

BILL ANALYSIS

C.S.H.B. 744
By: Dutton
Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, when a consumer purchases a motor vehicle through financing, the original application for the original title is created with lien holder's information. Once the loan is paid off and the lien is released from the motor vehicle, the lien holder does not automatically notify the Texas Department of Transportation.

Often times, the owner is unaware of this requirement, and unfortunately if the owner decides to sell the vehicle, and does not have the actual paper title in hand, that owner has to secure a release of lien letter from the original lien holder to show the Texas Department of Transportation, that in fact the lien has been paid off.

C.S.H.B.744 would require the lien holder to notify the Texas Department of Transportation of a discharge of a lien on a motor vehicle and require the department to update their records with the new information and rely on this notification from the lien holder.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 501.115, Transportation Code by amending Subsection (a) and adding Subsections (c) and (d) to provide that when a debt or claim secured by a lien has been satisfied, the lien holder shall within a reasonable time not to exceed the maximum time allowed by Section 348.408 of the Finance Code, execute and deliver to the owner or owner's designee, a discharge of the lien on a form prescribed by the department and notify the department by mail, electronic mail, or facsimile transmission of the discharge of the lien and the department must record the notification in the motor vehicle records.

The form must include a notice that the owner will not receive a new certificate of title with reference to the lien removed unless the owner applies for a new certificate of title.

A notification recorded in the motor vehicle records serves as a discharge of the lien if the form is lost.

SECTION 2. This Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007

COMPARISON OF THE ORIGINAL TO THE SUBSTITUTE

C.S.H.B.744 modifies the original H.B.744 by requiring the lien holder, within a reasonable time not to exceed the maximum time allowed by Section 348.408 of the Finance Code to execute and deliver to the owner or owner's designee, a discharge of the lien on a form prescribed by the department and notify the department by mail, email, or fax of the discharge of the lien. Additionally, a notification recorded in the motor vehicle records serves as a discharge of the lien if the form is lost.

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