



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hearings should be limited to answering the question of whether the department correctly refused to issue or correctly rescinded, canceled, revoked, or suspended the title.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

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