

### **Transfer Penalty Related Questions:**

**1. How and why is the transfer penalty due on bonds and hearings?**

HB 2357 changed the requirements for the delinquent transfer penalty. The penalty now applies to most transfers. Refer to question 3 for more details.

**2. The Comptroller has advised that vehicles previously titled out-of-state pay a late sales tax penalty based on a document showing the delivery date or first use in Texas (Page III-22 of Motor Vehicle Tax Guidebook). The date on the form VI-30, which is an acceptable Comptroller document, is the most commonly used date because it is required with most out-of-state transactions. Can this date be used to determine both penalties?**

No, the Tax Code requires the sales tax to begin when the vehicle enters the state, whereas the Transportation Code requires the date of assignment to be used. The Date of Assignment and Sales Tax Date are currently one and the same in RTS. It will be necessary for the delinquent transfer penalty to be calculated manually or by using the Calculator tool added to the County Hub page until additional programming is complete.

- **The State Comptroller allows the entry date into Texas to be used as the start date of the sales tax penalty. If the vehicle was purchased 3 months ago but just brought into Texas (established based on VI-30 date) last week, would there be a transfer penalty but not a sales tax penalty?** Yes, this is correct, there would be a delinquent transfer penalty since the vehicle was transferred more than 30 days ago, but not a sales tax penalty since the vehicle has been in Texas for less than 30 days. Until programming changes can be made to RTS, out-of-state transfers should use the first documented date in Texas, such as the VI-30 date, to calculate the sales tax penalty in the "Date of Assignment/Sales Tax Date" field. The delinquent transfer penalty should be calculated manually or by using the Calculator tool on the County Hub page.

**3. Please clarify the dates on court orders, bond letters, title hearings and MCOs for charging penalties.** To determine the date of assignment/sale:

- Court Orders:
  - a. Use the date on the Bill of Sale; if not available, then
  - b. Use the date the court order was signed by the judge (or made effective)
- Bonded Titles and Title Hearings:
  - a. Use the date on the Bill of Sale; if not available, then
  - b. Use the date on the TxDMV Rejection Letter or the Hearing Date.
- MCOs: Use the date of assignment

**4. If a customer purchased a vehicle four years ago and is now asking for a hearing, would a penalty be assessed for the four years?** Yes, if there is a bill of sale establishing the date of assignment the penalty would be collected on transactions dated from January 1, 2008.

**5. Should the penalty be collected when an unrecorded lienholder is required to title in their name after repossession?** No, the penalty should not be collected in this situation because a sale has not occurred.

**6. Is the penalty due on dealer resale transactions, i.e. dealer applies for title in the name of the dealership?** If the dealer applies for a title, no penalty is collected.

**7. Is there an exemption list for new delinquent transfers?** An updated list of exemptions will be available in the next Title Manual release. The delinquent transfer penalty does not apply to the following:

- Vehicles that are eligible to be issued classic/antique plates under section 504.501 and 504.502;
- A motor vehicle dealer that is applying for title in the dealership's name;
- Vehicles purchased by exempt agencies;
- Vehicles transferred by Operation of law where no sale or auction has occurred such as estates of decedents, bankruptcies, etc.;
- Corrected title transactions (no transfer of ownership); or
- Unrecovered stolen vehicles being titled by insurance companies.

**8. When transferring ownership for an incomplete vehicle on a MCO, what date should be put into RTS as the date of sale? Should the date of the certified weight slip or the date of assignment that is listed on the MCO be entered?** This has not changed. An incomplete vehicle cannot be titled. Once the vehicle has been completed, a weight slip can be used for the date of sale in RTS.

**9. Will out-of-state vehicles/MCO's/etc. with a date of sale prior to 1/1/2012 be grandfathered so that no transfer penalties apply?** Only transactions with a sale date prior to January 1, 2008, are grandfathered as specified in HB 481 from the 80<sup>th</sup> Legislative Session. HB 481 increased the delinquent transfer penalty from a flat \$10 penalty to the current time periods and amount. HB 2357 did not grandfather any transactions.

- **If a sale date is before January 1, 2012, does 30 calendar days or 20 working days apply?** 30 calendar days would apply.
- **For clarification, are there any changes in the collection of the sales tax penalty for vehicles transferred before January 1, 2012?** There has been no change in the collection of sales tax penalty.
- **Can RTS be corrected so the delinquent fee is not charged if the sales date is before 1-1-12?**  
No, as this would not be in compliance with the statute.

### **Disabled Veteran(DV) Related Questions:**

**10. The application for DV plates allows for 2 placards. Is this only if they have 2 vehicles?** Yes, an applicant can have one disabled parking placard for each set of Disabled Veteran license plates they have. The form has been revised for clarity.

**11. How many sets of DV plates can a person obtain?** A person may obtain a set of DV plates for each vehicle they own; however, only the first set is \$3. Each additional vehicle will require full registration and any other applicable fees.

**12. The maximum number of placards that can be ordered per transaction is 5, however the customer is requesting more than 5; is that possible?** Yes. If they have 20 cars with Disabled Veteran license plates, they can have 20 placards. These would be processed in RTS by doing multiple transactions of up to five.

**13. Can a placard be issued on a DV plate with an ISA symbol?** Yes.

- 14. Does an applicant have to show proof of how many DV plates they have in order to receive a placard for each one?** There is no requirement in law. We suggest the applicant show a registration receipt for each, or the DV license plates could be verified through RTS.
- 15. Do disabled veterans pay for the placards?** No, there is no fee for a permanent parking placard.
- 16. According to the Registration Manual, disabled veterans are limited to 2 sets of plates. Is this correct?** Due to legislative changes a Disabled Veteran (DV) may have a set of DV license plates for every qualified vehicle they own. Since there were substantial legislative changes resulting in a major re-write of the manual, this change as well as all others will be updated with the revised Registration Manual which should be available in April.

**E-Title Related Question:**

- 17. Are E-Titles still processed as corrected titles when the lien has been satisfied? Is this correct when the only change is a release of lien date in RTS?** No, with RTS Release 6.9.0, when an electronic release is received (from the lender) on an E-Title record, the system will now automatically print a clear title and mail it to the recorded owner. There were actually two ELT changes with Release 6.9.0:
- The first is the automatic printing of a title when an e-release confirmation is received.
  - The second is the recording of an E-Title print date. The E-Title print date occurs when an E-Title record is converted to a paper title.
- 18. If an error was made or occurs on an E-Title by a financial institution or dealer, does a paper title have to be issued to process a corrected title?** A paper title is not required to correct errors when there is no change in ownership or lienholder. A Vehicle Inquiry can be used to show proof of ownership when an E-Lienholder is making a title correction.
- 19. How should address changes be handled on E-Titles?** The same procedures used for paper titles apply to an ELT. The owner's address can be updated in RTS at the county, region, Austin headquarters or online. A lienholder's address normally requires a corrected title transaction in RTS. Inquiries from financial institutions should be referred to a Regional Service Center.
- 20. If one lienholder pays off another lienholder, does the title go to the customer?** This has not changed. If one lienholder pays off another lienholder (refinance), the new lienholder should receive the title if the existing e-lienholder releases/requests a paper title to be printed and mailed (as specified in the ELT Specification Document).

**MISC Questions:**

- 21. What is the definition of a "park model" trailer?** Chapter 14 of the Title Manual and Chapter 9 of the Registration Manual describe a "park model type" trailer as: built on a single chassis, 400 square feet or less when measured at the largest horizontal projections, permanently towable by a light duty truck, and designed primarily not for use as a permanent dwelling. This is based on the definition of manufactured housing in Occupations Code 1201.003 which is in compliance with federal statute.
- 22. Is there still a \$5.00 plate transfer fee?** No, this fee was repealed from law. The checkbox in RTS was renamed to accommodate the elimination of the fee. The checkbox now displays "Plate to Owner Transfer".

- 23. When is the \$2.50 transfer fee charged?** Any time there is current registration on a vehicle at the time of title transfer (regardless of whether registration is being renewed).
- 24. Is an Inquiry receipt accepted for HB252?** An inquiry receipt is not considered a registration receipt since it is primarily issued for vehicles with expired registration; refer to RTB #36-11.
- 25. If a customer has processed an exchange from regular/stock passenger plates to special plates, the Registration Manual states that the plates and sticker should be turned in before issuing the special plate to the vehicle. If the customer did not turn in the stock plate, and later wants to put that plate on another vehicle they own, is that allowed since the plate should have been surrendered and cancelled?** When an Exchange is processed in RTS, the passenger plate is cancelled and it would not be available to transfer to another vehicle they own.
- 26. Can a temporary permit be issued on a record with a Vehicle Transfer Notice?** Yes, a Vehicle Transfer Notification is not a hard stop in RTS for the issuance of a temporary permit.
- 27. Is there a limit to the number of 30-day permits that can be issued to the same customer?** A warning message will pop up after the third permit has been issued. Statute does allow for the county to refuse the issuance of a 30-day permit if the county thinks the person is circumventing the law by not transferring ownership of the vehicle. These requests are evaluated on a case by case basis, since there may be a legitimate reason for the issuance of more than three 30-day permits.
- 28. Has there been any consideration given to holding an open Q & A information exchange?** Title Services recently conducted an Information Exchange (WebEx) on March 20th. Other Information Exchanges are currently being evaluated and more information will be forthcoming when they are scheduled.
- 29. Form 130-U states that paperwork has to be filed within 20 working days or within 20 days from the date of entry of the vehicle into Texas.** The reference to "20 working county days" on the 130-U has been revised to read "30 days" and is in the process of being printed. You will need to continue to use the current stock of 130-U applications until the new stock is available.
- 30. When we have storage or mechanic liens, we obtain internet printouts for vehicle records. Why can we not require a certified record from the state of record?** We are currently working on this issue and will provide additional information in the near future.