



May 26, 2021

Damage Disclosure Changing Effective July 1 *New form requires DMS reprogramming*

Dealerships must begin using the [new damage disclosure form](#) on July 1, 2021 in order to comply with a new Iowa law changing the threshold at which a vehicle becomes a wrecked or salvage vehicle.

Law Change

Under the new law, a wrecked or salvage vehicle is "a damaged motor vehicle subject to registration for which the cost of repair exceeds 70% of the fair market value of the vehicle, as determined in accordance with the rules adopted by the department, before the vehicle became damaged." Previously, vehicles received the salvage designation with damage exceeding 50% of the fair market value of the vehicle.

The existing damage disclosure form and vehicle titles each contain a reference to the 50% threshold.

New Damage Disclosure Form

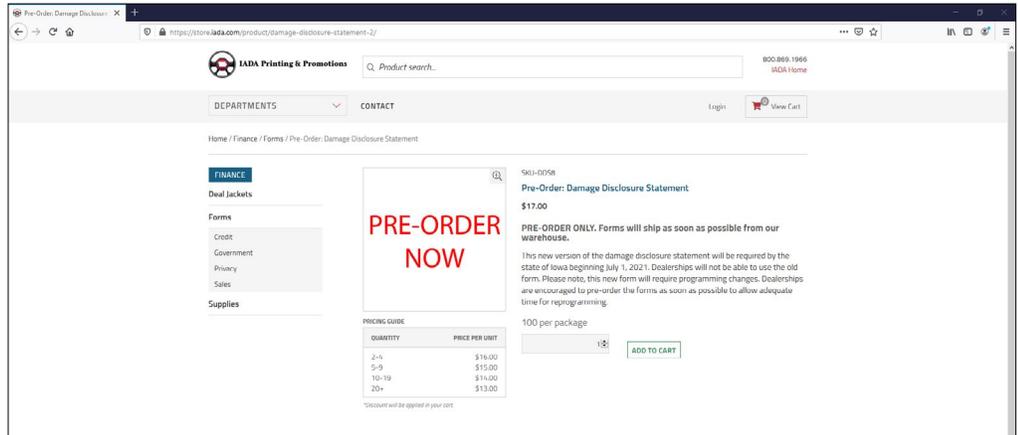
The Iowa Department of Transportation has developed a new damage disclosure form to address the change in law. IADA Printing & Promotions is currently [accepting pre-orders for the new form \(DDS8\)](#). Dealerships are encouraged to pre-order the forms as soon as possible, as the changes are significant enough to require reprogramming by their DMS.

Customers who use e-forms will need to update the forms library in their DMS when the new form becomes available. IADA is working with the platforms that offer e-forms to ensure that the new damage disclosure statement is ready by July 1.

Contact promoprint@iada.com with questions about the new damage disclosure statement.

Vehicle Titles

Current motor vehicle titles require disclosure of whether a vehicle has been damaged with repairs costing in excess of 50% of the fair market value of the vehicle. With the new law, new titles will change the disclosure amount to 70%. While older



The new damage disclosure statement (DDS8) is available for pre-order.

titles remain in circulation, however, there are a few things dealerships need to know.

- Dealership employees cannot cross out 50% and write 70%. That will spoil the title and you will need to obtain a new one.
- If a vehicle has not been damaged in excess of 50%, dealerships can process the title as usual.
- If a vehicle has been damaged in excess of 50%, the dealership will need to complete the disclosure on the title and fill out the new damage disclosure form. If the damage is less than 70%, the title will not receive the salvage brand.

If a vehicle has sustained damage with a repair cost between 50% and 70% of the vehicle's fair market value, it is in the customer's best interest to wait until after July 1, 2021 to trade in that vehicle. Vehicles that are marked with the salvage brand prior to July 1, 2021 will retain that brand forever, even if the damage was less than 70%.

Damage Disclosure Requirements

A damage disclosure is required on every vehicle that is seven model years old or newer with a GVWR of less than 16,000 lbs. Before July 1, 2021 the disclosure on the Iowa title is enough to comply with the law, but after July 1, the damage

disclosure form will be required until titles with the 70% language are in circulation.

Learn More

Contact promoprint@iada.com with questions about the new forms and IADA President [Bruce Anderson](#) or Director of Dealer Services [Jessi White](#) with questions about dealership processes.

Is the Damage Disclosure Statement Required?

After July 1, 2021

If the vehicle has not sustained damage greater than 50%

No

If the vehicle has sustained damage greater than 50% and the title references 50% damage

Yes

If the vehicle has sustained damage between 50% and 70% and the title references 70% damage

No

If the vehicle has sustained damage greater than 70% and the title references 70% damage

Yes

Iowa Legislature Adjourns

The Iowa legislature adjourned just before midnight on May 19 after passing a flurry of legislation including a controversial prohibition on mask mandates. The last-minute legislation largely did not impact dealerships.

Legislation Impacting Dealerships

[SF 619](#) matches Iowa's treatment of the federal Payment Protection Program loans to match the federal government and phased out the Iowa inheritance tax (which addresses non-linear inheritance and should not be confused with the estate tax).

[HF 756](#) permits Iowans to carry weapons without a permit. This law did not change a dealership's ability to prohibit guns on their private property.

[SF 366](#) alters the language in specific circumstances in permitting a trade credit and creates penalties for failure to file for title and registration and for underpayment of title and registration fees.

[SF 230](#) changes the definition of a wrecked or salvage vehicle, which necessitates an update to the damage disclosure statement. (See "Damage Disclosure Changing Effective July 1," page 1, for an in-depth look at this new law.)

[SF 444](#), which contained IADA's legislative priorities, eliminates a \$25 doc fee safe harbor roll back, allows license plates to be returned to any county for credit, and requires manufacturers share the time allotment for each warranty service.

IADA is [hosting a webinar](#) covering all of the law changes impacting dealers' business operations on June 16 from 9:00 to 9:45 a.m. At least one person from every dealership should attend to get up to speed and make sure the dealership is ready to comply.



Webinar: Learn How to Comply with Recently Passed Laws

Many of the laws passed during the 2021 legislative session go into effect on July 1—including several that will impact the day-to-day operations of your dealership.

Join IADA President Bruce Anderson and Legislative Counsel Brad Epperly for a [fast-paced, 45-minute webinar](#) covering the changes you need to make in order to be in compliance on July 1.

[New Laws Effective July 1](#)

Wednesday, June 16
9:00 – 9:45 a.m.

Contact [Mary Cason](#) with questions about the webinar.

DEALER NEWS

Trivista Now Authorized Dennis Eagle Dealer

Trivista Companies, the heavy duty truck group that includes O'Halloran International and two other Midwest truck dealers, is now an authorized Dennis Eagle dealer. Dennis Eagle is a UK-based refuse collection vehicle manufacturer.

2020 Elite of Lexus Winners Announced

Smart Lexus of Quad Cities (Davenport) and Willis Lexus (Clive) earned the 2020 Elite of Lexus award.

In Memoriam: Gary Gerdes

[Gary Gerdes](#), longtime McEleney Auto Center (Clinton) employee and former dealer principal of Gerdes Northend Auto (Clinton), passed away May 20, 2021.

If you have dealership news to share, let Brittany Bungert know. [Send her an email](#) or call 515.440.7620.

CDC, State Update Mask Guidance: What Does It Mean for Dealers?

The news has been full of mask-related changes, with the CDC's new guidance followed quickly by the swift passage and midnight signature of a bill prohibiting mask mandates by cities, counties, and schools.

Private businesses are still permitted to require masks for employees and guests, and there are good reasons a dealership may choose to do so. Perhaps the most compelling reason businesses may require unvaccinated people to wear masks: The COVID-19 Response Back-to-Business Limited Liability Act enacted in June 2020 requires that businesses follow federal, state, or public health guidance in order to shield themselves from potential liability if a person becomes infected with COVID-19 while at their business.

Current best practice for masking policies is to require masks for anyone who is not fully vaccinated, but to make masks optional for those who are fully vaccinated. Employees should also be encouraged not to comment on other peoples' decisions to mask or not mask, unless they have reason to believe that the person is not in compliance with the dealership's policy.

Sales Laws Must Be Followed When Considering Remote Processes

There are three separate sets of laws that directly govern motor vehicle sales conducted by remote sales processes in Iowa. While face-to-face sales occurring at the licensed dealership location is the preferred and best practice in Iowa, business conditions during the pandemic made it clear that many customers prefer remote options. Here are links to and a brief overview of those three laws, which should be carefully reviewed and closely followed in all sales practices:

Motor Vehicle Dealer Prohibited Acts

The Iowa Motor Vehicle Manufacturers, Distributors, Wholesalers and Dealers Act details 16 prohibited acts that can result both in civil fines and, in the event of repeated violations, revocation of the dealer license.

Subsection 11 of those prohibitions states, "A person who is engaged in the business of selling motor vehicles at retail shall not sell, offer for sale, display, represent, or advertise that the person intends to sell motor vehicles from a location other than the person's place of business, except as provided in section 322.5 [which provides for off-site sales and display permits]."

The Motor Vehicle Dealer Prohibited Acts governs the behavior of dealers and their employees. It does not govern the conduct of customers. It may be possible to establish sales practices and procedures where the customer never enters the dealership, but having dealership sales professionals meeting directly with customers off-site will almost certainly run afoul of the prohibited practice statute.

The Iowa Door-to-Door Sales Act

The Iowa Door-to-Door Sales Act looks at the location where the buyer's agreement is finalized. When the car purchase order is finalized at a location other than the dealer's principal place of business, the Iowa Door-to-Door Sales Act may be triggered, which means the customer may be entitled to three business

days to cancel the deal and you must give the required notices. The three business days do not begin to run until the notice is properly provided.

So long as the purchase agreement is finalized and the transfer of ownership occurs at your permanent, licensed dealership location, the sale is exempt from the Three Day Rule. If that happens anywhere else (such as at home or at a temporary lot location), the Three Day Rule may apply.

The FTC Cooling Off Rule

Compliance with the Iowa Door-to-Door Sales Act will largely result in compliance with the FTC Cooling Off Rule; however, there are some significant differences between the two laws and additional requirements if the FTC rule is triggered:

1. The FTC rule exempts most motor vehicle transactions that are completed at auctions, tent sales, or other temporary places of business, provided that the seller is a seller of vehicles with a permanent place of business. The Iowa Door-to-Door Sales Act does not contain a similar exemption.
2. If triggered, the FTC Cooling Off Rule requires the delivery of a "fully completed receipt or copy of any contract pertaining to such sale at the time of its execution, which is in the same language, e.g. Spanish, as that principally used in the oral sales presentation."
3. If triggered, the FTC Cooling Off Rule prohibits the assignment of "any note or other evidence of indebtedness to a finance company or other third party prior to midnight of the fifth business day following the day the contract was signed or the goods or services were purchased."

Contact IADA President Bruce Anderson with questions. He can be reached at banderson@iada.com or 515.440.7630.

FCC Imposes Restrictions on Prerecorded Residential Calls

The FCC has [imposed new restrictions on nonmarketing prerecorded calls to residential lines](#). These new restrictions include:

- A requirement to obtain consent before sending more than three prerecorded nonmarketing calls in a 30-day period
- A requirement to provide an automated opt-out mechanism

No changes have been made to the regulations regarding wireless numbers.

Dealers are encouraged to evaluate whether their businesses are using prerecorded messages, and, if they do, to implement processes to comply with the new restrictions.

IADA Printing & Promotions Closed June 1, Re-Opening with Changes

[IADA Printing & Promotions](#) will be closed on June 1 for inventory and will resume operations on June 2, with some changes to the local pick up process.

Orders for in stock products placed by 2 p.m. on Friday, May 28 will be shipped that day. Orders received after 2 p.m. will ship on Wednesday, June 2. Orders for pick up will need to be picked up by 2 p.m. on Friday, May 28. There will be no order pick ups on Tuesday, June 1.

When IADA Printing & Promotions re-opens on Wednesday, June 2, new procedures will be in place for dealerships picking up products from the warehouse.

Dealerships will be able to pick up stock orders without an appointment between 10 a.m. and 2 p.m., Monday through Friday. Order pick up will be available by appointment from 8:30 to 10:00 a.m. and 2:00 to 4:30 p.m. Runners picking up product should go to the north entrance and ring the doorbell for service.

Email promoprint@iada.com with questions.