



January 22, 2015

## **Registration and Title Bulletin # 001-15 Policy and Procedure**

**TO:** All County Tax Assessor-Collectors

**SUBJECT:** **Mechanic's Lien and Form VTR-265-M Revisions**

### **PURPOSE**

To provide you with guidance on the notification requirements for a mechanic's lien and revisions to *Mechanic's Lien Foreclosure*, **Form VTR-265-M**.

### **DETAILS**

Mechanic's lien procedures regarding notification requirements have been updated to be in alignment with Texas Property Code, Section 70.006.

Current procedures require the statutory lienholder (mechanic) to send notice to the owner(s), and any lienholder(s) of record, within 30 days after the repairs are completed. Additionally, by department policy, the mechanic is required to submit a copy of the notice to the county tax assessor-collector's office in the county where the repairs occurred, along with the \$25 administrative fee, within 10 days of sending the notice to the registered owner. The county tax assessor-collector is required to notify the owner(s), and any lienholder(s) of record, by the 15<sup>th</sup> day after the mechanic's filing. The mechanic can sell the vehicle at public sale on or after the 31<sup>st</sup> day after county notification is made if the charges remained unpaid and all other requirements are met.

However, Texas Property Code, Section 70.006, only requires the mechanic to file a copy of the notice (or newspaper publication) with the county tax assessor-collector, along with the \$25 administrative fee, not later than the 30<sup>th</sup> day after the repairs are completed. This is in addition to the notification to the owner(s) and any lienholder(s). There is no requirement that the mechanic file a copy of the notice (or newspaper publication) with the county tax assessor-collector's office within a specified time after the mechanic's notice is made as long as it is filed by the 30<sup>th</sup> day after repairs are completed. The mechanic may sell the vehicle at public sale if the charges have not been paid by the 31<sup>st</sup> day after the mechanic's notice is made to the owner(s) and any lienholder(s). The mechanic is not required to wait for the county tax assessor-collector to send notice before selling the vehicle. The county tax assessor-collector is still required to notify the owner(s), and any lienholder(s) of record, by the 15<sup>th</sup> day after the mechanic's filing.

The mechanic's lien foreclosure process is not an available option if the mechanic does not make notice to the owner/lienholder and file a copy with the county tax assessor-collector's office within 30 days of repairs being completed. In such instances, the vehicle must be disposed of as

an abandoned motor vehicle under Transportation Code, Section 683.051, or by a court order. Neither a tax assessor-collector hearing or bonded title are available options.

### **COUNTY ACTION**

Please review the revised procedures under the “Mechanic’s Lien Foreclosure Procedures” on page two of the *Mechanic’s Lien Foreclosure*, **Form VTR-265-M** (rev. 01/15). These revised procedures will be published in the next revision of the *Motor Vehicle Title Manual*.

Ensure mechanics file the required documents with your office within 30 days of the repairs being completed. If the filing is after the 30<sup>th</sup> day, notify the mechanic the foreclosure process is not an available option. If the filing is within the 30 days after the repairs were completed, send the appropriate notification to the owner(s) and any lienholder(s) within 15 days, as applicable.

Ensure proper notice was made and a copy was filed with the county tax assessor-collector’s office within 30 days of repairs being completed upon accepting an application for title accompanied by a *Mechanic’s Lien Foreclosure*, **Form VTR-265-M**. A copy of the dated receipt provided by the county tax assessor-collector showing payment of the \$25 administrative fee is the required proof that a copy of the notice was filed with the county tax assessor-collector’s office. Ensure the public sale did not occur prior to the 31<sup>st</sup> day after the notice was made by the mechanic.

Continue to ensure the notices to the owner(s) and any lienholder(s) were made by certified mail, return receipt requested. Also ensure the request for the information sent to the governmental entity where the motor vehicle is registered was made by certified mail, return receipt requested, if the mechanic’s notice was made by newspaper publication. The U.S. Postal Service’s “Track and Confirm” option is not acceptable. Additionally, continue to ensure the title/registration verification is from the governmental entity of record. A title/registration verification from a third party vendor is not acceptable.

### **CONTACT**

If you have any questions, please contact your local TxDMV Regional Service Center.

Sincerely,



Jeremiah Kuntz, Director  
Vehicle Titles and Registration Division

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Attachments