

Introduction to California AB1215

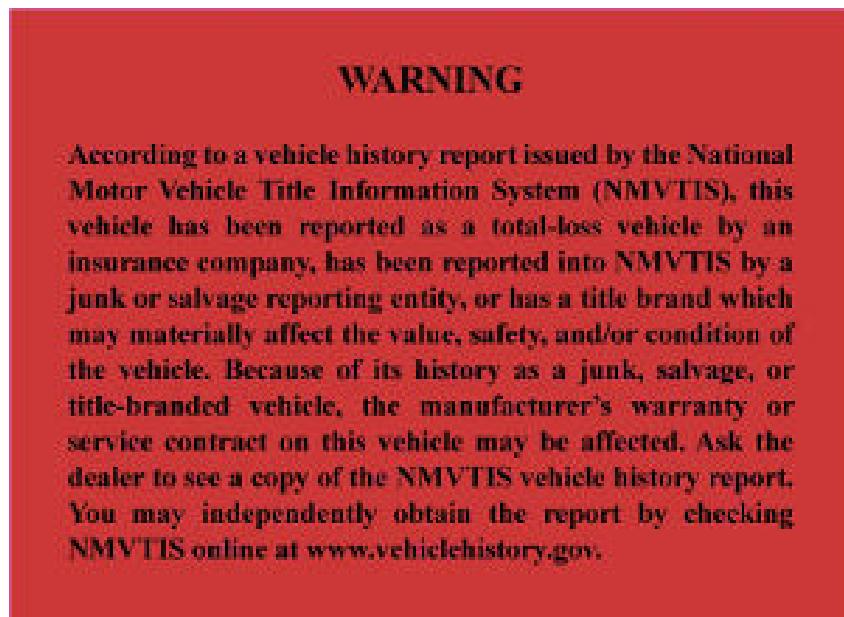
Assembly Bill 1215 (AB 1215) was signed into law by the Governor which will require auto dealers to run vehicle history reports on every vehicle that is offered for retail sale. This program will begin July 1, 2012. The reports must be run through the National Motor Vehicle Title Information Service, or “NMVTIS”.

If you currently utilize reports through Carfax, AutoCheck or other non-NMVTIS sources, those reports will not be considered compliant with the new law.

IADAC, through affiliation with NIADA, has partnered with CARCO whose website is NIADA.checkthatvin.com. Our solution is to provide reports that will assure California dealers are compliant with the new law. Reports through NIADA.checkthatvin.com will cost **IADAC** members just \$2.75 per report, a .75 savings over consumer pricing. Dealers must examine the reports for any title branding, such as salvage, flood, etc. and post the report in the window of that vehicle(See example below), clearly identifying that vehicle as having a branded title. Every dealer must also provide a copy of the NMVTIS vehicle history report to the buyer. Dealers will also be able to increase the doc fee \$10 to cover the cost of the report.

For additional details about IADAC contact Larry Laskowski of IADAC at (916) 893-3306 or by email at Larry@iadac.org.

The attached “**WARNING**” must be posted in any vehicle with a title brand.



Highlights of AB1215

The bill would, beginning July 1, 2012, prohibit a dealer from displaying or offering for sale at retail a used vehicle unless the dealer first obtains a vehicle history report from the National Motor Vehicle Title Information System (NMVTIS). If the NMVTIS report indicates that the vehicle is or has been a junk or salvage automobile, or the vehicle has been reported as such by a junk or a salvage yard, or an insurance carrier, or the certificate of title contains a brand, the bill would require the dealer to post a specified disclosure and provide the retail purchaser with a copy of the report upon request prior to sale. These requirements associated with obtaining a NMVTIS vehicle history report would become inoperative if all NMVTIS data providers cease to make these reports available to the public.

This section shall become operative on July 1, 2012. A dealer shall not display or offer for sale at retail a used vehicle, as defined in Section 665 and subject to registration under this code, unless the dealer first obtains a NMVTIS vehicle history report from a NMVTIS data provider for the vehicle identification number of the vehicle.

(b) If a NMVTIS vehicle history report for a used vehicle indicates that the vehicle is or has been a junk automobile or a salvage automobile or the vehicle has been reported as a junk automobile or a salvage automobile by a junk yard, salvage yard, or insurance carrier pursuant to Section 30504 of Title 49 of the United States Code, or the certificate of title contains a brand, a dealer shall do both of the following:

(1) Post the following disclosure on the vehicle while it is displayed for sale at retail in at least 14-point bold black type, except for the title “Warning” which shall be in at least 18-point bold black type, on at least a 4 x 5.5 inch red background in close proximity to the Federal Trade Commission’s Buyer’s Guide: “WARNING

According to a vehicle history report issued by the National Motor Vehicle Title Information System (NMVTIS), this vehicle has been reported as a total-loss vehicle by an insurance company, has been reported into NMVTIS by a junk or salvage reporting

entity, or has a title brand which may materially affect the value, safety, and/or condition of the vehicle. Because of its history as a junk, salvage, or title-branded vehicle, the manufacturer's warranty or service contract on this vehicle may be affected. Ask the dealer to see a copy of the NMVTIS vehicle history report.

(2) Provide the retail purchaser with a copy of the NMVTIS vehicle history report upon request prior to sale.

(c) Subdivisions (a) and (b) do not apply to a used vehicle for which NMVTIS does not have a record if the dealer attempts to obtain a NMVTIS vehicle history report for the vehicle.

(d) As used in this section the following terms have the following meanings:

(1) "NMVTIS" means the National Motor Vehicle Title Information System established pursuant to Section 30501 et seq. of Title 49 of the United States Code.

(2) "NMVTIS vehicle history report" means a report obtained by an NMVTIS data provider that contains:

(A) The date of the report.

(B) Any disclaimer required by the operator of NMVTIS.

(C) If available from NMVTIS, information establishing the following:

(i) Whether the vehicle is titled in a particular state.

(ii) Whether the title to the vehicle was branded by a state.

(iii) The validity and status of a document purporting to be a certificate of title for the vehicle.

(iv) Whether the vehicle is or has been a junk automobile or a salvage automobile.

(v) The odometer mileage disclosure required pursuant to Section 32705 of Title 49 of the United States Code for that vehicle on the date the certificate of title for that vehicle was issued and any later mileage information.

(vi) Whether the vehicle has been reported as a junk automobile or a salvage automobile pursuant to Section 30504 of Title 49 of the United States Code.

(3) "Junk automobile," "operator," and "salvage automobile" shall have the same meanings as defined in Section 25.52 of Title 28 of the Code of Federal Regulations.

- (4) "NMVTIS data provider" means a person authorized by the NMVTIS operator as an access portal provider for NMVTIS.
- (5) "NMVTIS operator" means the individual or entity authorized or designated as the operator of NMVTIS pursuant to subdivision (b) of Section 30502 of Title 49 of the United States Code, or the office designated by the United States Attorney General, if there is no authorized or designated individual or entity.
- (e) Nothing in this section shall prohibit a NMVTIS data provider from including, in a NMVTIS vehicle history report containing the information required by paragraph (2) of subdivision (d), additional vehicle history information obtained from resources other than NMVTIS.
- (f) This section shall not create any legal duty upon the dealer related to the accuracy, errors, or omissions contained in a NMVTIS vehicle history report that is obtained from a NMVTIS data provider or any legal duty to provide information added to NMVTIS after the dealer obtained the NMVTIS vehicle history report pursuant to subdivision (a).
- (g) (1) In the event that all NMVTIS data providers cease to make NMVTIS vehicle history reports available to the public, this section shall become inoperative.
- (2) In the event that all NMVTIS data providers cease to make NMVTIS vehicle history reports available to the public, it is the intent of the Legislature that the United States Department of Justice notify the Legislature and the department.
- (h) This section does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle subject to identification under Section 38010.
- (i) This section shall become operative on July 1, 2012.
- SEC. 18. No reimbursement is required by this act pursuant to Section 6 of Article XIIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

NMVTIS

The National Motor Vehicle Title Information System (NMVTIS) is an electronic system that contains information on certain automobiles titled in the United States. NMVTIS is intended to serve as a reliable source of title and [brand](#) history for automobiles, but it does not contain detailed information regarding a vehicle's accident repair or other history.

All states, insurance companies, and junk and salvage yards are required by federal law to regularly report information to NMVTIS. However, NMVTIS does not contain information on all motor vehicles in the United States because [some states](#) are not yet providing their vehicle data to the system. Currently, the data provided to NMVTIS by states is provided in a variety of time frames; while some states report and update NMVTIS data in "real-time" (as title transactions occur), other states send updates less frequently, such as once every 24 hours or within a period of days.

Information on previous, significant vehicle damage may not be included in the system if the vehicle was never determined by an insurance company (or other appropriate entity) to be a "total loss" or branded by a state titling agency. Conversely, an insurance carrier may be required to report a "total loss" even if the vehicle's titling-state has not determined the vehicle to be "salvage" or "junk."

Before making a decision to purchase a vehicle, consumers may wish to obtain an independent vehicle inspection, a NMVTIS Vehicle History and Title Report, and consult other available vehicle information resources.

The information in NMVTIS INCLUDES:

- Information from [participating](#) state motor vehicle titling agencies.
- Information on automobiles, buses, trucks, motorcycles, recreational vehicles, motor homes, and tractors. NMVTIS may not currently include commercial vehicles if those vehicles are not included in a state's primary database for title records (in some states, those vehicles are managed by a separate state agency), although these records may be added at a later time.
- Information on "brands" applied to vehicles provided by participating state motor vehicle titling agencies. Brand types and definitions vary by state, but may provide useful information about the condition or prior use of the vehicle.
- Most recent odometer reading in the state's title record.
- Information from insurance companies, and auto recyclers, including junk and salvage yards, that is required by law to be reported to the system, beginning March 31, 2009. This information will include if the vehicle was determined to be a "total loss" by an insurance carrier.
- Information from junk and salvage yards receiving a "cash for clunker" vehicle traded-in under the Consumer Assistance to Recycle and Save Act of 2009 (CARS) Program.



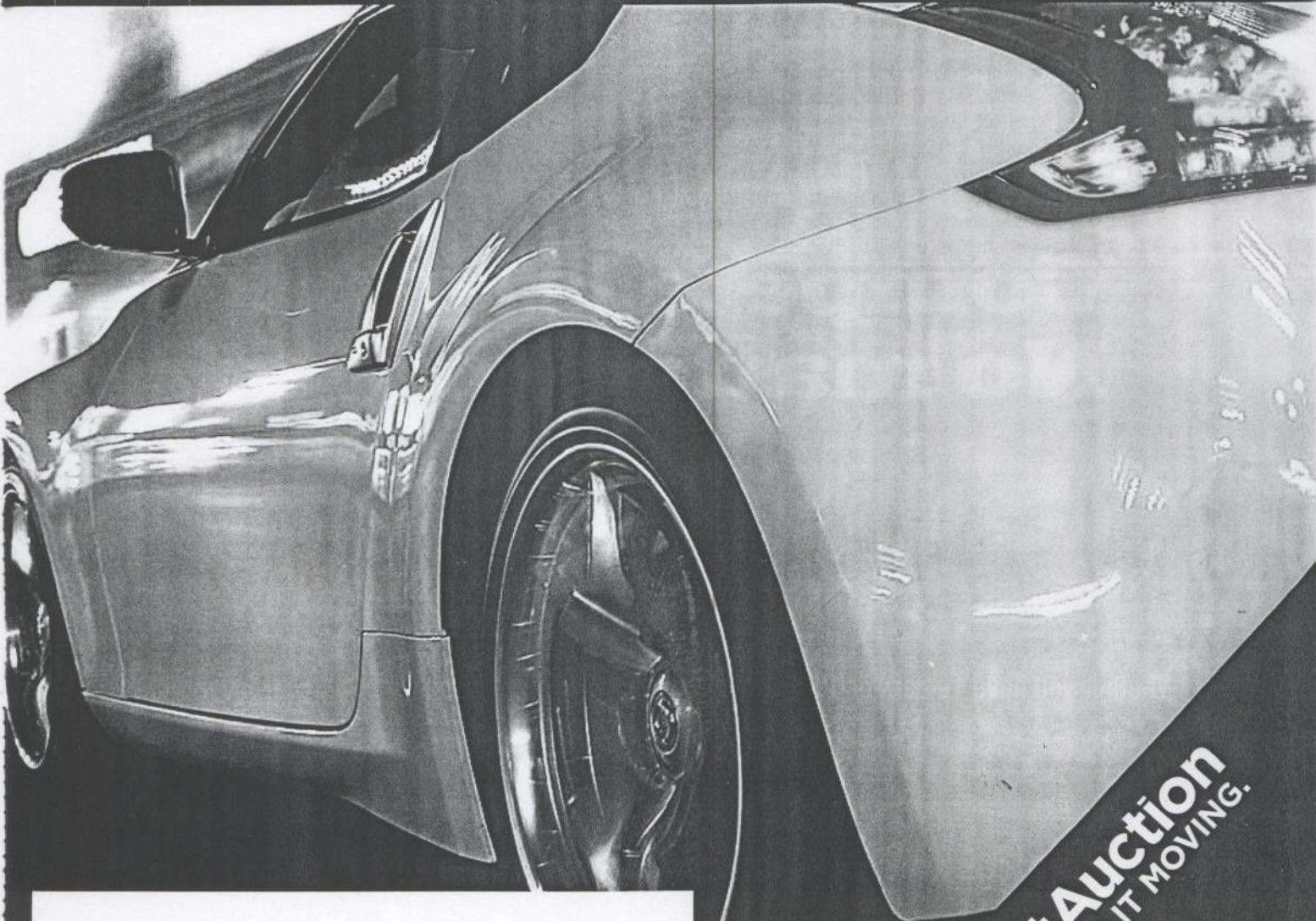
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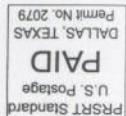
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NMVTIS Created to Help Dealers

In today's economic environment, there is a great deal of fraud taking place and if you aren't careful, it could be your wallet and reputation that suffers.

To prevent fraud and protect both dealers and the general public, many dealers are utilizing the National Motor Vehicle Title Information System, or NMVTIS. The system, run by the U.S. Justice Department, was created to prevent the introduction of branded or stolen motor vehicles into interstate commerce, thus protecting auto dealers and consumers from fraud, and hopefully reducing the use of stolen vehicles for many other illicit purposes.

Through NMVTIS, businesses and consumers are empowered to check the VIN of any vehicle they are considering acquiring at an exceptionally low cost. Readily available to used auto dealers, providers of NMVTIS data also encourage wholesalers, among others, to check VINs before investing in vehicles, thus keeping them even one step further from unsuspecting buyers.

The data available through NMVTIS is unique in that, unlike other commercially available services, it's a government program with strict regulations regarding reporting. NMVTIS information includes timely data from state motor vehicle agencies and other entire sectors (such

IT IS ALSO IMPORTANT

TO KNOW A NMVTIS
VEHICLE HISTORY REPORT IS
INTENTIONALLY CONCISE,
AND IS ONLY INTENDED TO
PROVIDE DATA ON THE FIVE KEY
INDICATORS ASSOCIATED WITH
PREVENTING THEFT AND FRAUD.

as insurance, auto recyclers, junkyards, and salvage businesses) that are addressed by the Anti-Car Theft Act.

Regulations require all states to participate in the NMVTIS program, and all entities are required to provide specific information to NMVTIS in a specific format. This uniformity is intended to serve as a reliable source of title and brand history for autos, and also elevates the likelihood that a vehicle stolen in Maine will be caught if resold in Florida. The accuracy, and timeliness, of the information, is what differs from other private vehicle history reporting services.

Information is updated by most

states in real time and, at a minimum, by all states within several days of any transaction occurring. The system contains more than 30 million salvage and total loss records, and imposes strict penalties on entities who fail to report required information. NMVTIS also includes information on buses, trucks, motorcycles, recreational vehicles, motor homes, and tractors.

As a dealer, there are certain scenarios that should be investigated before investing in a used auto and NMVTIS is the most accurate, cost-effective source of this information. In addition to accurate, timely information on a vehicle's title history, the system can flag any brands given to a used vehicle, as well as provide salvage and total information, and odometer readings. This means it's likely that a vehicle that has been flooded, or totaled and rebuilt, or even had the odometer tampered with, will be identified.

According to the DOJ, the existence of NMVTIS has led to a decline in motor vehicle thefts. By reducing the market for stolen vehicles, a natural decline in thefts was sure to follow. In Virginia alone, a 17-percent decrease in thefts was reported upon the state engaging with NMVTIS. Arizona, one of the first and most active NMVTIS participant states, has experienced a 99-percent recovery rate on stolen vehicles. And in Florida, a car theft ring responsible for cloning more than 250 cars, valued at \$8 million, was disbanded.

Does this mean dealers are now safe due to the mere existence of NMVTIS? Unfortunately, they are not. There are still land mines to be aware of. NMVTIS is designed to collect information from states, but not change or streamline laws and terminology from state to state. Each state has its own laws, and terminology, which may be different from their neighbors. That's why it's important to know the definitions in the states you are searching (if you find a used vehicle has a history there). The NMVTIS service provider has a glossary of most terms, on its website.

It is also important to know a NMVTIS Vehicle History Report is intentionally concise, and is only intended to provide data on the five key indicators associated with preventing theft and fraud. If your needs go beyond these indicators, it may be best to supplement your NMVTIS search with additional reports from other providers who specialize in different types of information. 