



# Transferring Title to a Motor Vehicle

From the Office of Minnesota Attorney General Lori Swanson

Whether you are buying or selling a vehicle, taking time to properly transfer title to your motor vehicle will save you time, money, and frustration. Every year, hundreds of people purchase motor vehicles without first inspecting the certificate of title to make sure that they are receiving clear title to the motor vehicle. Unfortunately, many of these people find themselves unable to obtain a title and registration for their new vehicle. Before purchasing a motor vehicle, you should always inspect the original certificate of title, lien releases, and other title documents.

## Make Sure There is a Good Chain of Title

First, you should make sure that the person selling the vehicle is listed as the owner on the certificate of title. If you are purchasing the vehicle from a licensed motor vehicle dealership, there may be additional dealer reassignment documents used to transfer the vehicle between dealerships. These documents are printed on special paper, like a certificate of title, and they have places for additional buyers and sellers to sign.

- Always inspect both the original certificate of title and the original dealer reassignment certificates to make sure there is an unbroken chain of title between the last registered owner and the dealership that is selling the vehicle.
- A reputable dealership should not hesitate to show you the original title documents and explain the chain of title to you. In fact, licensed dealerships are required to maintain title documents on location at their place of business.

## Security Interests or Liens

The next thing to look for on a certificate of title is whether there are any security interests or liens on the vehicle. When banks loan people money to purchase a vehicle, the bank's name is listed on the certificate of title as a "secured party." If there is still a security interest on a certificate of title for a vehicle that you are considering purchasing, ask the seller to obtain a lien release and order a duplicate title, free and clear of the security interest.

- In order to release the lien and remove the bank's name from the certificate of title, you must have an original lien release document from the bank, or have the bank sign the original certificate of title.
- Sometimes, the bank listed as a secured party is no longer in business, or will not respond to requests about the loan. If a loan is more than seven years old, you can send a certified letter to the bank asking it for a lien release. If the bank does not respond, you may be able to have the lien released by providing Minnesota Department of Public Safety (DPS) with the certified mail documents showing that the letter was returned to the sender.

## Watch Out for Title Brands!

Another important reason to examine the certificate of title is to look for title brands. Title brands to look for include "SALVAGE," "PRIOR SALVAGE," "FLOOD," "RECONSTRUCTED," "REBUILT," and "LEMON LAW VEHICLE." These title brands are intended to put consumers on notice that the vehicle has sustained major damage in a flood or accident, or that a previous owner had significant problems with the vehicle.

- If a vehicle has been acquired by an insurance company through payment of a total loss claim, the certificate of title must be stamped with the term "SALVAGE-MUST BE INSPECTED" in red. A salvage vehicle cannot be issued registration and cannot be driven on the road in Minnesota unless it passes a salvage inspection. The purpose of a salvage inspection is to deter people from restoring damaged vehicles with stolen replacement parts. The inspector looks to see if the vehicle still has its original major component parts. Any replacement parts must be documented with original receipts. You should avoid purchasing a salvage vehicle unless you only intend to use the vehicle for parts.

- If a salvage vehicle passes a salvage inspection, the title will be branded with the term “PRIOR SALVAGE.” A vehicle with a prior salvage brand may be registered and driven on the roadways just like a regular vehicle. The prior salvage brand means that the vehicle has been in a serious accident and it may diminish the value of the vehicle.
- In addition to examining the title, you can use online services such as CARFAX to determine whether the vehicle has been reported as damaged in an accident or flood.

### Original Documents are Required

The Minnesota Department of Public Safety (“DPS”) is the state agency that administers vehicle titles and registration. DPS requires an original certificate of title and other original title documents when you apply for title and registration. DPS will not accept a photocopy of title documents! When inspecting the title documents, insist upon seeing the original documents. This can be difficult if you are purchasing a vehicle online or where the owner is in a different location. If at all possible, you should make arrangements to inspect the original title documents before paying for a vehicle. At the very least, the seller should scan both sides of the certificate of title and any other title documents with a color copier or scanner and send them to you so you can inspect them. You may take these color copies to your local deputy registrar’s office and ask the deputy registrar’s staff if the documents appear authentic and whether the title is still valid.

### What Can I Do If I Purchase a Vehicle Without a Title?

If you purchase a vehicle without a certificate of title, and are unable to obtain either the original certificate of title or lien release, there may be ways of obtaining a certificate of title.

- If the vehicle is more than five years old, you may be able to apply for a bonded certificate of title. This requires you to obtain a surety bond from an insurance company in the amount of one and a half times the value of the vehicle, as determined by DPS. The bond will be held by DPS for three

years in case someone else makes a claim of ownership to your vehicle. The certificate of title will be branded with the term “BONDED.” If there are no claims made against the vehicle’s title for three years, the bond may be returned to you and new certificate of title may be issued without the title brand.

- If you are unable to obtain a bonded title, you may need to obtain a court order directing DPS to issue a certificate of title. You can find all the necessary forms and instructions on how to obtain a court order for a vehicle title by looking on the Minnesota Judicial Branch Web page at <http://www.mncourts.gov/selfhelp/>. Click on the link for “Help Topics Homepage,” then click on the link for “Car Title Problems” and follow the instructions to find the required forms and instruction guide.

### What About Selling My Vehicle?

If you sell a vehicle to a private party, it is important to make sure that the vehicle is properly transferred to the buyer. It is a good idea to meet the buyer at a local deputy registrar’s office and ask the staff at the deputy registrar’s office to assist you with the transfer of title. That way, you can be sure that the title is properly signed, and the purchaser pays the required sales tax and other registration fees. If the person who buys your vehicle does not transfer title and registration of your old vehicle into their name, you may receive demands for payment of that person’s parking tickets or tollway violations. You could even get sued if the vehicle is involved in an accident before the title is transferred to the new owner. To help avoid some of these issues, you may want to consider removing and keeping the license plates when you sell your car.

### Who Can I Contact With Questions?

If you have questions about transferring title to a vehicle, you can contact the Minnesota Department of Public Safety, Driver and Vehicle Services Division by telephone at (651) 297-2126 or by email at [dvs.motor.vehicles@state.mn.us](mailto:dvs.motor.vehicles@state.mn.us). You can also visit your local deputy registrar’s office with questions about vehicle titles and registration.