

# Vehicle Licensing Guide

## Reposessed Vehicle -Title Requirements VLIC-3.125

**Original Date:** 09/09/1998  
**Revision Date:** 10/01/2018

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POLICY	
<b>Title:</b> Repossessed Vehicle-Title Requirements	
<b>Effective Date:</b> 09/09/1998	<b>Revision Date:</b> August 10, 2018
<b>Authority:</b> Code of Virginia §§ <a href="#">46.2-633</a> , <a href="#">46.2-633.1</a> , and <a href="#">58.1-2403</a>	
<b>Policy:</b> <b>&lt;&lt;&lt;&lt;&lt;REVISION</b> A <b>lienholder</b> who repossess a vehicle titled in Virginia or out-of-state must obtain a Virginia repossession title in the lienholder's name before selling the vehicle in Virginia. <ul style="list-style-type: none"><li>○ Lienholders are exempt from sales and use tax when obtaining a Virginia repossession title in the lienholder's name in accordance with Va. Code § <a href="#">58.1-2403</a> provided the vehicle is NOT registered by the lienholder.</li></ul> A lienholder is not required to obtain a repossession title in his name if he sells an out-of-state reposessed vehicle to a Virginia or out-of-state licensed motor vehicle dealer for resale. <ul style="list-style-type: none"><li>○ When the dealer sells the previously reposessed vehicle, all documents required for repossession in the other state as listed on the back of the Repossession of Vehicle Titled Out of State (<a href="#">VSA 98</a>) must accompany the application for title. <b>END REVISION&gt;&gt;&gt;&gt;&gt;</b></li></ul>	
<b>Exception:</b> N/A	

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### DEFINITIONS

**Repossession** – When a vehicle that is held as collateral for a loan (security interest), is taken back from the owner by the lienholder (business, financial institution, person, etc.) due to nonpayment of monies owed, or for other default of the contract terms, with the intention of recovering the debt.

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### OVERVIEW

When repossessing a vehicle, lienholders may apply for a Virginia repossession title in the name of the lienholder to allow them to resell the vehicle in Virginia, OR they may sell the reposessed vehicle to a Virginia or out-of-state licensed motor vehicle dealer for resale without obtaining a repossession title.

- Lienholders must submit the Repossession of Vehicle Titled Out-of-State (VSA 98) to apply for a Virginia repossession title.
- Out-of-state lienholders must submit all documents required for repossession in the other state as indicated in the **State of Title/Requirements** list on the back of the [VSA 98](#).

Out-of-state reposessed vehicles sold through a Virginia dealer without the issuance of a Virginia repossession title require submission of all repossession documents required by the state of title when titling the vehicle in the purchaser's name.

- When an out-of-state dealer sells a reposessed vehicle to a customer for titling in Virginia, refer to the **State of Title/Requirements** list on the back of the [VSA 98](#) for a list of required repossession documents. Submission of the VSA 98 is not required when titling in the purchaser's name.

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## CUSTOMER REQUIREMENTS

### Lienholder Applies for a Virginia Repossession Title:

1. Submit the following:
  - Application for Certificate of Title and Registration ([VSA-17A](#)) or Application for Certificate of Title- Manufactured Home ([VSA-17B](#)).
  - Virginia certificate of title, or valid title from out-of-state (if a title is required in the other state).
  - Proof of address (lienholders who are businesses are not required to submit proof of address).
  - Repossession of Vehicle Titled Out of State ([VSA 98](#)) signed by the lienholder, or lienholder's agent.
    - [VSA 98](#) is required to be submitted when the vehicle being repossessed is titled **out-of-state** and the lienholder completes application for a Virginia repossession title in the lienholder's name,
    - [VSA 98](#) is NOT required when the vehicle is titled **in Virginia** and the lienholder applies for a Virginia repossession title in the lienholder's name.
  - All documents required for repossession in the other state must be submitted for repossessed vehicles titled out-of-state as indicated in the **State of Title/Requirements** list on the back of the [VSA 98](#).
2. Pay the appropriate fees:
  - Titling fee
  - The greater of either the SUT on the NADA trade-in value or minimum SUT for lienholders who decide to register the vehicle in the lienholder's name. This is true for both individuals who hold a lien, or financial institutions.

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- Because NADA does not provide a trade-in value for mopeds, ATVs, or off-road motorcycles, use the **NADA average retail value** in place of the trade-in value to base SUT on when the lienholder titles AND registers the vehicle. Minimum SUT does not apply to these vehicles (refer to [VLIC-4.620](#) and [Internet NADA Guide](#)). **END REVISION>>>>>**

### Dealer Sale of Out-of-State Repossessed Vehicle

1. For out-of-state repossessed vehicles being sold by a dealer for which a Virginia repossession title is not issued, submit the following:
  - All required applications, out-of-state ownership and other required documents following guidelines in [VLIC-3.000](#),
  - All documents required for vehicle repossession by the state of title, as listed in the State of Title/Requirements section on the back of the VSA 98.

**NOTE:** The VSA 98 is not submitted when titling an out-of-state vehicle that was repossessed and sold by a motor vehicle dealer.
2. Required fees in accordance with [VLIC-3.000](#).

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## FRONT COUNTER CSR

### Virginia Repossession Title in Lienholder's Name:

1. Verify that the [VSA-17A](#) or [VSA-17B](#) is completed and signed.
2. Verify proof of address in accordance with [VLIC-3.530](#) (not required for lienholders who are businesses).
3. Verify submission of the Virginia certificate of title or out-of-state title (for states that issue titles for the vehicle type)
  - Verify that the lienholder shown on the certificate of title (and other associated documents) matches the lienholder applying for the repossession title.
  - Titles submitted will still be in the name of the registered owner.
  - If the Virginia certificate of title is not available at time of application:
    - Lienholder must apply for a replacement title by completing the Application for Replacement and Substitute Titles ([VSA 67](#)) in accordance with [VLIC-3.115](#).
    - Lienholder must wait to receive the replacement title in the mail and return to apply for the repossession title, submitting the replacement title with the application.
  - If the out-of-state title is not available at time of application due to one of the reasons listed below, check to verify the:

- National Automobile Dealers Association (NADA) Title and Registration Textbook indicates either the model year of the vehicle is prior to the year that the state of registration began issuing titles (non-title state), or that the state does not require titling for that model year vehicle,
- OR
- The state in which the vehicle is titled does not require submission of the title as part of its repossession requirements as indicated in the list of State of Title/Requirements on the back of the VSA 98.

If any of the circumstances above are not verified by the NADA or on the VSA 98, advise the applicant they must submit the out-of-state title with the application for a repossession title.

4. Verify submission of the [VSA 98](#) for vehicles repossessed out-of-state being titled to the lienholder:
    - [VSA 98](#) is NOT required when a vehicle titled in **Virginia** is repossessed, and the lienholder applies for a Virginia repossession title in the lienholder's name-  
**IMPORTANT:** Do not confuse the issuance of a Virginia repossession title in the name of a lienholder with titles for repossessed vehicles sold through a dealer. Repossessed vehicles sold through a dealer to a purchaser are processed as a standard title transaction and processed in accordance with guidelines in [VLIC-3.000](#).
  5. Verify submission of all documents required for repossession in the other state (for vehicle titled out-of-state and repossessed), as indicated in the **State of Title/Requirements** list on the back of the [VSA 98](#).
    - For documents on the back of the [VSA 98](#) not shown to require certification, faxed and photocopied documents may be accepted.
  6. Collect the appropriate fee(s):
    - Titling fee
    - SUT, if required
      - Individual lienholders and financial institutions that not only title the vehicle, but also register it in the name of the lienholder, must pay the greater of the SUT based on the NADA trade-in value of the vehicle or minimum SUT (refer to [VLIC-4.620](#)).
- <<<<<REVISION
- Because NADA does not provide a trade-in value for mopeds, ATVs, or off-road motorcycles, use the **NADA average retail value** in place of the trade-in value to base SUT on when the lienholder titles AND registers the vehicle. Minimum SUT does not apply to these vehicles (refer to [VLIC-4.620](#) and [Internet NADA Guide](#)). **END REVISION>>>>>**
7. Continue processing title in accordance with [VLIC-3.000](#).

#### Dealer Sale of Out-of-State Repossessed Vehicle

1. For out-of-state repossessed vehicles being sold by a dealer for which a Virginia repossession title is not issued, verify submission of the following:
  - All required application(s), ownership and other required document(s) following guidelines in [VLIC-3.000](#).
  - All repossession documents required by the state where the vehicle is titled, as listed in the **State of Title/Requirements** section on the back of the VSA 98.

**NOTE:** The VSA 98 is not submitted when titling an out-of-state vehicle that was repossessed and sold by a motor vehicle dealer.
2. Continue processing title following guidelines in [VLIC-3.000](#).

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#### DMV CONTACT CENTER ACTIONS

1. Do NOT promise acceptability of customer documents.
2. Do NOT use phrases like:
  - "You have everything you need. Just go to a CSC and they will process your transaction."
3. Do use phrases like:
  - "The documents you have sound like they may be acceptable. You will need to take the documents to the CSC and have them verified. The CSC will make the final determination of your eligibility for your desired transaction."

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## POINTS TO REMEMBER

1. Titling a vehicle in the lienholder's name once it has been repossessed prevents the privacy information of the previous owner from being divulged to the new purchaser.
2. Once a repossession title is issued in the lienholder's name, any subsequent sale from the lienholder to a purchaser is processed as a standard title transaction; the purchaser will not need to submit any types of repossession documents at time of application.
3. For vehicle owners who reacquire a vehicle from the lienholder after repossession, refer to [VLIC-3.625](#) for guidelines on transferring a title with a lien to determine sales and use tax due.
4. The [VSA 98](#) must be submitted for vehicles titled out-of-state that are being issued Virginia repossession titles in the lienholder's name.
5. Vehicles titled out-of-state that were repossessed and sold by Virginia or out-of-state dealers to a purchaser who will title it in Virginia are not first required to be retitled in the other state or obtain a Virginia repossession title. Because the vehicle was repossessed and not retitled prior to its sale, all documents required for repossession by the other state, as listed in the **State of Title/Requirements** section on the back of the [VSA 98](#), must be submitted at time of application.
6. If a certified copy of a document IS required according the **State of Title/Requirements** list on the back of the [VSA 98](#), a fax or photocopy WILL NOT be acceptable.
7. If a certified copy of a document IS NOT required, a fax or photocopy WILL be acceptable.

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## RELATED LINKS

[Titling a Repossessed Vehicle](#)

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## CONTACT

For additional information contact :

- Your CSC Manager/Assistant Manager
- DMV Contact Center Help Desk at (804) 367-6646
- VSA/[Titling Work Center](#)

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