, without surrendering the  
13 certificate of title, may, at any time thereafter, request that the Division send  
14 the insurer a form to use to transfer title to the vehicle from the insurer to a  
15 person who buys the vehicle from the insurer. The request shall be made on a  
16 form prescribed by the Division and shall be accompanied by proof of  
17 payment of the claim and proof of notice sent to the owner requesting the  
18 vehicle's certificate of title. The notice must be sent by the insurer at least 30  
19 days prior to requesting the Division send the insurer a form to use to transfer  
20 title and must be sent by certified mail or by another commercially available  
21 delivery service providing proof of delivery to the address on record with the  
22 jurisdiction that issued the certificate of title. Upon the Division's receipt of  
23 such request, the vehicle's certificate of title is deemed to be assigned to the  
24 insurer. If the insurer sells the vehicle, the insurer must complete the form and  
25 give it to the buyer. If the buyer rebuilds the vehicle, the buyer may apply for  
26 a new certificate of title to the vehicle. The provisions of this subdivision shall  
27 only apply when the most recent certificate of title for the vehicle was issued  
28 by another state; the motor vehicle records of the jurisdiction that issued the  
29 certificate of title indicate that there are no liens recorded against the motor  
30 vehicle; and the motor vehicle was damaged, stolen, or recovered in this State,  
31 was owned by a resident of this State immediately prior to payment of the  
32 claim by the insurer, or as otherwise permitted by the Division."

33 **SECTION 8.** This act becomes effective October 1, 2019.