



August 27, 2015

Registration and Title Bulletin # 008-15 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 requirements for a mechanic's lien and revisions to *Mechanic's Lien Foreclosure, Form VTR-265-M*, as a result of House Bill (HB) 2076.

DETAILS

This RTB rescinds RTB #001-15.

HB 2076 amends Property Code, Sections 70.001 and 70.006, changing when a mechanic may sell a vehicle at public sale through a mechanic's lien foreclosure. A mechanic may sell a motor vehicle at public sale on or after the 31st day after filing a copy of the notice with the county tax assessor-collector's office if the initial notice was made to the owner(s), and any lienholder(s) of record, on or after September 1, 2015. HB 2076 did not change the time period for making notifications or the format of the notifications.

Current procedures require mechanics to make a notice to the owner(s)/lienholder(s), file a copy of the notice with the county tax assessor-collector's office, and pay the \$25 administrative fee within 30 days of completing repairs. County tax assessor-collectors are required to notify the owner(s)/lienholder(s) within 15 business days of a mechanic's filing. Mechanics may sell a vehicle at public sale if the charges remain unpaid and all other requirements are met. The public sale may occur anytime on or after the 31st day after a mechanic notifies the owner(s)/lienholder(s). These procedures will remain in effect for any vehicle that the mechanic notified the owner(s)/lienholders(s) prior to September 1, 2015.

A motor vehicle that the mechanic has not notified the owner(s)/lienholder(s) prior to September 1, 2015, will be subject to the provisions of HB 2076. Mechanics are still required to make a notice to the owner(s)/lienholder(s), file a copy of the notice with the county tax assessor-collector's office, and pay the \$25 administrative fee within 30 days of repairs being completed. County tax assessor-collectors are still required to notify the owner(s)/lienholder(s) within 15 business days of a mechanic's filing. However, HB 2076 requires the notice the county tax assessor-collector sends to the owner(s)/lienholder(s) to include the date the mechanic filed the copy of the notice in their office. The date of public sale is based on when the notice is filed with the county tax assessor-collector's office. Beginning September 1, 2015, the public sale may occur anytime on or after the 31st day after a copy of the notice is filed with the county tax assessor-collector's office.

As a reminder, the mechanic's lien foreclosure process is not an available option if the mechanic does not make notice to the owner(s)/lienholder(s) 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. Alternatively, if a vehicle is sold at public sale without properly completing the mechanic's lien foreclosure process, the only available option to transfer title to the purchaser is by a court order.

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. 08/15). These revised procedures will be published in the next revision of the *Motor Vehicle Title Manual*. Additionally, we are providing *Mechanic's Lien Procedures* flow charts to assist your offices with these changes.

Continue making your notices to owner(s)/lienholder(s) within 15 business days. Any notice your office makes to owner(s)/lienholder(s) should include the date a mechanic filed the copy of the notice with your office, beginning September 1, 2015. Your office must continue to issue a Registration and Title System (RTS) receipt showing payment of the \$25 administrative fee.

Upon accepting an application for title accompanied by a *Mechanic's Lien Foreclosure*, **Form VTR-265-M**, ensure the mechanic sent the notification to the owner(s)/lienholder(s) and filed a copy of the notice with the county tax assessor-collector's office within 30 days of completing repairs.

If the mechanic made notification to the owner(s)/lienholder(s) prior to September 1, 2015, ensure public sale did not take place prior to the 31st day after the mechanic made the notice. Otherwise, ensure public sale did not occur prior to the 31st day after a copy of the notice was filed with the county tax assessor-collector's office as evidenced by the RTS receipt showing payment of the \$25 administrative fee.

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