

TRANSPORTATION CODE  
TITLE 7. VEHICLES AND TRAFFIC  
SUBTITLE A. CERTIFICATES OF TITLE AND REGISTRATION OF VEHICLES  
CHAPTER 501. CERTIFICATE OF TITLE ACT  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 501.001. SHORT TITLE. This chapter may be cited as the Certificate of Title Act.  
Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.002. DEFINITIONS. In this chapter:

(1) "Certificate of title" means an instrument issued under Section 501.021.

(2) "Dealer" means a person who purchases motor vehicles for sale at retail.

(3) "Department" means the Texas Department of Transportation.

(4) "Distributor" means a person engaged in the business of selling to a dealer motor vehicles purchased from a manufacturer.

(5) "First sale" means:

(A) the bargain, sale, transfer, or delivery of a motor vehicle that has not been previously registered or licensed, with intent to pass an interest in the motor vehicle, other than a lien, regardless of where the bargain, sale, transfer, or delivery occurred; and

(B) the registration or licensing of that vehicle.

(6) "House trailer" means a trailer designed for human habitation. The term does not include manufactured housing.

(7) "Importer" means a person, other than a manufacturer, that brings a used motor vehicle into this state for sale in this state.

(8) "Importer's certificate" means a certificate for a used motor vehicle brought into this state for sale in this state.

(9) "Lien" means:

(A) a lien provided for by the constitution or statute in a motor vehicle; or

(B) a security interest, as defined by Section 1.201, Business & Commerce Code, in a motor vehicle, other than an absolute title, created by any written security agreement, as defined by Section 9.102, Business & Commerce Code, including a lease, conditional sales contract, deed of trust, chattel mortgage, trust receipt, or reservation of title.

(10) "Manufactured housing" has the meaning assigned by Chapter 1201, Occupations Code.

(11) "Manufacturer" means a person regularly engaged in the business of manufacturing or assembling new motor vehicles.

(12) "Manufacturer's permanent vehicle identification number" means the number affixed by the manufacturer to a motor vehicle in a manner and place easily accessible for physical examination and die-stamped or otherwise permanently affixed on one or more removable parts of the vehicle.

(13) "Motorcycle" means a motor vehicle, other than a tractor, designed to propel itself with not more than three wheels in contact with the ground.

(14) "Motor vehicle" means:

(A) any motor driven or propelled vehicle required to be registered under the laws of this state;

(B) a trailer or semitrailer, other than manufactured housing, that has a gross vehicle weight that exceeds 4,000 pounds;

(C) a house trailer;

(D) an all-terrain vehicle, as defined by Section 502.001, designed by the manufacturer for off-highway use that is not required to be registered under the laws of this state; or

(E) a motorcycle, motor-driven cycle, or moped that is not required to be registered under the laws of this state, other than a motorcycle, motor-driven cycle, or moped designed for and used exclusively on a golf course.

(15) "New motor vehicle" means a motor vehicle that has not been the subject of a first sale.

(16) "Owner" includes a person, other than a manufacturer, importer, distributor, or dealer, claiming title to or having a right to operate under a lien a motor vehicle that has been subject to a first sale.

(17) "Semitrailer" means a vehicle that is designed or

used with a motor vehicle so that part of the weight of the vehicle and its load rests on or is carried by another vehicle.

(18) "Serial number" means a vehicle identification number that is affixed to a part of a motor vehicle and that is:

(A) the manufacturer's permanent vehicle identification number;

(B) a derivative number of the manufacturer's permanent vehicle identification number;

(C) the motor number; or

(D) the vehicle identification number assigned by the department.

(19) "Steal" has the meaning assigned by Section 31.01, Penal Code.

(20) "Subsequent sale" means:

(A) the bargain, sale, transfer, or delivery of a motor vehicle that has been previously registered or licensed in this state or elsewhere, with intent to pass an interest in the vehicle, other than a lien, regardless of where the bargain, sale, transfer, or delivery occurs; and

(B) the registration of the vehicle if registration is required under the laws of this state.

(21) "Title receipt" means an instrument issued under Section 501.024.

(22) "Trailer" means a vehicle that:

(A) is designed or used to carry a load wholly on the trailer's own structure; and

(B) is drawn or designed to be drawn by a motor vehicle.

(23) "Used motor vehicle" means a motor vehicle that has been the subject of a first sale.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1999, 76th Leg., ch. 414, Sec. 2.42, eff. July 1, 2001; Acts 2003, 78th Leg., ch. 1276, Sec. 14A.821, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 586, Sec. 1, eff. Sept. 1, 2005.

Sec. 501.003. CONSTRUCTION. This chapter shall be liberally construed to lessen and prevent:

(1) the theft of motor vehicles;

(2) the importation into this state of and traffic in motor vehicles that are stolen; and

(3) the sale of an encumbered motor vehicle without the enforced disclosure to the purchaser of a lien secured by the vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.004. APPLICABILITY. (a) This chapter applies to a motor vehicle owned by the state or a political subdivision of the state.

(b) This chapter does not apply to:

(1) a trailer or semitrailer used only for the transportation of farm products if the products are not transported for hire;

(2) the filing or recording of a lien that is created only on an automobile accessory, including a tire, radio, or heater;

(3) a motor vehicle while it is owned or operated by the United States; or

(4) a new motor vehicle on loan to a political subdivision of the state for use only in a driver education course approved by the Central Education Agency.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.005. CONFLICTS WITH BUSINESS & COMMERCE CODE. Chapters 1-9, Business & Commerce Code, control over a conflicting provision of this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

#### SUBCHAPTER B. CERTIFICATE OF TITLE REQUIREMENTS

Sec. 501.021. CERTIFICATE OF TITLE. (a) A motor vehicle certificate of title is an instrument issued by the department that includes:

(1) the name and address of the purchaser and seller at the first sale or the transferee and transferor at a subsequent sale;

(2) the make of the motor vehicle;

(3) the body type of the vehicle;

(4) the manufacturer's permanent vehicle identification number of the vehicle or the vehicle's motor number if the vehicle was manufactured before the date that stamping a

permanent identification number on a motor vehicle was universally adopted;

- (5) the serial number for the vehicle;
- (6) the number on the vehicle's current Texas license plates, if any;
- (7) a statement:
  - (A) that no lien on the vehicle is recorded; or
  - (B) of the name and address of each lienholder and the date of each lien on the vehicle, listed in the chronological order in which the lien was recorded;
- (8) a space for the signature of the owner of the vehicle;
- (9) a statement indicating rights of survivorship under Section 501.031;
- (10) if the vehicle has an odometer, the odometer reading indicated by the application for the certificate of title; and
- (11) any other information required by the department.

(b) A certificate of title must bear the following statement on its face:

"UNLESS OTHERWISE AUTHORIZED BY LAW, IT IS A VIOLATION OF STATE LAW TO SIGN THE NAME OF ANOTHER PERSON ON A CERTIFICATE OF TITLE OR OTHERWISE GIVE FALSE INFORMATION ON A CERTIFICATE OF TITLE."

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1999, 76th Leg., ch. 1423, Sec. 1, eff. Sept. 1, 1999.

Sec. 501.022. CERTIFICATE OF TITLE REQUIRED. (a) The owner of a motor vehicle registered in this state may not operate or permit the operation of the vehicle on a public highway until the owner obtains a certificate of title for the vehicle or until the owner obtains registration for the vehicle if a receipt evidencing title to the vehicle is issued under Section 501.029(b).

(b) A person may not operate a motor vehicle registered in this state on a public highway if the person knows or has reason to believe that the owner has not obtained a certificate of title for the vehicle.

(c) The owner of a motor vehicle that is required to be registered in this state must apply for a certificate of title of the vehicle before selling or disposing of the vehicle.

(d) Subsection (c) does not apply to a motor vehicle operated on a public highway in this state with a metal dealer's license plate or a dealer's or buyer's temporary cardboard tag attached to the vehicle as provided by Chapter 503.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 67, Sec. 1, eff. Sept. 1, 2001.

Sec. 501.023. APPLICATION FOR CERTIFICATE OF TITLE. (a) The owner of a motor vehicle must apply for a certificate of title:

(1) to the county assessor-collector in the county in which:

- (A) the owner is domiciled; or
- (B) the motor vehicle is purchased or encumbered;

and

(2) on a form prescribed by the department.

(b) The assessor-collector shall send the application to the department not later than 24 hours after receiving the application.

(c) The owner or a lessee of a commercial motor vehicle operating under the International Registration Plan or other agreement described by Section 502.054 that is applying for a certificate of title for purposes of registration only must be made directly to the department. Notwithstanding Section 501.138(a), an applicant for registration under this subsection shall pay the department the fee imposed by that section. The department shall send the fee to the appropriate county assessor-collector for distribution in the manner provided by Section 501.138.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1999, 76th Leg., ch. 1423, Sec. 2, eff. Sept. 1, 1999.

Sec. 501.0234. DUTY OF VEHICLE DEALER ON SALE OF CERTAIN VEHICLES. (a) A person who sells at the first or a subsequent sale a motor vehicle and who holds a general distinguishing number issued under Chapter 503 of this code or Chapter 2301, Occupations Code, shall:

(1) except as provided by this section, in the time and manner provided by law, apply, in the name of the purchaser of the vehicle, for the registration of the vehicle, if the vehicle is to

be registered, and a certificate of title for the vehicle and file with the appropriate designated agent each document necessary to transfer title to or register the vehicle; and at the same time

(2) remit any required motor vehicle sales tax.

(b) This section does not apply to a motor vehicle:

(1) that has been declared a total loss by an insurance company in the settlement or adjustment of a claim;

(2) for which the certificate of title has been surrendered in exchange for:

(A) a salvage vehicle title issued under this chapter;

(B) a nonrepairable vehicle title issued under this chapter;

(C) a certificate of authority issued under Subchapter D, Chapter 683; or

(D) an ownership document issued by another state that is comparable to a document described by Paragraphs (A)-(C); or

(3) with a gross weight in excess of 11,000 pounds.

(c) Each duty imposed by this section on the seller of a motor vehicle is solely that of the seller.

(d) A seller who applies for the registration or a certificate of title for a motor vehicle under Subsection (a)(1) shall apply in the county as directed by the purchaser from the counties set forth in Section 501.023 of this code.

(e) The department shall promulgate a form on which the purchaser of a motor vehicle shall designate the purchaser's choice as set out in Section 501.023 as the recipient of all taxes, fees, and other revenue collected as a result of the transaction, which the tax assessor-collector is authorized by law to retain. A seller shall make that form available to the purchaser of a vehicle at the time of purchase.

(f) A seller has a reasonable time to comply with the terms of Subsection (a)(1) and is not in violation of that provision during the time the seller is making a good faith effort to comply. Notwithstanding compliance with this chapter, equitable title to a vehicle passes to the purchaser of the vehicle at the time the vehicle is the subject of a sale that is enforceable by either party.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.37(a), eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1423, Sec. 3, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 76, Sec. 1, eff. May 14, 2001; Acts 2003, 78th Leg., ch. 1325, Sec. 17.01, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 14A.822, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 1023, Sec. 1, eff. Sept. 1, 2005.

Sec. 501.0235. SOCIAL SECURITY NUMBER OF TITLE APPLICANT: AUTOMATED REGISTRATION AND TITLE SYSTEM. (a) The department shall require an applicant for a certificate of title to provide the applicant's social security number to the department.

(b) The department or the county shall enter the applicant's social security number in the department's electronic database but may not print that number on the certificate of title.

(c) This section applies only in a county in which the department's automated registration and title system has been implemented.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.38(a), eff. Sept. 1, 1997.

Sec. 501.024. TITLE RECEIPT. (a) A county assessor-collector who receives an application for a certificate of title shall, after the requirements of this chapter are met, including the payment of the fees required under Section 501.138, issue a title receipt on which is noted information concerning the motor vehicle required for the certificate of title under Section 501.021, including a statement of the existence of each lien as disclosed on the application or a statement that no lien is disclosed.

(b) If a lien is not disclosed on the application for a certificate of title, the assessor-collector shall mark the title receipt "original" and deliver it to the applicant.

(c) If a lien is disclosed on the application for a certificate of title, the assessor-collector shall issue duplicate title receipts. The assessor-collector shall:

(1) mark one receipt "original" and mail or deliver it to the first lienholder disclosed on the application; and

(2) mark the second receipt "duplicate original" and

mail or deliver it to the address of the applicant provided on the application.

(d) A title receipt authorizes the operation of the motor vehicle on a public highway in this state for 10 days or until the certificate of title is issued, whichever period is shorter. Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 67, Sec. 2, eff. Sept. 1, 2001.

Sec. 501.025. TITLE RECEIPT REQUIRED ON FIRST SALE; MANUFACTURER'S CERTIFICATE. A county assessor-collector may not issue a title receipt on the first sale of a motor vehicle unless the applicant for the certificate of title provides to the assessor-collector the application for a certificate of title and a manufacturer's certificate, on a form prescribed by the department, that:

(1) is assigned to the applicant by the manufacturer, distributor, or dealer shown on the manufacturer's certificate as the last transferee; and

(2) shows the transfer of the vehicle from its manufacturer to the purchaser, whether a distributor, dealer, or owner, and each subsequent transfer from distributor to dealer, dealer to dealer, and dealer to applicant.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.026. IMPORTER'S CERTIFICATE. (a) A county assessor-collector may not issue a title receipt for a used motor vehicle imported into this state for the purpose of sale in this state unless the applicant for the certificate of title provides the assessor-collector with an importer's certificate properly assigned by the importer.

(b) An importer's certificate must be accompanied by evidence required by the department showing good title to the motor vehicle and the name and address of any lienholder on the vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.027. ISSUANCE OF CERTIFICATE OF TITLE. (a) On the day that a county assessor-collector issues a title receipt, the assessor-collector shall mail to the department:

(1) a copy of the receipt; and

(2) the evidence of title delivered to the assessor-collector by the applicant.

(b) Not later than the fifth day after the date the department receives an application for a certificate of title and the department determines the requirements of this chapter are met, the department shall issue the certificate of title. If a lien is not disclosed on the application, the department shall send the certificate by first class mail to the applicant at the address provided on the application. If a lien is disclosed on the application, the department shall send the certificate by first class mail to the first lienholder as disclosed on the application. Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 67, Sec. 3, eff. Sept. 1, 2001.

Sec. 501.0275. ISSUANCE OF TITLE FOR UNREGISTERED VEHICLE. (a) The department shall issue a certificate of title for a motor vehicle that complies with the other requirements for issuance of a certificate of title under this chapter except that:

(1) the vehicle is not registered for a reason other than a reason provided by Section 501.051(6); and

(2) the applicant does not provide evidence of financial responsibility that complies with Section 502.153.

(b) On application for a certificate of title under this section, the applicant must surrender any license plates issued for the motor vehicle and any registration insignia for validation of those plates to the department.

Added by Acts 1999, 76th Leg., ch. 1423, Sec. 4, eff. Sept. 1, 1999.

Sec. 501.0276. DENIAL OF TITLE RECEIPT OR CERTIFICATE OF TITLE FOR FAILURE TO PROVIDE PROOF OF EMISSIONS TESTING. A county assessor-collector may not issue a title receipt and the department may not issue a certificate of title for a vehicle subject to Section 548.3011 unless proof that the vehicle has passed a vehicle emissions test as required by that section, in a form authorized by that section, is presented to the county assessor-collector with the application for certificate of title.

Added by Acts 2001, 77th Leg., ch. 1075, Sec. 3, eff. Sept. 1, 2001.

Sec. 501.028. OWNER'S SIGNATURE. On receipt of a certificate of title, the owner of a motor vehicle shall write the owner's name in ink in the space provided on the certificate.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.029. USE OF REGISTRATION RECEIPT OR TITLE RECEIPT TO EVIDENCE TITLE. (a) A person may use a registration receipt issued under Chapter 502 or a title receipt to evidence title to a motor vehicle and not to transfer an interest in or establish a lien on the vehicle.

(b) The department by rule may provide for the issuance of a receipt that evidences title to a motor vehicle for registration purposes only. The fee for application for the receipt is the fee applicable to application for a certificate of title.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 67, Sec. 4, eff. Sept. 1, 2001.

Sec. 501.030. MOTOR VEHICLES BROUGHT INTO STATE. (a) Before a motor vehicle that was last registered or titled in another state or country may be titled in this state, the applicant must furnish the county assessor-collector with a verification form under Section 548.256.

(b) Before a motor vehicle that was not manufactured for sale or distribution in the United States may be titled in this state, the applicant must:

(1) provide to the assessor-collector:

(A) a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging:

(i) receipt of a statement of compliance submitted by the importer of the vehicle; and

(ii) that the statement meets the safety requirements of 19 C.F.R. 12.80(e);

(B) a bond release letter, with all attachments, issued by the United States Environmental Protection Agency stating that the vehicle has been tested and shown to conform to federal emission requirements; and

(C) a receipt or certificate issued by the United States Department of the Treasury showing that all gas guzzler taxes due on the vehicle under 26 U.S.C. Section 4064(a) have been paid; or

(2) provide to the assessor-collector proof satisfactory to the assessor-collector that the vehicle was not brought into the United States from outside of the country.

(c) Subsections (a) and (b) do not apply to a motor vehicle lawfully imported into the United States by a distributor or dealer from the vehicle's manufacturer.

(d) If a motor vehicle has not been titled or registered in the United States, the application for certificate of title must be accompanied by:

(1) a manufacturer's certificate of origin written in English issued by the vehicle manufacturer;

(2) the original documents that constitute valid proof of ownership in the country where the vehicle was originally purchased, with an English translation of the documents verified as to the accuracy of the translation by an affidavit of the translator; or

(3) if the vehicle was imported from a country that cancels the vehicle registration and title for export, the documents assigned to the vehicle after the registration and title were canceled, with an English translation of the documents verified as to the accuracy of the translation by an affidavit of the translator.

(e) Before a motor vehicle that is required to be registered in this state and that is brought into this state by a person other than a manufacturer or importer may be bargained, sold, transferred, or delivered with an intent to pass an interest in the vehicle or encumbered by a lien, the owner must apply for a certificate of title on a form prescribed by the department to the county assessor-collector for the county in which the transaction is to take place. The assessor-collector may not issue a title receipt unless the applicant delivers to the assessor-collector satisfactory evidence of title showing that the applicant is the owner of the vehicle and that the vehicle is free of any undisclosed liens.

(f) A county assessor-collector may not be held liable for civil damages arising out of the assessor-collector's failure to reflect on the title receipt a lien or encumbrance on a motor vehicle to which Subsection (e) applies unless the assessor-collector's failure constitutes wilful or wanton negligence.

(g) Until an applicant has complied with this section:

(1) a county assessor-collector may not accept an application for certificate of title; and

(2) the applicant is not entitled to an appeal as provided by Sections 501.052 and 501.053.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.031. RIGHTS OF SURVIVORSHIP AGREEMENT. (a) The department shall include on each certificate of title a rights of survivorship agreement form. The form must:

(1) provide that if the agreement is signed by two or more eligible persons, the motor vehicle is held jointly by those persons with the interest of a person who dies to survive to the surviving person or persons; and

(2) provide blanks for the signatures of the persons.

(b) If the vehicle is registered in the name of one or more of the persons who signed the agreement, the certificate of title may contain a:

(1) rights of survivorship agreement signed by all the persons; or

(2) remark if a rights of survivorship agreement is surrendered with the application for certificate of title or otherwise on file with the department.

(c) Except as provided in Subsection (g), ownership of the vehicle may be transferred only:

(1) by all the persons acting jointly, if all the persons are alive; and

(2) on the death of one of the persons by the surviving person or persons by transferring the certificate of title, in the manner otherwise required by law for transfer of ownership of the vehicle, with a copy of the death certificate of the deceased person attached to the certificate of title application.

(d) A rights of survivorship agreement under this section may be revoked only by surrender of the certificate of title to the department and joint application by the persons who signed the agreement for a new title in the name of the person or persons designated in the application.

(e) A person is eligible to sign a rights of survivorship agreement under this section if the person:

(1) is married and the spouse of the signing person is the only other party to the agreement;

(2) is unmarried and attests to that unmarried status by affidavit; or

(3) is married and provides the department with an affidavit from the signing person's spouse that attests that the signing person's interest in the vehicle is the signing person's separate property.

(f) If the title is being issued in connection with the sale of the vehicle, the seller is not eligible to sign a rights of survivorship agreement under this section unless the seller is the child, grandchild, parent, grandparent, brother, or sister of each other person signing the agreement. A family relationship required by this subsection may be a relationship established by adoption.

(g) If an agreement, other than the agreement provided for in Subsection (a), providing for right of survivorship is signed by two or more persons, the department shall issue a new certificate of title to the surviving person or persons upon application accompanied by a copy of the death certificate of the deceased person. The department may develop for public use under this subsection an optional rights of survivorship agreement form.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.39(a), eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 17.05, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 241, Sec. 1, eff. Sept. 1, 1999.

Sec. 501.032. ASSIGNMENT OF SERIAL NUMBER BY DEPARTMENT. (a) On proper application, the department shall assign a serial number to a house trailer, a trailer or semitrailer that has a gross vehicle weight that exceeds 4,000 pounds, or an item of equipment, including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment on which:

(1) a serial number was not die-stamped by the manufacturer; or

(2) the serial number die-stamped by the manufacturer has been lost, removed, or obliterated.

(b) The applicant shall die-stamp the assigned serial

number at the place designated by the department on the house trailer, trailer, semitrailer, or equipment.

(c) The manufacturer's serial number or the serial number assigned by the department shall be affixed on the carriage or axle part of the house trailer, trailer, or semitrailer. The department shall use the number as the major identification of the vehicle in the issuance of a certificate of title.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.033. ASSIGNMENT OF IDENTIFICATION NUMBER BY DEPARTMENT. (a) A person determined by the department or a court to be the owner of a motor vehicle, a part of a motor vehicle, or an item of equipment including a tractor, farm implement, unit of special mobile equipment, or unit of off-road construction equipment that has had the serial number removed, altered, or obliterated may apply to the department for an assigned vehicle identification number.

(b) An application under this section must be on a form prescribed and furnished by the department and accompanied by the certificate of title for the vehicle or other valid evidence of ownership as required by the department if there is no certificate of title.

(c) A fee of \$2 must accompany each application under this section to be deposited in the state highway fund.

(d) The assigned number shall be die-stamped or otherwise affixed to the motor vehicle, part, or item of equipment at the location and in the manner designated by the department.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.034. ISSUANCE OF TITLE TO GOVERNMENT AGENCY. The department may issue a certificate of title to a government agency if a vehicle or part of a vehicle is:

(1) forfeited to the government agency;

(2) delivered by court order under the Code of Criminal Procedure to a government agency for official purposes; or

(3) sold as abandoned or unclaimed property under the Code of Criminal Procedure.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.035. CERTIFICATE OF TITLE FOR FORMER MILITARY VEHICLE. (a) Notwithstanding any other law, the department shall issue a certificate of title for a former military vehicle that is not registered under the laws of this state if all other requirements for issuance of a certificate of title are met.

(b) In this section, "former military vehicle" has the meaning assigned by Section 502.275(o).

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.40(a), eff. Sept. 1, 1997.

Sec. 501.036. CERTIFICATE OF TITLE FOR FARM SEMITRAILER. (a) Notwithstanding any other provision of this chapter, the department may issue a certificate of title for a farm semitrailer with a gross weight of more than 4,000 pounds if:

(1) the farm semitrailer is eligible for registration under Section 502.276; and

(2) all other requirements for issuance of a certificate of title are met.

(b) To obtain a certificate of title under this section, the owner of the farm semitrailer must:

(1) apply for the certificate of title in the manner required by Section 501.023; and

(2) pay the fee required by Section 501.138.

(c) The department shall adopt rules and forms to implement and administer this section.

Added by Acts 2001, 77th Leg., ch. 422, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER C. REFUSAL TO ISSUE AND REVOCATION OR SUSPENSION OF CERTIFICATE

Sec. 501.051. GROUNDS FOR REFUSAL TO ISSUE OR FOR REVOCATION OR SUSPENSION OF CERTIFICATE. The department shall refuse to issue a certificate of title or shall suspend or revoke a certificate of title if:

(1) the application for the certificate contains a false or fraudulent statement;

(2) the applicant failed to furnish required information requested by the department;

(3) the applicant is not entitled to a certificate of title;

(4) the department has reason to believe that the



motor vehicle is stolen;

(5) the department has reason to believe that the issuance of a certificate of title would defraud the owner or a lienholder of the motor vehicle;

(6) the registration for the motor vehicle is suspended or revoked; or

(7) the required fee has not been paid.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.052. HEARING ON REFUSAL TO ISSUE OR REVOCATION OR SUSPENSION OF CERTIFICATE OF TITLE; APPEAL. (a) An interested person aggrieved by a refusal, suspension, or revocation under Section 501.051 may apply for a hearing to the county assessor-collector for the county in which the person is domiciled. On the day an assessor-collector receives the application, the assessor-collector shall notify the department of the date of the hearing.

(b) The assessor-collector shall hold the hearing not earlier than the 11th day and not later than the 15th day after the date the assessor-collector receives the application for a hearing.

(c) At the hearing, the applicant and the department may submit evidence.

(d) A determination of the assessor-collector is binding on the applicant and the department as to whether the department correctly refused to issue or correctly revoked or suspended the certificate of title.

(e) An applicant aggrieved by the determination under Subsection (d) may appeal to the county court of the county of the applicant's residence. An applicant must file an appeal not later than the fifth day after the date of the assessor-collector's determination. The county court judge shall try the appeal in the manner of other civil cases. All rights and immunities granted in the trial of a civil case are available to the interested parties. If the department's action is not sustained, the department shall promptly issue a certificate of title for the vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.053. FILING OF BOND AS ALTERNATIVE TO HEARING. (a) As an alternative to the procedure provided by Section 501.052, the person may file a bond with the department. On the filing of the bond the department may issue the certificate of title.

(b) The bond must be:

(1) in the form prescribed by the department;

(2) executed by the applicant;

(3) issued by a person authorized to conduct a surety business in this state;

(4) in an amount equal to one and one-half times the value of the vehicle as determined by the department; and

(5) conditioned to indemnify all prior owners and lienholders and all subsequent purchasers of the vehicle or persons who acquire a security interest in the vehicle, and their successors in interest, against any expense, loss, or damage, including reasonable attorney's fees, occurring because of the issuance of the certificate of title for the vehicle or for a defect in or undisclosed security interest on the right, title, or interest of the applicant to the vehicle.

(c) An interested person has a right of action to recover on the bond for a breach of the bond's condition. The aggregate liability of the surety to all persons may not exceed the amount of the bond.

(d) A bond under this section expires on the third anniversary of the date the bond became effective. The department shall return an expired bond to the person who filed the bond unless the department has been notified of a pending action to recover on the bond.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

#### SUBCHAPTER D. SALES OF MOTOR VEHICLES AND TRANSFERS OF TITLE

Sec. 501.071. SALE OF VEHICLE; TRANSFER OF TITLE. (a) Except as provided in Section 503.039, a motor vehicle may not be the subject of a subsequent sale unless the owner designated in the certificate of title transfers the certificate of title at the time of the sale.

(b) The transfer of the certificate of title must be on a form prescribed by the department that includes a statement that:

(1) the signer is the owner of the vehicle; and

(2) there are no liens on the vehicle except as shown on the certificate of title or as fully described in the statement.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2005, 79th Leg., ch. 1127, Sec. 1, eff. Sept. 1, 2005.

Sec. 501.072. ODOMETER DISCLOSURE STATEMENT. (a) Except as provided by Subsection (c), the seller of a motor vehicle sold in this state shall provide to the buyer, on a form prescribed by the department, a written disclosure of the vehicle's odometer reading at the time of the sale. The form must include space for the signature and printed name of both the seller and buyer.

(b) When application for a certificate of title is made, the owner shall record the current odometer reading on the application. The written disclosure required by Subsection (a) must accompany the application.

(c) An odometer disclosure statement is not required for the sale of a motor vehicle that:

(1) has a manufacturer's rated carrying capacity of more than two tons;

(2) is not self-propelled;

(3) is 10 or more years old;

(4) is sold directly by the manufacturer to an agency of the United States government in conformity with contractual specifications; or

(5) is a new motor vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.073. SALES IN VIOLATION OF CHAPTER. A sale made in violation of this chapter is void and title may not pass until the requirements of this chapter are satisfied.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.074. TRANSFER OF VEHICLE BY OPERATION OF LAW. (a) The department shall issue a new certificate of title for a motor vehicle registered in this state for which the ownership is transferred by operation of law, including by inheritance, devise or bequest, bankruptcy, receivership, judicial sale, or other involuntary divestiture of ownership after receiving:

(1) a certified copy of the order appointing a temporary administrator or of the probate proceedings;

(2) letters testamentary or letters of administration;

(3) if administration of an estate is not necessary, an affidavit showing that administration is not necessary, identifying all heirs, and including a statement by the heirs of the name in which the certificate shall be issued;

(4) a court order; or

(5) the bill of sale from an officer making a judicial sale.

(b) If a lien is foreclosed by nonjudicial means, the department may issue a new certificate of title in the name of the purchaser at the foreclosure sale on receiving the affidavit of the lienholder of the fact of the nonjudicial foreclosure.

(c) If a constitutional or statutory lien is foreclosed, the department may issue a new certificate of title in the name of the purchaser at the foreclosure sale on receiving:

(1) the affidavit of the lienholder of the fact of the creation of the lien and of the divestiture of title according to law; and

(2) proof of notice as required by Sections 70.004 and 70.006, Property Code.

(d) Notwithstanding the terms of Section 501.005, in the event of a conflict between this section and other law, this section controls.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.41, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 76, Sec. 2, eff. May 14, 2001.

Sec. 501.075. VALIDITY OF DOCUMENTS NOT NOTARIZED. A document necessary to transfer ownership of a motor vehicle is valid without regard to whether the document is executed before a notary public.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.076. LIMITED POWER OF ATTORNEY. (a) An owner who has a contractual option to transfer ownership of a vehicle in full or partial satisfaction of the balance owed on the vehicle, as provided in Section 348.123(b)(5), Finance Code, may execute a written limited power of attorney that authorizes an agent to complete and sign for the owner, and provide to the transferee, the form to transfer the title under Section 501.071 and the odometer disclosure under Section 501.072, and the other documents necessary

to transfer title.

(b) The owner may execute the limited power of attorney at the time the owner enters the contract giving the owner the option to transfer the vehicle or at any time after that date. The limited power of attorney may only be used if an owner elects to transfer the vehicle in full or partial satisfaction of the contract and may not be used by the holder of the contract as part of the holder's exercise of a remedy for a default by the owner under the contract.

(c) The person named as the agent in the limited power of attorney must meet the following requirements:

(1) the person may be a person who has been appointed by the commissioner's court as a deputy to perform vehicle registration functions under Section 502.112, a license vehicle auction company holding a wholesale general distinguishing number under Section 503.022, a person who has a permit similar to one of the foregoing that is issued by the state in which the owner is located, or another person authorized by law to execute title documents in the state in which the owner executes the documents; and

(2) the person may not be the transferee or an employee of the transferee. The person may not act as the agent of both the transferor and transferee in the transaction. For the purposes of this section, a person is not the agent of both the transferor and transferee in a transaction unless the person has the authority to sign the documents pertaining to the transfer of title on behalf of both the transferor and the transferee.

(d) If a limited power of attorney is used under Subsection (a), the holder of the contract shall accompany the power of attorney with a written statement that the vehicle was returned at the election of the owner in full or partial satisfaction of the owner's obligations under the contract and not as the result of the exercise by the holder of the contract of its remedies for default.

(e) A signed and dated written odometer disclosure containing the information described in this subsection may be included on or with the power of attorney if the power of attorney is executed within 120 days before the date of the transfer and is accompanied by the conspicuous written notification described in this subsection. If an odometer disclosure is not obtained in that manner, the transferee or agent or the person to whom the vehicle is delivered at the time of the transfer shall request an odometer disclosure as provided in this subsection. Not more than 120 days before the transfer of the vehicle by the owner, the transferee or agent under the power of attorney or person receiving delivery of the vehicle shall in writing request the owner to provide a signed and dated written statement stating the odometer reading (not to include tenths of a mile) as of the date of the statement, and further stating words to the effect that either: (i) to the best of the owner's knowledge, the odometer reading reflects the actual mileage of the vehicle; (ii) the actual mileage has gone over the odometer's mechanical limits and the odometer reading reflects the amount of mileage in excess of the mechanical limits of the odometer, if the owner knows that to be the case; or (iii) the odometer reading is not the actual mileage, if the owner knows that to be the case. The statement may consist of a form in which the agent or transferee or person receiving the vehicle includes the identification of the vehicle and owner and which allows the owner to fill in the odometer reading and mark an applicable box to indicate which of condition (i), (ii), or (iii) is applicable and to date and sign the statement. With the request for the owner's statement, the transferee or agent or person receiving the vehicle shall provide a written notification to the owner to the effect that the owner has a duty under law to state the odometer reading, state which of conditions (i), (ii), or (iii) is applicable, and sign, date, and return the statement and that failing to do so or providing false information may result in fines or imprisonment. Unless the written notification is delivered to the owner at substantially the same time that the owner is delivering the signed and dated owner's statement, the written notification must also state a date by which the owner must provide this information and an address to which it may be delivered. This written notification to the owner must be in bold letters, underlined, or otherwise conspicuous and may be in a separate document or included as part of a form to be used for the owner's statement or in another document relating to the potential transfer. The transferee or agent or the person receiving delivery of the vehicle may mail the request and

notification to the last known address of the owner or may otherwise send or deliver it to the owner. If there are multiple owners of the same vehicle, the request and notification may be sent to one or more of them and it shall be sufficient for one owner to sign the statement. The owner has a duty to return the signed and dated statement as directed in the notification. In completing the odometer disclosure on the owner's behalf, the agent shall identify the same condition (i), (ii), or (iii) provided in the owner's statement, unless the agent knows that the condition identified in the owner's statement is not correct. The agent will not indicate in the odometer disclosure it completes on the owner's behalf that the odometer reading is not the actual mileage unless either the owner has so indicated in the owner's statement or the agent knows that the owner's statement is not correct. The agent shall transmit the owner's statement it receives to the transferee after the title transfer is completed. The owner's statement received by the transferee under this subsection need not be filed with the filing office for the other title documents, but the transferee shall retain the owner's statement for a time period and in a similar manner to the retention methods used by a lessor to retain statements under 49 C.F.R. Section 580.8(b), as it may from time to time be amended. The transferee may rely upon the agent's odometer disclosure and the owner's statement unless it knows that they are not correct. A failure by an owner to comply with an obligation under this subsection subjects the owner to the penalties and enforcement provisions of Subchapter H but does not affect the validity of the transfer of title.

(f) This section does not in any way impair or impede any transfers made through use of a power of attorney prior to the effective date of this section, and such transfers shall continue to be valid if they comply with the provisions of this section or would otherwise comply with the law in effect prior to the effective date of this section. This section does not apply to powers of attorney authorized under federal law or regulation that authorize a transferee to act as the agent of the transferor under certain circumstances or to powers of attorney otherwise authorized by the law of this state. This section does not affect the use of powers of attorney to sign, complete, and deliver the form to transfer title and other documents necessary to transfer title, including the odometer disclosure, in title transfers other than those described in Subsection (a).

(g) The power of attorney created in this section shall be limited for the purposes and duration specified in this section. Added by Acts 2003, 78th Leg., ch. 958, Sec. 1, eff. Sept. 1, 2003.

SUBCHAPTER E. NONREPAIRABLE AND SALVAGE MOTOR VEHICLES

Sec. 501.091. DEFINITIONS. In this subchapter:

(1) "Actual cash value" means the market value of a motor vehicle.

(2) "Casual sale" means the sale by a salvage vehicle dealer or an insurance company of not more than five nonrepairable motor vehicles or salvage motor vehicles to the same person during a calendar year. The term does not include:

(A) a sale at auction to a salvage vehicle dealer; or

(B) the sale of an export-only motor vehicle to a person who is not a resident of the United States.

(3) "Damage" means sudden damage to a motor vehicle caused by the motor vehicle being wrecked, burned, flooded, or stripped of major component parts. The term does not include gradual damage from any cause, sudden damage caused by hail, or any damage caused only to the exterior paint of the motor vehicle.

(4) "Export-only motor vehicle" means a motor vehicle described by Section 501.099.

(5) "Insurance company" means:

(A) a person authorized to write automobile insurance in this state; or

(B) an out-of-state insurance company that pays a loss claim for a motor vehicle in this state.

(6) "Major component part" means one of the following parts of a motor vehicle:

- (A) the engine;
- (B) the transmission;
- (C) the frame;
- (D) a fender;
- (E) the hood;

(F) a door allowing entrance to or egress from the passenger compartment of the motor vehicle;  
(G) a bumper;  
(H) a quarter panel;  
(I) a deck lid, tailgate, or hatchback;  
(J) the cargo box of a one-ton or smaller truck, including a pickup truck;  
(K) the cab of a truck;  
(L) the body of a passenger motor vehicle;  
(M) the roof or floor pan of a passenger motor vehicle, if separate from the body of the motor vehicle.

(7) "Metal recycler" means a person who:

(A) is predominately engaged in the business of obtaining ferrous or nonferrous metal that has served its original economic purpose to convert the metal, or sell the metal for conversion, into raw material products consisting of prepared grades and having an existing or potential economic value;

(B) has a facility to convert ferrous or nonferrous metal into raw material products consisting of prepared grades and having an existing or potential economic value, by method other than the exclusive use of hand tools, including the processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing the physical form or chemical content of the metal; and

(C) sells or purchases the ferrous or nonferrous metal solely for use as raw material in the production of new products.

(8) "Motor vehicle" has the meaning assigned by Section 501.002(14).

(9) "Nonrepairable motor vehicle" means a motor vehicle that:

(A) is damaged, wrecked, or burned to the extent that the only residual value of the vehicle is as a source of parts or scrap metal; or

(B) comes into this state under a title or other ownership document that indicates that the vehicle is nonrepairable, junked, or for parts or dismantling only.

(10) "Nonrepairable vehicle title" means a document issued by the department that evidences ownership of a nonrepairable motor vehicle.

(11) "Out-of-state buyer" means a person licensed in an automotive business by another state or jurisdiction if the department has listed the holders of such a license as permitted purchasers of salvage motor vehicles or nonrepairable motor vehicles based on substantially similar licensing requirements and on whether salvage vehicle dealers licensed in Texas are permitted to purchase salvage motor vehicles or nonrepairable motor vehicles in the other state or jurisdiction.

(12) "Out-of-state ownership document" means a negotiable document issued by another state or jurisdiction that the department considers sufficient to prove ownership of a nonrepairable motor vehicle or salvage motor vehicle and to support the issuance of a comparable Texas certificate of title for the motor vehicle. The term does not include a title issued by the department, including a regular certificate of title, a nonrepairable vehicle title, a salvage vehicle title, a Texas Salvage Certificate, Certificate of Authority to Demolish a Motor Vehicle, or another ownership document issued by the department.

(13) "Public highway" has the meaning assigned by Section 502.001.

(14) "Rebuilder" means a person who acquires and repairs, rebuilds, or reconstructs for operation on a public highway, three or more salvage motor vehicles in a calendar year.

(15) "Salvage motor vehicle":

(A) means a motor vehicle that:

(i) has damage to or is missing a major component part to the extent that the cost of repairs, including parts and labor other than the cost of materials and labor for repainting the motor vehicle and excluding sales tax on the total cost of repairs, exceeds the actual cash value of the motor vehicle immediately before the damage; or

(ii) is damaged and that comes into this state under an out-of-state salvage motor vehicle certificate of title or similar out-of-state ownership document that states on its face "accident damage," "flood damage," "inoperable,"

"rebuildable," "salvageable," or similar notation; and

(B) does not include an out-of-state motor vehicle with a "rebuilt," "prior salvage," "salvaged," or similar notation, a nonrepairable motor vehicle, or a motor vehicle for which an insurance company has paid a claim for:

(i) the cost of repairing hail damage; or  
(ii) theft, unless the motor vehicle was damaged during the theft and before recovery to the extent described by Paragraph (A)(i).

(16) "Salvage vehicle title" means a document issued by the department that evidences ownership of a salvage motor vehicle.

(17) "Salvage vehicle dealer" means a person engaged in this state in the business of acquiring, selling, dismantling, repairing, rebuilding, reconstructing, or otherwise dealing in nonrepairable motor vehicles, salvage motor vehicles, or used parts. The term does not include a person who casually repairs, rebuilds, or reconstructs fewer than three salvage motor vehicles in the same calendar year. The term includes a person engaged in the business of:

(A) a salvage vehicle dealer, regardless of whether the person holds a license issued by the department to engage in that business;

(B) dealing in nonrepairable motor vehicles or salvage motor vehicles, regardless of whether the person deals in used parts; or

(C) dealing in used parts regardless of whether the person deals in nonrepairable motor vehicles or salvage motor vehicles.

(18) "Self-insured motor vehicle" means a motor vehicle for which the evidence of ownership is a manufacturer's certificate of origin or for which the department or another state or jurisdiction has issued a regular certificate of title, is self-insured by the owner, and is owned by an individual, a business, or a governmental entity, without regard to the number of motor vehicles they own or operate. The term does not include a motor vehicle that is insured by an insurance company.

(19) "Used part" means a part that is salvaged, dismantled, or removed from a motor vehicle for resale as is or as repaired. The term includes a major component part but does not include a rebuildable or rebuilt core, including an engine, block, crankshaft, transmission, or other core part that is acquired, possessed, or transferred in the ordinary course of business.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0911 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 567, Sec. 1, eff. Sept. 1, 2005.

Sec. 501.092. INSURANCE COMPANY TO SURRENDER CERTIFICATES OF TITLE TO CERTAIN SALVAGE MOTOR VEHICLES OR NONREPAIRABLE MOTOR VEHICLES. (a) An insurance company that is licensed to conduct business in this state and that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by a certificate of title issued by this state or a manufacturer's certificate of origin shall surrender a properly assigned title or manufacturer's certificate of origin to the department, on a form prescribed by the department, except that not earlier than the 46th day after the date of payment of the claim the insurance company may surrender a certificate of title, on a form prescribed by the department, and receive a salvage certificate of title or a nonrepairable certificate of title without obtaining a properly assigned certificate of title if the insurance company:

(1) has obtained the release of all liens on the motor vehicle;

(2) is unable to locate one or more owners of the motor vehicle; and

(3) has provided notice to the last known address in the department's records to each owner that has not been located:

(A) by registered or certified mail, return receipt requested; or

(B) if a notice sent under Paragraph (A) is returned unclaimed, by publication in a newspaper of general circulation in the area where the unclaimed mail notice was sent.

(b) For a salvage motor vehicle, the insurance company shall

apply for a salvage vehicle title. For a nonrepairable motor vehicle, the insurance company shall apply for a nonrepairable vehicle title.

(c) An insurance company may not sell a motor vehicle to which this section applies unless the department has issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle.

(d) An insurance company may sell a motor vehicle to which this section applies, or assign a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle, only to a salvage vehicle dealer, an out-of-state buyer, a buyer in a casual sale at auction, or a metal recycler. If the motor vehicle is not a salvage motor vehicle or a nonrepairable motor vehicle, the insurance company is not required to surrender the regular certificate of title for the vehicle or to be issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle.

(e) An insurance company or other person who acquires ownership of a motor vehicle other than a nonrepairable or salvage motor vehicle may voluntarily and on proper application obtain a salvage vehicle title or a nonrepairable vehicle title for the vehicle.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0912 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.093. INSURANCE COMPANY REPORT ON CERTAIN VEHICLES. (a) If an insurance company pays a claim on a nonrepairable motor vehicle or salvage motor vehicle and the insurance company does not acquire ownership of the motor vehicle, the insurance company shall submit to the department, before the 31st day after the date of the payment of the claim, on the form prescribed by the department, a report stating that the insurance company:

- (1) has paid a claim on the motor vehicle; and
- (2) has not acquired ownership of the motor vehicle.

(b) The owner of a motor vehicle to which this section applies may not operate or permit operation of the motor vehicle on a public highway or transfer ownership of the motor vehicle by sale or otherwise unless the department has issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle or a comparable ownership document has been issued by another state or jurisdiction for the motor vehicle.

(c) Subsection (b) does not apply if:

- (1) the department has issued a nonrepairable vehicle title or salvage vehicle title for the motor vehicle; or
- (2) another state or jurisdiction has issued a comparable out-of-state ownership document for the motor vehicle.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code Sec. 501.0915 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.094. SELF-INSURED MOTOR VEHICLE. (a) This section applies only to a motor vehicle in this state that is:

- (1) a self-insured motor vehicle;
- (2) damaged to the extent it becomes a nonrepairable or salvage motor vehicle; and
- (3) removed from normal operation by the owner.

(b) The owner of a motor vehicle to which this section applies shall submit to the department before the 31st day after the date of the damage, on the form prescribed by the department, a report stating that the motor vehicle was self-insured, damaged, and was removed from normal operation.

(c) When the owner submits a report under Subsection (b), the owner shall:

- (1) surrender the regular certificate of title or manufacturer's certificate of origin for the motor vehicle; and
- (2) apply for a nonrepairable vehicle title or salvage vehicle title under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.095. SALE, TRANSFER, OR RELEASE OF NONREPAIRABLE MOTOR VEHICLE OR SALVAGE MOTOR VEHICLE. (a) If the department has not issued a nonrepairable vehicle title or salvage vehicle title

for the motor vehicle and an out-of-state ownership document for the motor vehicle has not been issued by another state or jurisdiction, a business or governmental entity described by Subdivisions (1)-(3) may sell, transfer, or release a nonrepairable motor vehicle or salvage motor vehicle only to a person who is:

- (1) a licensed salvage vehicle dealer or metal recycler under Chapter 2302, Occupations Code;
- (2) an insurance company that has paid a claim on the nonrepairable or salvage motor vehicle;
- (3) a governmental entity; or
- (4) an out-of-state buyer.

(b) A person, other than a salvage vehicle dealer or an insurance company licensed to do business in this state, who acquired ownership of a nonrepairable or salvage motor vehicle that has not been issued a nonrepairable vehicle title, salvage vehicle title, or a comparable ownership document issued by another state or jurisdiction shall, before selling the motor vehicle, surrender the properly assigned certificate of title for the motor vehicle to the department and apply to the department for:

- (1) a nonrepairable vehicle title if the vehicle is a nonrepairable motor vehicle; or
- (2) a salvage vehicle title if the vehicle is a salvage motor vehicle.

(c) If the department has issued a nonrepairable vehicle title or salvage vehicle title for the motor vehicle or another state or jurisdiction has issued a comparable out-of-state ownership document for the motor vehicle, a person may sell, transfer, or release a nonrepairable motor vehicle or salvage motor vehicle to any person.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 1421, Sec. 10, eff. June 1, 2003. Renumbered from V.T.C.A., Transportation Code Sec. 501.0916 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.096. NONREPAIRABLE MOTOR VEHICLE OR SALVAGE MOTOR VEHICLE DISMANTLED, SCRAPPED, OR DESTROYED. (a) If a salvage vehicle dealer acquires ownership of a nonrepairable motor vehicle or salvage motor vehicle for the purpose of dismantling, scrapping, or destroying the motor vehicle, the dealer shall, before the 31st day after the date the dealer acquires the motor vehicle, submit to the department a report stating that the motor vehicle will be dismantled, scrapped, or destroyed. The dealer shall:

- (1) make the report on a form prescribed by the department; and
- (2) submit with the report a properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document for the motor vehicle.

(b) After receiving the report and title or document, the department shall issue the salvage vehicle dealer a receipt for the manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document.

(c) The salvage vehicle dealer shall:

(1) keep on the business premises of the dealer, until the third anniversary of the date the report on the motor vehicle is submitted to the department, a record of the vehicle, its ownership, and its condition as dismantled, scrapped, or destroyed; and

(2) present to the department, on the form prescribed by the department, evidence that the motor vehicle was dismantled, scrapped, or destroyed before the 61st day after the date the dealer completed the dismantling, scrapping, or destruction of the motor vehicle.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 1421, Sec. 11, eff. June 1, 2003. Renumbered from V.T.C.A., Transportation Code Sec. 501.0917 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.097. APPLICATION FOR NONREPAIRABLE VEHICLE TITLE OR SALVAGE VEHICLE TITLE. (a) An application for a nonrepairable vehicle title or salvage vehicle title must:

- (1) be made on a form prescribed by the department and accompanied by a \$8 application fee;
- (2) include, in addition to any other information



required by the department:

(A) the name and current address of the owner;  
(B) a description of the motor vehicle, including the make, style of body, model year, and vehicle identification number; and

(C) a statement describing whether the motor vehicle:

(i) was the subject of a total loss claim paid by an insurance company under Section 501.092 or 501.093;

(ii) is a self-insured motor vehicle under Section 501.094;

(iii) is an export-only motor vehicle under Section 501.099; or

(iv) was sold, transferred, or released to the owner or former owner of the motor vehicle or a buyer at a casual sale; and

(3) include the name and address of:

(A) any currently recorded lienholder, if the motor vehicle is a nonrepairable motor vehicle; or

(B) any currently recorded lienholder or a new lienholder, if the motor vehicle is a salvage motor vehicle.

(b) On receipt of a complete application, the properly assigned title or manufacturer's certificate of origin and the application fee, the department shall, before the sixth business day after the date the department receives the application, issue the applicant the appropriate title for the motor vehicle.

(c) A nonrepairable vehicle title must state on its face that the motor vehicle:

(1) may not:

(A) be repaired, rebuilt, or reconstructed;

(B) be issued a regular certificate of title or registered in this state;

(C) be operated on a public highway, in addition to any other requirement of law; and

(2) may only be used as a source for used parts or scrap metal.

(d) The fee collected under Subsection (a)(1) shall be credited to the state highway fund to defray the costs of administering this subchapter and the costs to the department for issuing the title.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0920 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.098. RIGHTS OF HOLDER OF NONREPAIRABLE VEHICLE TITLE OR SALVAGE VEHICLE TITLE. (a) A person who holds a nonrepairable vehicle title for a motor vehicle:

(1) is entitled to possess, transport, dismantle, scrap, destroy, record a lien as provided for in Section 501.097(a)(3)(A), and sell, transfer, or release ownership of the motor vehicle or a used part from the motor vehicle;

(2) may not:

(A) operate or permit the operation of the motor vehicle on a public highway, in addition to any other requirement of law;

(B) repair, rebuild, or reconstruct the motor vehicle; or

(C) register the motor vehicle.

(b) A person who holds a nonrepairable certificate of title issued prior to September 1, 2003:

(1) is entitled to:

(A) repair, rebuild, or reconstruct the motor vehicle;

(B) possess, transport, dismantle, scrap, or destroy the motor vehicle; and

(C) sell, transfer, or release ownership of the vehicle or a used part from the motor vehicle; and

(2) may not:

(A) operate or permit the operation of the motor vehicle on a public highway, in addition to any other requirement of law; or

(B) register the motor vehicle.

(c) A person who holds a salvage vehicle title for a motor vehicle:

(1) is entitled to possess, transport, dismantle,

scrap, destroy, repair, rebuild, reconstruct, record a lien on, and sell, transfer, or release ownership of the motor vehicle or a used part from the motor vehicle; and

(2) may not operate or permit the operation of the motor vehicle on a public highway, in addition to any other requirement of law.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0921 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.099. SALE OF EXPORT-ONLY MOTOR VEHICLES. (a) This section applies to a nonrepairable motor vehicle or a salvage motor vehicle that is offered for sale in this state to a person who resides in a jurisdiction outside the United States.

(b) A person may purchase a nonrepairable motor vehicle or a salvage motor vehicle only if:

(1) the person purchases the motor vehicle from a licensed salvage vehicle dealer or a governmental entity;

(2) the motor vehicle has been issued a nonrepairable vehicle title or a salvage vehicle title; and

(3) the purchaser certifies to the seller on a form provided by the department that the purchaser will:

(A) remove the motor vehicle from the United States; and

(B) not return the motor vehicle to any state of the United States as a motor vehicle titled or registered under its manufacturer's vehicle identification number.

(c) A salvage vehicle dealer or a governmental entity that sells a nonrepairable motor vehicle or a salvage motor vehicle to a person who is not a resident of the United States shall, before the sale of the motor vehicle, obtain a copy, photocopy, or other accurate reproduction of a valid identification card, identification certificate, or an equivalent document issued to the purchaser by the appropriate authority of the jurisdiction in which the purchaser resides that bears a photograph of the purchaser and is capable of being verified using identification standards adopted by the United States or the international community.

(d) The department by rule shall establish a list of identification documents that are valid under Subsection (c) and provide a copy of the list to each holder of a salvage vehicle dealer license and to each appropriate governmental entity.

(e) A salvage vehicle dealer or a governmental entity that sells a nonrepairable motor vehicle or a salvage motor vehicle to a person who is not a resident of the United States shall:

(1) stamp on the face of the title so as not to obscure any name, date, or mileage statement on the title the words "FOR EXPORT ONLY" in capital letters that are black; and

(2) stamp in each unused reassignment space on the back of the title the words "FOR EXPORT ONLY" and print the number of the dealer's salvage vehicle license or the name of the governmental entity, as applicable.

(f) The words "FOR EXPORT ONLY" required by Subsection (e) must be at least two inches wide and clearly legible.

(g) A salvage vehicle dealer or governmental entity who sells a nonrepairable motor vehicle or a salvage motor vehicle under this section to a person who is not a resident of the United States shall keep on the business premises of the dealer or entity until the third anniversary of the date of the sale:

(1) a copy of each document related to the sale of the vehicle; and

(2) a list of all vehicles sold under this section that contains:

(A) the date of the sale;

(B) the name of the purchaser;

(C) the name of the country that issued the identification document provided by the purchaser, as shown on the document; and

(D) the vehicle identification number.

(h) This section does not prevent a person from exporting or importing a used part obtained from an export-only motor vehicle.

Added by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.100. APPLICATION FOR REGULAR CERTIFICATE OF TITLE FOR SALVAGE VEHICLE. (a) A vehicle for which a nonrepairable certificate of title issued prior to September 1, 2003 or a salvage

vehicle title has been issued may be issued a regular certificate of title after the motor vehicle has been repaired, rebuilt, or reconstructed by a person described by Section 501.104(a) and, in addition to any other requirement of law, only if the application is accompanied by a separate form that:

(1) describes each major component part used to repair the motor vehicle; and

(2) shows the identification number required by federal law to be affixed to or inscribed on the part.

(b) On receipt of a complete application under this section accompanied by the \$13 fee for the certificate of title, the department shall issue the applicant a regular certificate of title for the motor vehicle.

(c) A regular certificate of title issued under this section must:

(1) describe or disclose the motor vehicle's former condition in a manner reasonably understandable to a potential purchaser of the motor vehicle; and

(2) bear on its face the words "REBUILT SALVAGE" in capital letters that:

(A) are red;

(B) are centered on and occupy at least 15 percent of the face of the certificate of title; and

(C) do not prevent any other words on the title from being read or copied.

(d) In addition to the fee described by Subsection (b), the applicant shall pay a \$65 rebuilder fee.

(e) On or after the 31st day after the date the department receives a rebuilder fee under Subsection (d), the department shall deposit \$50 of the fee to the credit of the state highway fund to be used only by the Department of Public Safety to enforce this chapter and \$15 to the credit of the general revenue fund.

(f) The department may not issue a regular certificate of title for a motor vehicle based on a:

(1) nonrepairable vehicle title or comparable out-of-state ownership document;

(2) receipt issued under Section 501.096(b); or

(3) certificate of authority.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0922, 501.0923 as consolidated and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.101. ISSUANCE OF TITLE TO MOTOR VEHICLE BROUGHT INTO STATE. (a) This section applies only to a motor vehicle brought into this state from another state or jurisdiction that has on any certificate of title or comparable out-of-state ownership document issued by the other state or jurisdiction:

(1) a "rebuilt," "salvage," or similar notation; or

(2) a "nonrepairable," "dismantle only," "parts only," "junked," "scrapped," or similar notation.

(b) On receipt of a complete application from the owner of the motor vehicle, the department shall issue the applicant the appropriate certificate of title for the motor vehicle.

(c) A certificate of title issued under this section must show on its face:

(1) the date of issuance;

(2) the name and address of the owner;

(3) any registration number assigned to the motor vehicle; and

(4) a description of the motor vehicle or other notation the department considers necessary or appropriate.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0924 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.102. OFFENSES. (a) A person commits an offense if the person:

(1) applies to the department for a regular certificate of title for a motor vehicle; and

(2) knows or reasonably should know that:

(A) the vehicle is a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed;

(B) the vehicle identification number assigned to the motor vehicle belongs to a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed;

(C) the title issued to the motor vehicle belongs to a nonrepairable motor vehicle that has been repaired, rebuilt, or reconstructed;

(D) the vehicle identification number assigned to the motor vehicle belongs to an export-only motor vehicle;

(E) the motor vehicle is an export-only motor vehicle; or

(F) the motor vehicle is a nonrepairable motor vehicle or salvage motor vehicle for which a nonrepairable vehicle title, salvage vehicle title, or comparable ownership document issued by another state or jurisdiction has not been issued.

(b) A person commits an offense if the person knowingly sells, transfers, or releases a salvage motor vehicle in violation of this subchapter.

(c) A person commits an offense if the person knowingly fails or refuses to surrender a regular certificate of title after the person:

(1) receives a notice from an insurance company that the motor vehicle is a nonrepairable or salvage motor vehicle; or

(2) knows the vehicle has become a nonrepairable motor vehicle or salvage motor vehicle under Section 501.094.

(d) Except as provided by Subsection (e), an offense under this section is a Class C misdemeanor.

(e) If it is shown on the trial of an offense under this section that the defendant has been previously convicted of:

(1) one offense under this section, the offense is a Class B misdemeanor; or

(2) two or more offenses under this section, the offense is a state jail felony.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0926 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.103. COLOR OF NONREPAIRABLE VEHICLE TITLE OR SALVAGE VEHICLE TITLE. (a) The department shall print a nonrepairable vehicle title:

(1) in a color that distinguishes it from a regular certificate of title or salvage vehicle title; and

(2) so that it clearly shows that it is the negotiable ownership document for a nonrepairable motor vehicle.

(b) A nonrepairable vehicle title must state on its face that the motor vehicle:

(1) may not be:

(A) issued a regular certificate of title;

(B) registered in this state; or

(C) repaired, rebuilt, or reconstructed; and

(2) may be used only as a source for used parts or scrap metal.

(c) The department shall print a salvage vehicle title:

(A) in a color that distinguishes it from a regular certificate of title or nonrepairable vehicle title; and

(B) so that each document clearly shows that it is the ownership document for a salvage motor vehicle.

(d) A salvage vehicle title for a vehicle that is a salvage motor vehicle because of damage caused exclusively by flood must bear a notation on its face that the department considers appropriate. If the title for a motor vehicle reflects the notation required by this subsection, the owner may sell, transfer, or release the motor vehicle only as provided by this subchapter.

(e) The department may provide a stamp to a person who is a licensed salvage vehicle dealer under Chapter 2302, Occupations Code, to mark the face of a title under this subchapter. The department shall provide the stamp to the person for a fee in the amount determined by the department to be necessary for the department to recover the cost of providing the stamp.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0928 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.104. REBUILDER TO POSSESS TITLE OR OTHER DOCUMENTATION. (a) This section applies only to:

(1) a rebuilder licensed as a salvage vehicle dealer;

(2) a person engaged in the business of a rebuilder, regardless of whether the person is licensed to engage in that business; or

(3) a person engaged in the casual repair, rebuilding, or reconstruction of fewer than three motor vehicles in the same 12-month period.

(b) A person described by Subsection (a) must possess:

(1) a regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document for any motor vehicle that is:

- (A) owned by the person;
- (B) in the person's inventory; and
- (C) being offered for resale; or

(2) a contract entered into with the owner, a work order, or another document that shows the authority for the person to possess any motor vehicle that is:

- (A) owned by another person;
- (B) on the person's business or casual premises;

and

(C) being repaired, rebuilt, or reconstructed for the other person.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0929 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.105. RETENTION OF RECORDS RELATING TO CERTAIN CASUAL SALES. Each licensed salvage vehicle dealer or insurance company that sells a nonrepairable motor vehicle or a salvage motor vehicle at a casual sale shall keep on the business premises of the dealer or the insurance company a list of all casual sales made during the preceding 36-month period that contains:

- (1) the date of the sale;
- (2) the name of the purchaser;
- (3) the name of the jurisdiction that issued the identification document provided by the purchaser, as shown on the document; and
- (4) the vehicle identification number.

Added by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.106. ENFORCEMENT OF SUBCHAPTER. (a) This subchapter shall be enforced by the department and any other governmental or law enforcement entity, including the Department of Public Safety, and the personnel of the entity as provided by this subchapter.

(b) The department, an agent, officer, or employee of the department, or another person enforcing this subchapter is not liable to a person damaged or injured by an act or omission relating to the issuance of a regular certificate of title, nonrepairable vehicle title, or salvage vehicle title under this subchapter.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0930 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

Sec. 501.107. APPLICABILITY OF SUBCHAPTER TO RECYCLER. (a) This subchapter does not apply to a sale to, purchase by, or other transaction by or with, a metal recycler except as provided by Subsections (b) and (c).

(b) A metal recycler shall submit to the department the properly assigned manufacturer's certificate of origin, regular certificate of title, nonrepairable vehicle title, salvage vehicle title, or comparable out-of-state ownership document that the person receives in conjunction with the purchase of a motor vehicle not later than the 60th day after the date the metal recycler receives the title or out-of-state ownership document.

(c) This subchapter applies to a transaction with a metal recycler in which a motor vehicle:

(1) is sold or delivered to the metal recycler for the purpose of reuse or resale as a motor vehicle or as a source of used parts; and

(2) is used for that purpose.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(a), eff. Sept. 1, 1997. Renumbered from V.T.C.A., Transportation Code, Sec. 501.0931 and amended by Acts 2003, 78th Leg., ch. 1325, Sec. 17.02, eff. Sept. 1, 2003.

#### SUBCHAPTER F. SECURITY INTERESTS

Sec. 501.111. PERFECTION OF SECURITY INTEREST. (a) Except as provided by Subsection (b), a person may perfect a security interest in a motor vehicle that is the subject of a first or

subsequent sale only by recording the security interest on the certificate of title as provided by this chapter.

(b) A person may perfect a security interest in a motor vehicle held as inventory by a person in the business of selling motor vehicles only by complying with Chapter 9, Business & Commerce Code.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.112. SALE OR SECURITY INTEREST NOT CREATED BY CERTAIN VEHICLE LEASES. Notwithstanding any other law, an agreement for the lease of a motor vehicle does not create a sale or security interest by merely providing that the rental price is permitted or required to be adjusted under the agreement as determined by the amount realized on the sale or other disposition of the vehicle.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.113. RECORDATION OF SECURITY INTEREST. (a) Recordation of a lien under this chapter is considered to occur when the county assessor-collector:

(1) is presented with an application for a certificate of title that discloses the lien with tender of the filing fee; or

(2) accepts the application.

(b) For purposes of Chapter 9, Business & Commerce Code, the time of recording a lien under this chapter is considered to be the time of filing the security interest.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.114. ASSIGNMENT OF LIEN. (a) A lienholder may assign a lien recorded under Section 501.113 by:

(1) applying to the county assessor-collector for the assignment of the lien; and

(2) notifying the debtor of the assignment.

(b) A lienholder's failure to notify a debtor of an assignment does not create a cause of action against the lienholder.

(c) An application under Subsection (a) must be:

(1) signed by the person to whom the lien is assigned; and

(2) accompanied by:

(A) the applicable fee;

(B) a copy of the assignment agreement executed by the parties; and

(C) the certificate of title on which the lien to be assigned is recorded.

(d) On receipt of the completed application and fee, the department:

(1) may amend the department's records to substitute the subsequent lienholder for the previous lienholder; and

(2) shall issue a new certificate of title as provided by Section 501.027.

(e) The issuance of a certificate of title under Subsection (d) is recordation of the assignment. The time of the recordation of a lien assigned under this section is considered to be the time the lien was recorded under Section 501.113.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.115. DISCHARGE OF LIEN. (a) When a debt or claim secured by a lien has been satisfied, the lienholder shall, within a reasonable time not to exceed the maximum time allowed by Section 348.408, Finance Code, execute and deliver to the owner, or the owner's designee, a discharge of the lien on a form prescribed by the department.

(b) The owner may present the discharge and certificate of title to the county assessor-collector with an application for a new certificate of title and the department shall issue a new certificate of title.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 296, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 268, Sec. 1, eff. May 28, 1999.

Sec. 501.116. CANCELLATION OF DISCHARGED LIEN. The department may cancel a discharged lien that has been recorded on a certificate of title for six years or more if the recorded lienholder:

(1) does not exist; or

(2) cannot be located for the owner to obtain a release of the lien.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.117. ELECTRONIC LIEN SYSTEM. (a) The department by

rule shall develop a system under which a security interest in a motor vehicle may be perfected, assigned, discharged, and canceled electronically instead of by record maintained on a certificate of title. Participation by a lienholder in the system is voluntary.

(b) The department shall publish and distribute procedures for using the system to county assessor-collectors and to financial institutions and other potential motor vehicle lienholders.

(c) The provisions of this chapter relating to perfecting, assigning, discharging, and canceling a security interest in a motor vehicle by record maintained on a certificate of title do not apply to the extent the security interest is governed by rules adopted under this section.

Added by Acts 2001, 77th Leg., ch. 505, Sec. 1, eff. Sept. 1, 2001.

#### SUBCHAPTER G. ADMINISTRATIVE PROVISIONS

Sec. 501.131. RULES; FORMS. (a) The department may adopt rules to administer this chapter.

(b) The department shall:

(1) in addition to the forms required by this chapter, prescribe forms for a title receipt, manufacturer's certificate, and importer's certificate, and other forms the department determines necessary; and

(2) provide each county assessor-collector with a sufficient supply of the forms.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.132. DUPLICATE TITLE RECEIPT. Except as otherwise provided by department rule, the department may not issue a duplicate title receipt unless the original title receipt or certificate of title is surrendered.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2001, 77th Leg., ch. 67, Sec. 5, eff. Sept. 1, 2001.

Sec. 501.133. ISSUANCE OF NEW CERTIFICATE OF TITLE BECAUSE OF SUBSEQUENT SALES. (a) If all of the forms of transfer on a certificate of title have been used because of subsequent sales, the certificate may be delivered to a county assessor-collector, who shall:

(1) provide a title receipt in the manner required for a first sale; and

(2) send the certificate of title to the department on the same day the certificate is received.

(b) On receipt of the certificate of title, the department shall issue a new certificate of title.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.134. LOST OR DESTROYED CERTIFICATE OF TITLE. (a) If a certificate of title is lost or destroyed, the owner or lienholder disclosed on the certificate may obtain, in the manner provided by this section and department rule, a certified copy of the lost or destroyed certificate of title directly from the department by applying on a form prescribed by the department and paying a fee of \$2. A fee collected under this subsection shall be deposited to the credit of the state highway fund and may be spent only as provided by Section 501.138.

(b) If a lien is disclosed on a certificate of title, the department may issue a certified copy of the original certificate of title only to the first lienholder.

(c) The department must plainly mark "certified copy" on the face of a certified copy issued under this section, and each subsequent certificate issued for the motor vehicle until the vehicle is transferred. A subsequent purchaser or lienholder of the vehicle only acquires the rights, title, or interest in the vehicle held by the holder of the certified copy.

(d) A purchaser or lienholder of a motor vehicle having a certified copy issued under this section may at the time of the purchase or establishment of the lien require that the seller or owner indemnify the purchaser or lienholder and all subsequent purchasers of the vehicle against any loss the person may suffer because of a claim presented on the original certificate of title.

(e) If the certificate of title is recovered, the owner of the vehicle shall promptly surrender the certificate of title to the department for cancellation, and the department shall eliminate the words "certified copy" from any certificate of title issued for that vehicle after that date.

(f) Except as provided by Subsection (g), the department may not issue a certified copy of a certificate of title before the fourth business day after the date application is made.

(g) The department may issue a certified copy of a

certificate of title before the fourth business day after the date application is made only if the applicant:

(1) is the registered owner of the vehicle, the holder of a recorded lien against the vehicle, or a verified agent of the owner or lienholder; and

(2) submits personal identification, including a photograph, issued by an agency of this state or the United States.

(h) If the applicant is the agent of the owner or lienholder of the vehicle and is applying on behalf of the owner or lienholder, the applicant must submit verifiable proof that the person is the agent of the owner or lienholder.

(i) If an applicant for a certified copy of a certificate of title is a person other than a person described by Subsection (g)(1), the department may issue a certified copy of the certificate of title only by mail.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.42(a), eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 67, Sec. 6, eff. Sept. 1, 2001.

Sec. 501.135. RECORD OF STOLEN OR CONCEALED MOTOR VEHICLE. (a) The department shall:

(1) make a record of each report to the department that a motor vehicle registered in this state has been stolen or concealed in violation of Section 32.33, Penal Code; and

(2) note the fact of the report in the department's records of the vehicle's certificate of title.

(b) A person who reports a motor vehicle as stolen or concealed under Subsection (a) shall notify the department promptly if the vehicle is recovered, and the department shall change its records accordingly.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.136. ACTS BY DEPUTY COUNTY ASSESSOR-COLLECTOR. A deputy county assessor-collector, other than a limited service deputy appointed under Section 502.112, may perform the duties of an assessor-collector under this chapter.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.137. DUTY OF COUNTY ASSESSOR-COLLECTOR. (a) Each county assessor-collector shall comply with this chapter.

(b) An assessor-collector who fails or refuses to comply with this chapter is liable on the assessor-collector's official bond for resulting damages suffered by any person.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.138. COLLECTION AND DISPOSITION OF FEES. (a) An applicant for a certificate of title, other than the state or a political subdivision of the state, must pay the county assessor-collector a fee of:

(1) \$33 if the applicant's residence is a county located within a nonattainment area as defined under Section 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407), as amended, or is an affected county, as defined by Section 386.001, Health and Safety Code;

(2) \$28 if the applicant's residence is any other county; or

(3) on or after September 1, 2010, \$28 regardless of the county in which the applicant resides.

(b) The county assessor-collector shall send:

(1) \$5 of the fee to the county treasurer for deposit in the officers' salary fund;

(2) \$8 of the fee to the department:

(A) together with the application within the time prescribed by Section 501.023; or

(B) if the fee is deposited in an interest-bearing account or certificate in the county depository or invested in an investment authorized by Subchapter A, Chapter 2256, Government Code, not later than the 35th day after the date on which the fee is received; and

(3) the following amount to the comptroller at the time and in the manner prescribed by the comptroller:

(A) \$20 of the fee if the applicant's residence is a county located within a nonattainment area as defined under Section 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407), as amended, or is an affected county, as defined by Section 386.001, Health and Safety Code;

(B) \$15 of the fee if the applicant's residence is any other county; or

(C) on or after September 1, 2010, \$15 regardless



of the county in which the applicant resides.

(b-1) Fees collected under Subsection (b) to be sent to the comptroller shall be deposited as follows:

(1) before September 1, 2008, to the credit of the Texas emissions reduction plan fund; and

(2) on or after September 1, 2008, to the credit of the Texas Mobility Fund, except that \$5 of each fee imposed under Subsection (a)(1) and deposited on or after September 1, 2008, and before September 1, 2010, shall be deposited to the credit of the Texas emissions reduction plan fund.

Text of subsection effective until September 1, 2010

(b-2) The comptroller shall establish a record of the amount of the fees deposited to the credit of the Texas Mobility Fund under Subsection (b-1). On or before the fifth workday of each month, the department shall remit to the comptroller for deposit to the credit of the Texas emissions reduction plan fund an amount of money equal to the amount of the fees deposited by the comptroller to the credit of the Texas Mobility Fund under Subsection (b-1) in the preceding month. The department shall use for remittance to the comptroller as required by this subsection money in the state highway fund that is not required to be used for a purpose specified by Section 7-a, Article VIII, Texas Constitution, and may not use for that remittance money received by this state under the congestion mitigation and air quality improvement program established under 23 U.S.C. Section 149.

Text of subsection effective until September 1, 2010

(b-3) This subsection and Subsection (b-2) expire September 1, 2010.

(c) Of the amount received under Subsection (b)(2), the department shall deposit:

(1) \$5 in the general revenue fund; and

(2) \$3 to the credit of the state highway fund to recover the expenses necessary to administer this chapter.

(d) The county owns all interest earned on fees deposited or invested under Subsection (b)(2)(B). The county treasurer shall credit that interest to the county general fund.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 1331, Sec. 24, eff. June 20, 2003; Acts 2005, 79th Leg., ch. 1125, Sec. 19, eff. Sept. 1, 2005.

#### SUBCHAPTER H. PENALTIES AND OTHER ENFORCEMENT PROVISIONS

Sec. 501.151. PLACEMENT OF SERIAL NUMBER WITH INTENT TO CHANGE IDENTITY. (a) A person commits an offense if the person stamps or places a serial number on a vehicle or part of a vehicle with the intent of changing the identity of the vehicle.

(b) It is an affirmative defense to prosecution of an offense under this section that the person acted with respect to a number assigned by:

(1) a vehicle manufacturer and the person was an employee of the manufacturer acting within the course and scope of employment; or

(2) the department, and the person was:

(A) discharging official duties as an agent of the department; or

(B) complying with department rule as an applicant for a serial number assigned by the department.

(c) An offense under this section is a felony of the third degree.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.152. SALE OR OFFER WITHOUT TITLE RECEIPT OR TITLE. (a) Except as provided by this section, a person commits an offense if the person:

(1) sells, offers to sell, or offers as security for an obligation a motor vehicle registered in this state; and

(2) does not possess the title receipt or certificate of title for the vehicle.

(b) It is not a violation of this section for the beneficial owner of a vehicle to sell or offer to sell a vehicle without having possession of the certificate of title to the vehicle if the sole reason he or she does not have possession of the certificate of title is that the title is in the possession of a lienholder who has not complied with the terms of Section 501.115(a) of this code.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 296, Sec. 2, eff. Sept. 1, 1997.

Sec. 501.153. APPLICATION FOR TITLE FOR STOLEN OR CONCEALED VEHICLE. A person commits an offense if the person applies for a

certificate of title for a motor vehicle that the person knows is stolen or concealed in violation of Section 32.33, Penal Code. Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.154. ALTERATION OF CERTIFICATE OR RECEIPT. A person commits an offense if the person alters a manufacturer's or importer's certificate, a title receipt, or a certificate of title. Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.155. FALSE NAME, FALSE INFORMATION, AND FORGERY. (a) A person commits an offense if the person knowingly provides false or incorrect information or without legal authority signs the name of another person on:

- (1) an application for a certificate of title;
- (2) an application for a certified copy of an original certificate of title;
- (3) an assignment of title for a motor vehicle;
- (4) a discharge of a lien on a title for a motor vehicle; or
- (5) any other document required by the department or necessary to the transfer of ownership of a motor vehicle.

(b) An offense under this section is a felony of the third degree.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.156. DUTY OF TRANSPORTERS TO DETERMINE RIGHT OF POSSESSION; OFFENSE. (a) The master or captain of a ship or airplane or a person who owns or controls the operation of a ship or airplane, in whole or part:

(1) may not take on board or allow to be taken on board the ship or airplane in this state for transport a motor vehicle without inquiring of the motor vehicle titles and registration division of the department as to the recorded ownership of the motor vehicle; and

(2) must make a reasonable inquiry as to the right of possession of a motor vehicle by the person delivering the vehicle for transport if the recorded owner of the vehicle is a person other than the person delivering the vehicle for transport.

(b) A person who violates this section commits an offense. An offense under this section is a misdemeanor punishable by a fine of not less than \$50 or more than \$500 for a first offense and, at the jury's discretion, not less than \$100 or more than \$1,000 for a subsequent offense.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.157. PENALTIES. (a) Unless otherwise provided by this chapter, an offense under this chapter is a misdemeanor punishable by a fine of not less than \$1 or more than \$100 for the first offense. If a person is subsequently convicted of the same offense, at the jury's discretion, a person may be fined not less than \$2 or more than \$200.

(b) A person commits an offense if the person violates Subchapter E or a rule adopted under that subchapter. An offense under this subsection is a Class A misdemeanor.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.43(b), eff. Sept. 1, 1997.

Sec. 501.158. SEIZURE OF STOLEN VEHICLE OR VEHICLE WITH ALTERED SERIAL NUMBER. (a) A peace officer may seize a vehicle or part of a vehicle without a warrant if the officer has probable cause to believe that the vehicle or part:

- (1) is stolen; or
- (2) has had the serial number removed, altered, or obliterated.

(b) A vehicle or part seized under this section may be treated as stolen property for purposes of custody and disposition of the vehicle or part.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.

Sec. 501.159. ALIAS CERTIFICATE OF TITLE. On receipt of a written request approved by the executive administrator of a law enforcement agency, the department may issue a certificate of title for a vehicle in an alias for the law enforcement agency's use in a covert criminal investigation.

Acts 1995, 74th Leg., ch. 165, Sec. 1, eff. Sept. 1, 1995.