168A.07 CONDITIONAL REGISTRATION.

Subdivision 1. **Ownership at issue; certificate withheld or bond filed.** In the event application is made in this state for a certificate of title on a vehicle and the department is not satisfied as to the ownership of the vehicle or the existence of security interests therein, the vehicle may be registered but the department, subject to subdivision 1a, shall either:

(1) withhold issuance of a certificate of title until the applicant shall present documents reasonably sufficient to satisfy the department of the applicant's ownership of the vehicle and as to any security interest therein; or

(2) as a condition to issuing a certificate of title, require the applicant to file a bond in the form and amount provided in subdivision 1b.

Subd. 1a. **Ownership at issue; requirements for certificate issuance.** (a) In the event application is made in this state for a certificate of title on a vehicle with a model year designated by the manufacturer of more than five years prior to the year in which application is made, and the applicant is unable to establish sole ownership of the vehicle because one or more owners, prior owners, or lienholders cannot be found, the department shall issue a certificate of title to the applicant if the applicant submits:

(1) the application;

(2) a bond in the form and amount provided in subdivision 1b;

(3) an affidavit that identifies the make, model year, and vehicle identification number of the vehicle, and includes a statement that:

(i) the applicant is an owner of the vehicle;

(ii) the applicant has physical possession of the vehicle; and

(iii) in attempting to transfer interest in the vehicle or obtain a certificate of title or lien release, the applicant was unable after using due diligence to (A) determine the names or locations of one or more owners, prior owners, or lienholders; or (B) successfully contact one or more owners, prior owners, or lienholders known to the applicant; and

(4) payment for required taxes and fees.

(b) Unless the department has been notified of the pendency of an action to recover the bond under paragraph (a), clause (2), the department shall allow it to expire at the end of three years.

Subd. 1b. **Bond requirements.** A bond filed under this section must be in the form prescribed by the department and executed by the applicant, and either accompanied by the deposit of cash or executed by a surety company authorized to do business in this state, in an amount equal to 1-1/2 times the value of the vehicle as determined by the department. The bond shall be conditioned to indemnify any prior owner and secured party and any subsequent purchaser of the vehicle or person acquiring any security interest therein, or the successor in interest of any said person, against any expense, loss, or damage, including reasonable attorneys' fees, by reason of the issuance of the certificate of title to the vehicle or on account of any defect in or undisclosed security interest upon the right, title and interest of the applicant in and to the vehicle. Any such interested person shall have a right of action to recover on such bond for any breach of its conditions, but the aggregate liability of the surety to all such persons shall in no event exceed the amount of the bond. Unless the department has been notified of the pendency of an action to recover on the bond and if all questions as to ownership and outstanding security interests have been resolved to the satisfaction of the

department, such bond, and any deposit accompanying it, shall be returned at the end of three years or prior thereto in the event the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered.

Subd. 2. **Nontransferable certificate.** In the event the issuance of a certificate of title is withheld in accordance with subdivision 1, or because the applicant is unable to surrender an existing certificate of title to the vehicle issued by another state, the department, upon payment of the same fee as for issuing a certificate of title, may issue to the applicant a nontransferable certificate in form designated by the department certifying that the applicant has applied for a certificate of title; provided that such certificate shall not be issued if the department has reasonable grounds to believe the applicant is not the owner or that the application contains a false or fraudulent statement.

Subd. 3. **Fees.** The filing fee to create a conditional registration shall conform with the fee provided in section 168.33, subdivision 7, paragraph (a), clause (2). A subsequent removal and clearing of a conditional registration is considered a separate transaction and requires payment of an additional filing fee of the same amount, provided the removal and clearing was initiated by a motor vehicle dealer licensed under section 168.27.

History: *1971 c 162 s 7; 1978 c 570 s 2; 2012 c 287 art 3 s 22; 2015 c 75 art 2 s 19; 2022 c 55 art 1 s 55*