

HB 2742 -- TRANSFER OF MOTOR VEHICLES

SPONSOR: Tate

This bill modifies the definition of "owner" of a vehicle to include a person who has executed a buyer's order or retail installment sales contract with a licensed motor vehicle dealer when there is an immediate right for the buyer to possess the vehicle.

Operation of a motor vehicle with temporary license plates or license plates transferred from a trade-in shall be legal for no more than 60 days when a dealer sells the vehicle with an agreement for the delayed transfer of title as provided in the bill (Section 301.140, RSMo).

Vehicle owners obtaining a vehicle as specified in the bill shall apply for a certificate of title within 30 days of receiving title from the dealer (Section 301.190.1 and 301.190.5).

Under the bill, a vehicle transfer shall be "presumed" fraudulent and void unless the vehicle's title is assigned and passed to the buyer at the time of transfer, or unless the parties have agreed to delayed delivery of title as provided in the bill (Section 301.210.4).

The bill specifies that licensed motor vehicle dealers may deliver a motor vehicle or trailer to a purchaser with a written agreement to pass the certificate of ownership with an assignment to the purchaser within 30 days after delivery (Section 301.210.5).

The agreement shall be in a form prescribed by the Director of the Department of Revenue, shall provide that if the dealer does not pass the assigned certificate of ownership to the purchaser within 30 days, the purchase shall be voidable at the purchaser's option, and the dealer shall re-purchase the vehicle as provided in the bill (Section 301.210.5(1)).

If the vehicle has incurred damages covered by the purchaser's insurance policy before the certificate of ownership is passed to the purchaser, the purchaser may assign the purchaser's corresponding insurance benefits to the motor vehicle dealer, subject to the insurer's approval, in lieu of the purchaser repairing the vehicle or in lieu of the purchaser surrendering the vehicle to the insurance company if the vehicle is deemed to be a total loss (Section 301.210.5(2)).

As provided in the bill, completion of the requirements of the bill shall constitute sufficient evidence of ownership of the vehicle

for all purposes other than a subsequent transfer of ownership. However, the purchaser may use a dealer-supplied copy of the agreement under this bill to transfer ownership of the vehicle to an insurance company in situations where the vehicle is declared salvage or a total loss as the result of settlement of an insurance claim (Section 301.210.5(3)).

No motor vehicle dealer shall be authorized to transfer a certificate of title until the dealer has provided to the Director of the Department of Revenue a bond or irrevocable letter of credit in an amount not less than \$100,000 in lieu of the \$50,000 bond otherwise required to act as a motor vehicle dealer (Section 301.210.5(4)).

This bill also repeals the existing framework for dealers accepting trade-in vehicles subject to existing liens, effective December 31, 2020 (Section 301.213).

Motor vehicle dealers' monthly sales reports submitted to the Department of Revenue shall include vehicles sold during the month in accordance with the bill (Section 301.280.1).

The bill specifies the circumstances under which proceeds from a dealer applicant's bond or irrevocable letter of credit will be paid. In addition to relocating an existing provision regarding bond proceeds, the bill specifies that bond proceeds shall be paid to any buyer or interested lienholder as provided in the bill if the dealer fails to deliver the assigned certificate of ownership as agreed. The Department of Revenue shall release the bond proceeds upon receiving certain documentation and evidence, as specified in the bill, and that the vehicle has been or will be returned by the purchaser as required. Except for ordinary wear and tear or mechanical failures not caused by the purchase, the amount of proceeds paid to the purchaser shall be reduced by an amount equivalent to any damage, abuse, or destruction incurred by the vehicle while in the purchaser's possession. Within 30 days of receiving notice of a claim against bond or irrevocable letter of credit proceeds, the dealer may apply to a court of competent jurisdiction to contest the claim on the bond or letter of credit, including the amount of the claim or any adjustments made for damage, abuse, or destruction incurred (Section 301.560.1(3)).