

TEXAS TITLE TRANSFERS

By Attorney Michael H. Wald

Every day in Texas vehicles are transferred from one owner to another, often with little or no comprehension of the laws that apply.

Title transfer is the common name given to the sale of a motor vehicle. To provide a better understanding of the process involved I will explain some of the fundamentals behind a title transfer.

When a vehicle is new and has no previous owner the dealer carries a manufacturer's certificate. Upon sale of the vehicle the manufacturer presents an application for certificate of title in the purchaser's name. The information and form of the title varies from state to state. In Texas an original title is blue die-stamped and includes information identifying the vehicle by year, make, model, and vehicle identification number. It is "unlawful for any person to alter, change, erase or mutilate" any title for the purpose of changing the identify or permanent vehicle identification number.

If a vehicle is financed for purchase the institution or individual carrying the lien will also be named on the original title. In Texas the financial institution retains the original vehicle title until satisfaction of the lien has been met at which time the lending institution releases the lien on the original title by a qualified representative's signature under the lien portion of the title.

During the period a lien exists the person actually in possession of the vehicle carries a non-negotiable title which is orange and white. This title cannot be used for the sale of a vehicle. This system protects all parties involved that have a financial interest in the vehicle. An individual cannot sell a vehicle without an original title, and an original title cannot be obtained until all liens

are released. That is why sales require old liens to be paid before the title can be transferred.

When you sell a vehicle, you are assigning title to a new owner, and, thus, the sale is known as a title transfer by assignment. The person named on the front of the title becomes the seller. On the reverse side of an original title at the top is a space for title assignment to the purchaser. The purchaser's name and address are required. Below the assignment area is a space for the vehicle's odometer reading with several options beneath the space for clarification on the accuracy of the mileage reading. Once the sale has been finalized the previous owner releases the vehicle to the new owner by signing the title, as it is printed on the face of the title. This signature is required under the odometer information. In Texas the transfer of a title requires the presence and signature of a notary public. It is a responsibility of the notary to compare the seller's signature to the signature on the face of the title, which should have been signed upon receipt by the original owner.

The title transfer process is simple but vitally important to the legality of the transaction and should be dealt with on a knowledgeable level. To obtain additional information you can call your local tax office or read the "Texas Motor Vehicle Law Guide."

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