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Motor Vehicle Division Informational Memo # 25-08
Ch. 405 Salvage and other Title Designations – EO10 Updates

DATE: April 21, 2025
FROM: Sara Siedsma, Motor Vehicle Division
TO: All Motor Vehicle Division staff, County Treasurers and County Treasurer Staff

EFFECTIVE: APRIL 23, 2025

SUBJECT
This informational memo explains updates to administrative rule chapter 761—405, Salvage and other Title Designations.

SUMMARY
This chapter was recently revised pursuant to Executive Order 10 (EO10), which required all state agencies to conduct comprehensive review of all existing administrative rules. The goal of the review was to reduce regulatory burdens and restrictive terms, and to remove obsolete, outdated, inconsistent, redundant or unnecessary regulations, including instances where rule language is duplicative of statutory language.

EO10 required the chapter to be rescinded and then reissued as new.

Below is a summary of the changes made to this chapter as part of the EO10 review:

- The chapter was renamed from “Salvage” to “Salvage and other Title Designations” to more accurately reflect the content and subject matter of the chapter.
- **Rule 405.1** (Applicability and information) has been reworded to cross-reference the sections of Iowa Code that designate the types of motor vehicles subject to salvage titles, branded titles, junking certificates, and the other provisions of this chapter, and eliminate the now redundant verbiage. The rule also now includes the contact information of the appropriate department division.
- **Rule 405.2** (Definitions) has been revised to consolidate definitions from throughout the chapter, to provide that the definitions in 321.1 are adopted for this rule chapter. Of note:
    - The definition of “previous owner” has been removed. The term was intended to provide clarity of Iowa Code section 321.24(3). However, the department determined there was no authority to adopt this definition. Furthermore, HF 2185 passed during the 2024 legislative session struck reference to “previous owner” in section 321.24(3) altogether.
    - The definition of “junking certificate” has been removed because the department determined the definition as written did not provide additional clarity that was not already in the chapter.
    - The definition of “regular foreign title” has been redefined to ensure that any title designated as “salvage” will need to go through the salvage process as defined in this chapter, even if the vehicle may be legally driven under another state’s laws. For Iowa (and most states), a “salvage” title or designation means the vehicle is not operable and cannot be registered for operation until it is fixed and then re-designated with a regular title and a "rebuilt" or "prior salvage" designation. However, in certain states (for example, South Dakota) a salvage designation still permits the vehicle to be operated on public roads.

    - The term “fair market value” was made its own subrule and was amended to remove reference to the North American Dealer’s Association average market value, and to clarify that the methodologies to determine fair market value can include a bill of sale, an appraisal conducted by a motor vehicle dealer or a third-party appraiser, or a commercially available motor vehicle pricing guide.
- **Rule 405.3** (Salvage title) was reworded for clarity and to incorporate portions of former subrule 405.6(3).
- Prior **Rules 405.4** and **405.5** were previously reserved and are now being stricken.
- Prior **Rule 405.6** (Iowa salvage title required) was stricken, as the content is either redundant of Iowa Code section 321.52(4)(b) or has been moved to rule 405.3.
- Prior **Rule 405.7**, renumbered to **Rule 405.4**(Converting salvage title to regular title) was reworded for clarity and to remove redundancies.
- Prior **Rule 405.8**, renumbered to **Rule 405.5** (Foreign vehicles) was reworded for clarity and to remove redundancies. Of note:
    - The records check requirement under 405.5(8)(b) is being changed to be consistent with the requirement under 405.6 that a records check for a vehicle with a foreign title indicating that the vehicle should have been or has been junked as defined in subrule 405.5(1) requires an Iowa junking certificate.
- Prior **Rule 405.9**, renumbered to **Rule 405.6** (Records check) contains minor terminology changes and now includes reference to the applicable federal regulation, 28 CFR 25.54.
- Prior **Rule 405.10**, renumbered to **Rule 405.7** (Designations) is unchanged.
- Prior Rules **405.11** to **405.14** were previously reserved and are now being stricken.
- Prior **Rule 405.15**, renumbered to **Rule 405.8** (Salvage theft examination) strikes provisions that are redundant of Iowa Code, but added that the procedure is in addition to requirements in Iowa Code section 321.52(4)“d”. Additionally, the terminology is corrected to align with statutory language (replacing the term “affidavit of salvage vehicle repairs form” with “repair affidavit”) and current processes (such as the payments being made online). Of note:
    - The changes remove the option that an owner’s authorized agent can sign, be present, or submit the information on the repair affidavit for a salvage theft examination. The department determined that this practice is not permitted by Iowa Code. However, in the event a vehicle owner has a legal power of attorney (POA), the rule still permits the POA to act on behalf of the owner if the POA provides express authority.

The revised rule chapter is effective April 23, 2025.

LINK TO ADMINISTRATIVE RULES

761 IOWA ADMINISTRATIVE CODE 405 – Adopted and Filed

CURRENT

Chapter 405 implements Iowa Code section 321.24 regarding the titling and registration process for vehicles with title designations other than regular, such as “salvage,” “junk,” and “rebuilt.” The chapter also implements Iowa Code section 321.52, by outlining the procedures for conducting a “salvage theft examination,” which is required before the owner of a salvage vehicle may obtain a regular title after repairing the vehicle. The salvage theft examination is performed by a specially certified peace officer who ensures that the parts used to repair the vehicle were lawfully obtained.

The chapter provides individuals and businesses transparency and clarity on how to convert a foreign (out-of-state) vehicle into Iowa and how to convert a vehicle with a “salvage” designation to a “rebuilt” status, including ensuring the proper vehicle records checks are in place so that prior damage on a vehicle is not concealed.

NEW

As of April 23, 2025, the chapter will reflect the changes listed in the summary section above.

BUSINESS IMPACT

Minimal impact. None of the changes to the chapter should have a significant business impact compared to the prior chapter as the changes were technical in nature or adhering to current department practices.