

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 455
Committee Substitute Favorable 4/30/19
Senate Commerce and Insurance Committee Substitute Adopted 6/18/20

Short Title: Amend Various Motor Vehicle Laws.

(Public)

Sponsors:

Referred to:

March 27, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO EXTEND DEADLINES RELATED TO LOANER DEALER REGISTRATION
3 PLATES AND DEALER DATA REQUIREMENTS AND TO INCLUDE OUT-OF-STATE
4 TITLES IN THE TITLE IN TRANSIT PROCESS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** G.S. 20-79.02(g) reads as rewritten:

7 "(g) Applicability. – Prior to January 1, ~~2021, 2025~~, a new motor vehicle dealer may, but
8 is not required to, display an LD license plate on a service loaner vehicle. Beginning on or after
9 January 1, ~~2021, 2025~~, a new motor vehicle dealer shall display an LD license plate on any new
10 motor vehicle placed into service as a loaner vehicle if either of the following circumstances
11 exists:

12 (1) The new motor vehicle dealer is receiving incentive or warranty compensation
13 from a manufacturer, factory branch, distributor, or distributor branch for the
14 use of the vehicle as a service loaner.

15 (2) The new motor vehicle dealer is receiving a fee or other compensation from
16 the dealer's customers for the use of the vehicle as a service loaner."

17 **SECTION 1.(b)** Section 1.1(b) of S.L. 2015-232, as amended by Section 4.5(b) of
18 S.L. 2018-27, reads as rewritten:

19 "**SECTION 1.1.(b)** This section is effective when this act becomes law and expires
20 December 31, ~~2020, 2024~~."

21 **SECTION 1.(c)** Section 1.4(b) of S.L. 2015-232, as amended by Section 4.5(c) of
22 S.L. 2018-27, reads as rewritten:

23 "**SECTION 1.4.(b)** This section is effective when this act becomes law and expires
24 December 31, ~~2020, 2024~~."

25 **SECTION 2.** Section 13 of S.L. 2019-125, reads as rewritten:

26 "**SECTION 13.** Sections 1 through 6 and Sections 8 and 9 of this act are effective when they
27 become law and apply to all current and future franchises and other agreements in existence
28 between any new motor vehicle dealer located in this State and a manufacturer or distributor as
29 of that date. Section 7 of this act becomes effective ~~October 1, 2020, May 1, 2021~~, and applies
30 to all current and future franchises and other agreements in existence between any new motor
31 vehicle dealer located in this State and a manufacturer, distributor, dealer management computer
32 system vendor, or third party as of that date. The remainder of this act is effective when it
33 becomes law."

34 **SECTION 3.(a)** G.S. 20-52.1(d) reads as rewritten:



1 "(d) When a manufacturer's statement of origin or an existing certificate of title on a motor
2 vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also
3 transfer title to a vehicle ~~currently titled in this State~~ to another by certifying in writing in a sworn
4 statement to the Division signed by the dealer principal, general manager, general sales manager,
5 controller, owner, or other manager of the dealership that, to the best of the signatory's knowledge
6 and information as of the date of sworn certification, all prior perfected liens on the vehicle that
7 are known or reasonably ascertainable by the signatory have been paid and that the motor vehicle
8 dealer, despite having used reasonable diligence, is unable to obtain the vehicle's statement of
9 origin or certificate of title. For purposes of this subsection, a dealer may certify that the dealer
10 is unable to obtain the vehicle's statement of origin or certificate of title because the statement of
11 origin or certificate of title was either (i) not delivered to the dealer or (ii) lost or misplaced. The
12 Division is authorized to require any information it deems necessary for the transfer of the vehicle
13 and shall develop a form for this purpose. The knowing and intentional filing of a false sworn
14 certification with the Division pursuant to this subsection shall constitute a Class H felony. A
15 dealer principal, owner, or manager who is not a signatory of the sworn certification under this
16 subsection may only be charged for a criminal violation for filing a false certification under this
17 subsection by another dealership employee if the dealer principal, owner, or manager had actual
18 knowledge of the falsity of the sworn certification at the time the sworn certification was
19 submitted to the Division. The dealer shall hold harmless and indemnify the consumer-purchaser
20 from any damages arising from the use of the procedure authorized by this subsection. No person
21 shall have a cause of action against the Division or Division contractors arising from the transfer
22 of a vehicle by a sworn certification pursuant to this section."

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

24 "(b) In order to assign or transfer title or interest in any motor vehicle registered under the
25 provisions of this Article, the owner shall execute in the presence of a person authorized to
26 administer oaths an assignment and warranty of title on the reverse of the certificate of title in
27 form approved by the Division, including in such assignment the name and address of the
28 transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed
29 and the motor vehicle delivered to the transferee. The provisions of this section shall not apply
30 to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any
31 judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer
32 pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to
33 G.S. 20-109.1(e1). The provisions of this subsection requiring that an assignment and warranty
34 of title be executed in the presence of a person authorized to administer oaths shall not apply to
35 any transfer of title to or from an insurer pursuant to G.S. 20-109.1.

36 When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle
37 is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also transfer
38 title to a vehicle ~~currently titled in this State~~ to another by certifying in writing in a sworn
39 statement to the Division that is signed by the dealer principal, general manager, general sales
40 manager, controller, owner, or other manager of the dealership that, to the best of the signatory's
41 knowledge and information as of the date of the sworn certification, all prior perfected liens on
42 the vehicle that are known or reasonably ascertainable by the signatory have been paid and that
43 the motor vehicle dealer, despite having used reasonable diligence, was unable to obtain the
44 vehicle's statement of origin or certificate of title. For purposes of this subsection, a dealer may
45 certify that the dealer is unable to obtain the vehicle's statement of origin or certificate of title if
46 the statement of origin or certificate of title has either (i) not been delivered to the dealer or (ii)
47 has been lost or misplaced. The Division is authorized to request any information it deems
48 necessary to transfer the vehicle and shall develop a form for this purpose. The knowing and
49 intentional filing of a false sworn certification with the Division pursuant to this subsection shall
50 constitute a Class H felony. A dealer principal, owner, or manager of a motor vehicle dealership
51 who is not a signatory of the sworn certification required under this subsection may only be

1 charged for a criminal violation for filing a false certification under this subsection by another
2 dealership employee if the dealer principal, owner, or manager had actual knowledge of the
3 falsity of the sworn certification at the time the sworn certification was submitted to the Division.

4 Any person transferring title or interest in a motor vehicle shall deliver the certificate of title
5 duly assigned in accordance with the foregoing provision to the transferee at the time of
6 delivering the vehicle, except when a certificate of title is unavailable as provided in this
7 subsection or in G.S. 20-72.1, and except that where a security interest is obtained in the motor
8 vehicle from the transferee in payment of the purchase price or otherwise, the transferor shall
9 deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of
10 title together with the transferee's application for new title and necessary fees to the Division
11 within 20 days. If the title to a vehicle is unavailable and the dealer transfers the vehicle on a
12 sworn certification pursuant to this section or G.S. 20-52.1, and the title is subsequently received
13 or found by the dealer, the dealer shall retain a copy for its records and submit the title to the
14 Division. Any person who delivers or accepts a certificate of title assigned in blank shall be guilty
15 of a Class 2 misdemeanor. No person shall have a cause of action against the Division or Division
16 contractors arising from the transfer of a vehicle by a sworn certification pursuant to this section.

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

20 **SECTION 4.** This act is effective when it becomes law.