

Vehicle Licensing Guide

Title Transfer With Lien VLIC-3.625

Original Date: 04/05/2005

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POLICY	
Title: Title Transfer With Lien	
Effective Date: April 05, 2005	Revision Date: May 10, 2014
Authority: Code of Virginia §§ 46.2-623 , 46.2-636 , 58.1-2402 , 58.1-2403	
<p>Policy: Upon application from the customer and certification from the lienholder, DMV will:</p> <p>A. Add or remove an owner name(s) from a title with an existing lien and exempt the title transfer from the motor vehicle sales and use tax (SUT) provided that:</p> <ul style="list-style-type: none">• The original loan contract for the vehicle remains in force as originally recorded, and• The lienholder authorizes the addition or removal of the owner name(s). <p>B. Transfer a title with a new lien to a current owner's name and exempt SUT on the transfer provided that:</p> <ul style="list-style-type: none">• The person in whose name the title is issued is the current owner (s) of the vehicle, and• The new lien recorded on the title is for reasons other than for the purchase of the vehicle. <p style="text-align: center;"><<<<REVISION</p> <ul style="list-style-type: none">◦ SUT is due if the new lien is to purchase the vehicle back after a repossession. <p>C. Transfer title to a repossessed vehicle back into the name(s) of the original owner(s) and exempt SUT on the transfer, provided it is under the same terms and conditions of the original contract. END REVISION>>>></p> <p>IMPORTANT: To qualify for the SUT exemption on the title transfers above, at least one original owner must remain on the newly issued title, and SUT must have been paid by the current owner when the vehicle was first titled (unless qualified as tax exempt).</p> <p>D. Transfer a title with an existing lien to a new buyer and collect the greater of the SUT on the sale price (unpaid balance of lien and any monies paid to seller for purchase), or minimum SUT (unless the buyer is exempt from SUT) provided that:</p> <ul style="list-style-type: none">• The purchaser was not on the original loan contract for the vehicle, and• The lienholder authorizes the purchaser to assume the seller's unpaid obligation for the vehicle.	
Exception: N/A	

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CUSTOMER REQUIREMENTS

1. Obtain certification from the lienholder on the Transfer of Certificate of Title with Lien ([SUT 4](#)) to process one of the following transactions:
 - Add or remove owner name(s),
 - Grant a new lien to the current vehicle owner, or
 - Allow a buyer to assume the lien on a vehicle from the seller.
2. Submit the following:
 - Completed Application for Certificate of Title and Registration [VSA 17A](#), for out-of-state vehicles,
 - Virginia or out-of-state title, completed and signed by the buyer and the seller (when applicable),
 - Transfer of Certificate of Title with Lien ([SUT 4](#)), completed and signed by the lienholder,
 - Proof of address (if applicable-refer to [VLIC-3.530](#)).
3. Pay appropriate fee(s),
 - Titling fee
 - When a lien is being assumed, unless the buyer is exempt from SUT pursuant to VA Code § [58.1-2403](#), the sales and use tax (SUT) on the sale price of the vehicle (unpaid balance of the loan plus any

- monies paid to the seller),
- OR
- Minimum SUT, if greater than SUT above.
- Registration fees, if applicable

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FRONT COUNTER CSR

1. Verify the application is completed and signed accurately.
 - a. For adding or removing owner name(s) when there is no change to the loan contract, verify the current owner has:
 - i. Signed as seller and completed the date of sale, sale price in Section A of the title,
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 - ii. Recorded the odometer reading at the time of the sale in the “assignment of title” or on a “DMV Odometer Disclosure Statement ([VSA-5](#))/Non-Secure Out of State Odometer Disclosure Form following guidelines in [VLIC-3.520](#)). **END REVISION>>>>>**
 - iii. Signed as buyer in Section A and completed the application for a new title on the back of the title.
 - iv. For out-of-state titles, verify completion of the [VSA 17A](#).
 - b. When adding a new lien, or when a buyer is assuming the seller’s lien, verify that the lienholder has released the existing lien by signing in the lien section on the current title, or by providing a lien release.
2. Verify the customer has an approved proof of address document. (Refer to [DMV-177](#) and [VLIC-3.530](#).)
3. Verify that lienholder has accurately completed and signed the [SUT 4](#).
4. Exempt the following transfer title with lien transactions using the “Transfer” tax exempt code in accordance with [VLIC-4.620](#).
 - Adding or removing owner’s name(s) from a title with a lien.
 - Verify that:
 - At least one of the original vehicle owners will remain on the newly issued title,
 - The lienholder certifies that the original loan contract is not being changed,
 - Lienholder authorizes the addition to, or removal from the title, the owner name(s) identified on the [SUT 4](#).
 - Re-titling a vehicle with a new lien into the current owner’s name.
 - Verify that:
 - Lienholder certifies that the new lien is for reasons other than purchasing the vehicle.
 - The vehicle is to be titled back into the name of the current owner.

IMPORTANT: Do not confuse adding a lien with a supplemental lien. Adding a lien is an exceptional situation where a current vehicle owner must obtain a new lien on the vehicle they already own (and for which they paid SUT at time of purchase) due to circumstances outside of their control. When there is question about the circumstances of the new lien, request assistance from management or designee.

IMPORTANT: If the conditions for adding or removing owner name(s), or retitling a vehicle with a new lien above are not met, advise the customer the following:

 - A new title must be processed,
 - The existing lien must be satisfied (refer to [VLIC-3.615](#)), and
 - The greater of SUT on the NADA trade-in value of the vehicle, or minimum SUT must be paid
5. ENSURE THAT ALL LIENS HAVE BEEN RECORDED.
 - If the customer requests an electronic record of the title (no paper title print), whether a lien exists or not, use the held code “CUST” on the vehicle record.
 - Titles with liens print in overnight batch in Headquarters and are mailed to the lienholder the next business day.
6. Issue or transfer license plates, if applicable, in accordance with [VLIC-4.120](#).
7. Continue processing title in accordance with [VLIC-3.000](#).

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DMV CONTACT CENTER ACTIONS

- Advise customers applying to transfer an existing lien that application may be made in the following ways:
 - Lienholder can request DMV Contact Center to mail the [VSA 17A](#) and [SUT 4](#) for completion and mailing to DMV, then return all completed and signed documents through the mail, including a cover letter explaining the request and payment (if applicable) to:
 - Virginia DMV
Attn: Titling Work Center
P.O. Box 27412
Richmond, VA 23269
 - OR
 - Lienholder can give documents to the new owner to carry to a Customer Service Center (CSC), DMV Select, or DMV Headquarters.
- Paperwork to transfer a title with lien can be submitted to DMV in any of the following ways:
 - Lienholder gives the properly assigned title and completed [SUT 4](#) to the new owner to submit to a Customer Service Center (CSC), or to DMV Headquarters for the transfer. The applicant will complete section A on the front of the title and pay appropriate fees.
 - OR
 - Lienholder mails the assigned title and completed [SUT 4](#) to a CSC, along with a cover letter on letterhead paper explaining the transaction and including the following information:
 - Owner's name
 - Daytime phone number to reach the owner
 - Signature of authorized personnel
 - OR
 - DMV Contact Center agents may mail the VSA 17A and [SUT 4](#) to the lienholder. The lienholder will obtain the seller and buyer signatures and complete the [SUT 4](#). The lienholder will mail the paperwork, along with appropriate fees, to DMV Headquarters for processing. Once processed, the title will be mailed by DMV to the lienholder and the registration card to the new owner.
- Do NOT promise the acceptability of documents to customers.
- Do NOT use phrases like:
 - "You have everything you need, just go to a CSC and they will issue your document."
 - Use phrasing such as:
 - "The documents you have listed sound like they may be acceptable: The CSC will make the final determination of your eligibility to receive your Virginia title and/or registration card."

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POINTS TO REMEMBER

- Lienholders must certify approval to add or remove owner name(s), retitle vehicles to current owner with new lien, or for buyers to assume the lien from a seller when transferring a title with lien by completing and signing the [SUT 4](#) before the title with a lien may be transferred to a buyer/transferee.
 - A title transferred with a lien when the buyer is assuming the seller's lien is subject to paying the greater of either the SUT on the unpaid balance of the loan plus any monies paid to purchase the vehicle, or minimum SUT.
- <<<<<REVISION**
- A title transferred back to the original owner after repossession under the same terms and conditions of the original contract is exempted from SUT using the "Transfer" tax exempt code in accordance with [VLIC-4.620](#).
 - A title transferred back to the original owner after repossession under a NEW contract (including new terms and conditions) is subject to paying the greater of SUT on the unpaid balance of the loan, or minimum SUT. **END REVISION>>>>>**

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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](#)