WHOLESALE SALES

If selling a vehicle wholesale, a dealer should make sure that the title is properly assigned to the new dealer/buyer. If buying a vehicle wholesale, the dealer needs to make sure that the title shows the selling dealership's name in the proper place for reassignments or a dealer's reassignment form has been completed and is attached to the title.

By law, no one is allowed to sell a vehicle, either wholesale or retail, if they do not possess the title. If either buying or selling a vehicle, dealers should keep a copy of the signed title evidencing the transaction.

TAKING ASSIGNMENT OF TITLES

When taking a vehicle in trade or buying from another source, the dealer needs to make sure the seller has properly signed the title on the back, and the buying dealer's name and address is entered as the buyer. Failing to enter the buyer's name makes this an "Open Title" which dealers are forbidden to hold. Make sure the name on the title is the same name as the person who is selling the vehicle.

DEALER'S DUTY TO TITLE & REGISTER

When a dealer sells a vehicle to a consumer, the dealer is required to title and register the vehicle for the consumer. This applies to all retail sales unless the vehicle is:

- 1) Declared a total loss by an insurance company; or
- 2) On a rebuilt salvage or non-repairable title;
- 3) Over a gross weight of 11,000 pounds;

- 4) Vehicles sold to exempt agencies;
- 5) Trailers weighing less than 4,000 gross weight.

TIME LIMITS TO TITLE & REGISTER

Within 20 working days of the retail sale, a dealer is required to apply for the title and registration for the consumer. If the sale is consummated by a licensed seller-financer, the dealer has 45 calendar days to apply.

When a vehicle is sold to a person who is taking the vehicle out of state to register in another state, the dealer has 20 working days to either deliver the properly assigned evidence of ownership to the buyer or title and register the vehicle in the buyer's state. In out-of-state registration instances, the dealer must fill out the Comptroller's form entitled "Texas Motor Vehicle Sales Tax Exemption Certificate—For Vehicles Taken Out Of State."

This completed form should be kept in the dealer's records and a copy must be sent to the Texas Comptroller, with a copy of that correspondence sent to the purchaser.

WHERE TO TITLE & REGISTER

There are three options in which a dealer may register and title a vehicle.

- ► the county in which the vehicle is sold;
- ▶ the county in which the buyer resides;
- ➤ the county in which the lien holder is located.

The choice of the county in which to register the vehicle is up to the buyer. The dealer must furnish Form VTR-136 to the buyer so they may fill out their choice of county in their own handwriting and sign the form. The signed form is kept in the dealer's records for four years.

When a vehicle is required to be registered in a different county from where the dealer resides, the transaction can be handled by mail. The dealer should contact the other county to verify what the proper fees will be so the proper amount can be tendered with the title application. If the application is placed in the mail within 20 working days of the sale, the dealer is presumed to have complied with the law.

APPLYING FOR TITLE, LIENS

Three things are needed to apply for a Texas title:

- ➤ Ownership document (title or MCO) with any reassignment forms
- ➤ Registration receipt if the registration is current
- ➤ Title application (Form 130-U)

Make sure that all information on all documents is correct. Especially compare the VIN on the title with the actual VIN on the vehicle. If a lien is recorded on the former title, make sure a Release of Lien is obtained or the lien is given to carry the lien forward. On out-of-state titles, make sure the date of the release of lien is included in the release.

If the title is with the lienholder or it is lost, a Secure Power of Attorney must be submitted with the title application.

If there is an electronic title with a lien, the lienholder should be notified that a paper title is requested and one will be mailed when the lien is paid off.

FOREIGN OR IMPORTED VEHICLES

Several additional documents are required when titling and registering foreign vehicles. It is best to check with the local county tax offices as they may require additional documents beyond what the state require. The state requires:

- ➤ Out-of-state Vehicle Inspection Certificate, DPS Form VI-30;
- ➤ Proof of Compliance (Form HS-7) with all U.S. DOT safety requirements, if applicable;
- ➤ Inspection Report on bottom of Application for Assigned or Reassigned Number, Form VTR-68-A;
- ➤ Weight Certificate on all imported commercial motor vehicles with carrying capacity in excess of one ton;
- ➤ If less than 10 years old, subject to odometer requirements;
- ➤ IRS Form 720 showing all gas guzzler taxes due have been paid;
- ➤ U.S. Customs Entry Document, Form HS-7

TITLE APPLICATION RECEIPT

Upon application with all proper documentation, the tax office will issue a receipt know as the "white slip" (VTR-500-RTS). It is very important to check the receipt prepared by the tax office because whatever is printed on the receipt will be printed on the title. Any errors, especially incorrect or omitted liens should be reported to the county as soon as noticed; once the title has been issued a court order will be needed to stop title issuance.

FORGERY IS A FELONY

It is a third-degree felony for a person to knowingly provide false or incorrect information, or sign the name of another person without legal authority on a title application, an application for a certified copy of a title, an assignment or title a discharge of lien, or any other document required or needed to transfer ownership of a motor vehicle. All dealers want to make it easy for their customers, but many complaints come from consumers saying they never gave permission to the dealer to sign certain documents.

MORE INFORMATION

The Vehicle Titles and Registration Division of the TxDMV publishes two manuals, one on title and one on registration of vehicles. Both of these manuals include instructions and are updated regularly. These can be viewed and forms can be downloaded from the Texas Department of Motor Vehicles Web page at http://www.txdmv.gov/. Click on Forms.

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TEXAS TITLING





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