

By: Lujan

H.B. No. 3412

A BILL TO BE ENTITLED

AN ACT

relating to the release of a motor vehicle title to a dealer after the discharge of a lien.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 501, Transportation Code, is amended by adding Section 501.0237 to read as follows:

Sec. 501.0237. ISSUANCE OF TITLE TO DEALER ON DISCHARGE OF LIEN. (a) A dealer who is unable to obtain a title for a motor vehicle from a lienholder after the discharge of a lien under Section 501.115(a) may apply to the department for a title in the dealer's name for resale purposes not earlier than the 20th day after the date the debt or claim secured by the lien is fully paid.

(b) An application under Subsection (a) must include:

(1) evidence of full payment of the lien in the form of a release of lien, proof of payment, electronic funds transfer, or other sufficient evidence acceptable to the department;

(2) evidence of ownership transfer from the previous recorded owner to the dealer; and

(3) if the vehicle is subject to odometer disclosure under Section 501.072, an odometer disclosure statement on a secure power of attorney form.

(c) If the department issues a title to a dealer under Subsection (a), the dealer assumes liability for any outstanding balance due to a lienholder on the motor vehicle and the lienholder

1 may exercise any available legal remedy to collect the outstanding  
2 balance.

3 (d) If a title issued to a dealer by the department under  
4 Subsection (a) is later rescinded, canceled, or revoked under  
5 Section [501.051](#), the department may revalidate a previously  
6 superseded or invalidated title.

7 SECTION 2. This Act takes effect September 1, 2023.