



April 9, 2020

Registration and Title Bulletin # 008-20 Policy and Procedure

TO: All County Tax Assessor-Collectors, Dealers, and Lienholders

SUBJECT: Use of Court Orders in the Title Application Process

PURPOSE

To outline changes to the use of court orders in the title application process.

BACKGROUND

The department is instituting changes to the use of court orders in the title application process to better align with statutory requirements.

DETAILS

Effective June 1, 2020, the department will actively oppose any cases that attempt to direct state action or do not conform to the law.

Exclusive Options for Appealing a Title Decision

The Texas Legislature has established exclusive options for a party who disagrees with a department decision on a title application. A lawsuit naming the department as a defendant and asking the court to order the department to issue or cancel a title is not within those options and cannot be used to circumvent statutory requirements. The exclusive remedies provided by the legislature are described below:

Tax Assessor-Collector Hearing:

Texas Transportation Code, §501.052, allows an interested person aggrieved by the department's refusal, rescission, cancellation, suspension, or revocation of a title to request a hearing with the County Tax Assessor-Collector in the county in which the person resides. An applicant aggrieved by the Tax Assessor-Collector's decision is authorized to appeal that decision in their county or district court. An individual may not request a hearing from a Tax Assessor-Collector without proof the department refused to issue a title or cancelled the individual's title. Tax Assessor-Collector hearings should be limited to answering the question of whether the department correctly refused to issue or correctly rescinded, canceled, revoked, or suspended the title.

Bonded Title:

Texas Transportation Code, §501.053, allows persons to obtain a title by filing a bond with the department if the vehicle is in the possession of the applicant and there is no security interest on the vehicle; any lien on the vehicle is at least 10 years old; or the person provides a release of all liens with the bond. Bonded titles provide applicants a means of obtaining a title when they lack documentation or evidence that is otherwise required by the Transportation Code and department rule, because the required bond provides a safety net for anyone damaged by the issuance of a title by allowing them to recover damages through an action against the bond.

Court Orders Establishing Evidence of Ownership:

There will be times when an applicant lacks proper evidence of ownership and chooses to file a lawsuit to obtain a court order to use as evidence of ownership. Texas Transportation Code, §501.074, provides that the department will issue a new title for a motor vehicle registered in this state for which ownership is transferred by operation of law as evidenced in a court order submitted to the department. While previous department policy required the department to be named as a defendant in such a suit, the department should not be named as a defendant in a lawsuit seeking to transfer ownership of a motor vehicle. Such a suit is a dispute between two private parties, the party seeking ownership and the current owner of record. Court orders showing that ownership of a vehicle has been transferred are adequate evidence of ownership, and a new title should be issued upon receipt of such an order.

The department's website, *Motor Vehicle Title Manual*, and *Salvage/Nonrepairable Motor Vehicle Manual* will be updated to incorporate these changes.

COUNTY ACTION

Please do not instruct applicants to pursue a court order or name the department as a party to any lawsuit. Please inform applicants who are denied a title of their option to seek a bonded title or a tax assessor-collector hearing. Applicants should not be instructed to seek a court order.

Please do not instruct an applicant who files a revocation affidavit on a first sale outside of the period allowed by rule to file a court order to rescind the title or offer a lawsuit as an option in that situation.

Please accept a court order from a lawsuit between private parties that transfers ownership to the applicant as acceptable evidence of ownership, despite the department not being named as a defendant.

Please inform an applicant applying for an assigned or reassigned number that they may use a court order awarding ownership to the applicant as evidence of ownership. The department should not be named as a defendant in such a lawsuit.

Please delete any sample petitions previously provided by the department, and do not distribute sample petitions to customers.

CONTACT

If you have any questions, please contact your local Texas Department of Motor Vehicles Regional Service Center.

Sincerely,



Jeremiah Kuntz, Director
Vehicle Titles and Registration Division

JK:TT:RB