

## HCS SCS SB 456 -- OWNERSHIP OF MOTOR VEHICLES

This bill changes the laws regarding the ownership of motor vehicles.

### TRANSFERRED LICENSE PLATES (Section 301.140.1, RSMo)

Currently, the operation of a motor vehicle with transferred license plates must be lawful for up to 30 days. The bill makes it lawful for up to 90 days if the dealer is selling the vehicle prior to obtaining a certificate of ownership.

### TEMPORARY PERMITS (Section 301.140.4)

Currently, the Director of the Department of Revenue or a motor vehicle dealer may issue a temporary permit authorizing the operation of a motor vehicle or trailer by a buyer for up to 30 days. The bill extends the time period to up to 90 days if the dealer is selling the vehicle prior to obtaining the certificate of ownership.

### CERTIFICATE OF OWNERSHIP (Section 301.190)

Currently, a person acquiring a motor vehicle or trailer is required to apply for a certificate of ownership within 30 days of acquiring the vehicle or trailer. The bill requires the person to apply for a certificate of ownership within 30 days after receiving the title from the dealer if the dealer did not have the certificate of ownership at the time of the purchase.

### TITLE REQUIREMENTS FOR USED MOTOR VEHICLES (Sections 301.213 and 407.581)

The bill repeals the provisions authorizing a licensed motor vehicle dealer to only purchase or accept in trade any motor vehicle for which there has been issued a certificate of title and authorizes a licensed motor vehicle dealer who has provided the department director a surety bond or irrevocable letter of credit in an amount of at least \$100,000 in lieu of the \$25,000 bond otherwise required for licensure to purchase or accept in trade any motor vehicle for which there has been issued a certificate of ownership and to receive the vehicle subject to any existing liens if the dealer receives specified items. Once the prior owner has physically delivered the vehicle to the dealer, the prior owner's insurable interest in the vehicle ceases.

If a dealer receives specified documents, he or she may sell the vehicle prior to receiving and assigning a certificate of ownership to the purchaser. To sell a vehicle under this provision the

dealer must prepare and deliver to the purchaser an application for title for the vehicle in the purchaser's name and enter into a written agreement for the subsequent assignment and delivery of the certificate of ownership within 60 days after delivery of the motor vehicle to the purchaser. The agreement must require the purchaser to provide to the dealer proof of financial responsibility and proof of insurance. The dealer must maintain the original or an electronic copy of the signed agreement and deliver a copy of the signed agreement to the purchaser. The dealer must also complete and deliver to the department director on a form as the department director prescribes showing that the purchaser has purchased the vehicle without contemporaneous delivery of the title. The completion of these requirements must constitute prima facie evidence of an ownership interest vested in the purchaser of the vehicle for all purposes other than for a subsequent transfer of ownership with specified exceptions.

Following a sale or other transaction in which a certificate of ownership has not been assigned from the owner to the dealer, the dealer must apply for a duplicate or replacement certificate of ownership within 10 business days. Upon receiving the duplicate or replacement certificate of ownership, the dealer must assign and deliver it to the purchaser within five business days.

If the dealer fails or is unable to deliver a certificate of ownership to the purchaser and the purchaser of the vehicle is damaged, the dealer must be liable to the purchaser for actual damages, plus court costs and attorney fees. If a seller misrepresents to a dealer that he or she is the owner of the vehicle and specified parties are damaged as a result, the seller must be liable to the party for actual and punitive damages, plus court costs and attorney fees. When a lienholder is damaged as a result of a licensed dealer's acts, errors, omissions, or violations of these provisions, the dealer must be liable to the lienholder for actual damages, plus court costs and attorney fees. The department may use a dealer's repeated or intentional violation of these provisions as a cause to suspend, revoke, or refuse to issue or renew any license. The hearing process must be the same as currently established for suspended or revoked licenses.

#### MOTOR VEHICLE DEALER LICENSES (Section 301.562)

The department may enter into an agreement with the holder of a motor vehicle dealer license to ensure future compliance with specified provisions. The agreement may include an assessment fee of up to \$500 per violation or \$5,000 total, probation terms and conditions, and other requirements as may be deemed appropriate by the department and the license holder. Any fees collected must be deposited into the Motor Vehicle Commission Fund.

ELECTRONIC SIGNATURE FOR TITLE TRANSFERS (Section 301.644)

In cases where an insurance company has paid or is paying a total loss claim on a motor vehicle or trailer, the registered owner or owners may use an electronic signature on a limited power of attorney, affidavit, or other document to authorize the insurance company to assign ownership, and the document must not require notarization.