

HB-1051: Salvage Title Changes

What is the process now in Colorado and how will the bill change that process.

Current Process:	Revised Process:
<p>CRS: 42-6-102 (17) (a) Definition of salvage vehicle: means a vehicle that is damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, to the extent that the cost of repairing the vehicle to a roadworthy condition and for legal operation on the highways exceeds the vehicle's retail fair market value immediately prior to such damage, as determined by the person who owns the vehicle at the time of such occurrence or by the insurer or other person acting on behalf of such owner.</p> <p>(c) This subsection shall not apply to a vehicle whose model year of manufacturer is six years or older at the time of damage.</p> <p>Currently in Colorado, if a vehicle is damaged beyond its fair market value at the time of the damage, AND IS SIX MODEL YEARS OR OLDER, that vehicle does not qualify as a salvage vehicle and is sold on Clear Title.</p> <p>If the vehicle is declared salvage (1-5 model years):</p> <ul style="list-style-type: none"> • A salvage title would have to be issued to the vehicle. • DMV would brand the title and record such a branding on the vehicle record. • If the vehicle is rebuilt, an inspection is required by the State Patrol before sale of the vehicle. 	<p>CRS: 42-6-102 (17) (a) Definition of salvage vehicle: means a vehicle that is damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, to the extent that the cost of repairing the vehicle to a roadworthy condition and for legal operation on the highways exceeds the vehicle's retail fair market value immediately prior to such damage, as determined by the person who owns the vehicle at the time of such occurrence or by the insurer or other person acting on behalf of such owner.</p> <p>(c) This subsection shall not apply to a vehicle whose model year of manufacturer is six years or older at the time of damage</p> <p>So, in Colorado, if a vehicle is damaged beyond its fair market value at the time of the damage, AND IS ELEVEN MODEL YEARS OR OLDER, that vehicle does not qualify as a salvage vehicle and is sold on Clear Title.</p> <p>If the vehicle is declared salvage (1-10 model years):</p> <ul style="list-style-type: none"> • A salvage title would have to be issued to the vehicle. • DMV would brand the title and record such a branding on the vehicle record. • If the vehicle is rebuilt, an inspection is required by the State Patrol before sale of the vehicle.

Effects based on Current Process:

What will HB-1051 Do

If the vehicle is exempt from salvage title requirements the following take place:

- The vehicle can be sold at auction here in Colorado on a CLEAR TITLE, or a title that shows no issues or branding of the title.
Branding of a title is an action taken by Colorado DMV when the law requires the DMV to denote that the vehicle is salvage, junk, flooded or other such terms. THIS IS KEY TO THE BILL AND THE PROCESS.
- Yet today, a vehicle model year 1-5 is required to have a salvage title and be branded by the DMV for future reference and data entry.
- If a vehicle 6 model years or older is totaled, sold at auction, purchased by a person for the purpose of rebuilding that vehicle to keep or resale such a vehicle for use on Colorado highways, **NO INSPECTION OF THAT VEHICLE IS REQUIRED BY THE STATE PATROL BECAUSE IT WAS SOLD ON A CLEAR TITLE.**
- Yet a vehicle going through the same process that is model years 1-5 would be required to be inspected by the Patrol.
- If an owner of a 6 model year or older vehicle decides to retain ownership of a totaled vehicle say because it was hail damaged or the damage was cosmetic not mechanical, that owner would not have to apply for new title as no change of ownership occurred.
- National databases today are utilized to convey vehicle information and vehicle history today would receive data from the Colorado DMV on those vehicles that had been branded by the DMV as salvage or junk. But according to these systems websites, no data would be received from the Colorado DMV if the vehicle was sold on a CLEAR TITLE, as no branding by the DMV occurred.
- Today, law enforcement agencies will tell you that the cloning of a title and the vehicle VIN number is an on-going practice in masking the sale of a stolen vehicle or stolen parts. This can occur when a totaled vehicle is sold on a clear title and is substituted for a stolen vehicle of the same make and model and resold

- First, the bill would require a greater population of the model years to receive a salvage title if they are totaled due to accident or other causes (from the 6.
- By removing or greatly limiting the current exemption for vehicles that have been totaled in Colorado to maintain a clear title, we begin to address the issues we have already noted.
 1. Since more vehicles would have to receive a salvage title, cloning of the title and VIN to stolen vehicle would become much harder to accomplish thus helping to reduce an existing option thieves use to market stolen vehicles.
 2. If the owner of a vehicle wants to retain ownership of the vehicle because the damage was cosmetic not mechanical, no new title would be required as no change of ownership occurred.
 3. If a totaled vehicle is rebuilt from salvage, it is required to be inspected by the CSP and would have a title that shows it is rebuilt from salvage. This is a major consumer protection feature for buyers of rebuilt vehicles.
 4. Current vehicle databases would be receiving more accurate information of totaled vehicles from Colorado. Not only would this improve the functionality of the data base and its worth to consumers and buyers nationally, it will provide the information needed by these consumers who choose to go to these sites to check the potential vehicle they are thinking of purchasing.
 5. Please keep in mind, these databases have useful information about vehicles but a portion of much needed data about totaled vehicles is not being made available to these systems. Also the rates of use of these systems are not widespread. What is widespread everyday action with the sale of a vehicle is the need to deliver a title to the buyer. If that title shows rebuilt from salvage, the consumer has ample info to determine their buying decision. CARFAX for example can require a fee of up to \$40 to utilize its data on a vehicle.

So, what are the benefits of HB-1051?

- It will help to close a loophole in the Colorado titling law that allows for many possible negative actions to occur.
- It can help to prevent auto theft as it addresses the problem of vehicle cloning.
- It would provide greater consumer protection as totaled vehicles in Colorado would receive a salvage title and if rebuilt, would be required to go through a roadworthiness inspection by the State Patrol.
- Would allow Colorado to contribute the correct information to national data bases that require Colorado to report any branding of a title for salvage vehicles.

Vehicle Year 1-5 (Salvage Title)



Vehicle Year 6- Older (Clear Title)



Vehicle Year 1-5 (Salvage Title)



Vehicle Year 6- Older (Clear Title)



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