

810-5-75-.24 Title Procedure - First & Second Lien(s) to be Recorded (Security Interest Created by Owner). Title Procedure - Assignment and Transfer of Lien by Lienholder.

Whenever a lien is to be recorded on a certificate of title and there is no transfer of ownership, the procedures listed below must be followed:

(1) Title Procedure – First Lien to be Recorded.

(a) If the lienholder is a designated agent of the Department of Revenue or can qualify as a designated agent in accordance with Section 32-8-34 or 32-20-22, Code of Alabama 1975, or rules promulgated thereunder, then form MVT 5-1E, Application for Certificate of Title, must be completed by the lienholder through an electronic application provided by the Department.

(b) If the lienholder is not a designated agent and cannot qualify as a designated agent in accordance with Section 32-8-34 or 32-20-22, Code of Alabama 1975, or rules promulgated thereunder, then form MVT 20-1 or MVT 20-1E, Application for Certificate of Title to Record or Transfer a Lien, must be completed. Form MVT 20-1 or MVT 20-1E can only be used when the current certificate of title is an Alabama title and there is no change in ownership of the vehicle in conjunction with the recording of the new lien. Note: Form MVT 20-1E is generated through an electronic application provided by the Department and form MVT 20-1 is a paper form that does not originate through the electronic application provided by the Department.

(c) Forms MVT 5-1E, MVT 20-1, and MVT 20-1E must be completed legibly and in their entirety. Form MVT5-1E must be signed and dated by the designated agent and owner(s). Form MVT 20-1 or MVT 20-1E must be signed by the lienholder and owner(s).

(2) The lienholder or designated agent shall immediately cause the application, Alabama certificate of title, supporting documents, and fee, as provided for in Section 32-8-6 or 32-20-4, Code of Alabama 1975, to be delivered to the Department in a manner as prescribed by the Department.

(3) Title Procedure – Second Lien to be Recorded.

(a) Whenever a second lien is to be recorded on a title, the procedures set forth in order to record the first lien will apply. No more than two liens may be recorded on the certificate of title.

(b) Once the application (Form MVT 5-1E, MVT 20-1, or MVT 20-1E) has been signed and dated, it must be delivered to the first lienholder listed on the applications in accordance with Section 32-8-61, Code of Alabama 1975.

(c) The first lienholder will immediately cause the application, Alabama certificate of title, any supporting documents, and fee as provided for in Section 32-8-6, Code of

Alabama 1975, to be delivered to the Department in a manner as prescribed by the Department.

(4) Title Procedure – Assignment and Transfer of First or Second Lien by Lienholder.

(a) In the event the lienholder needs to transfer a lien to another lienholder and there is no transfer of ownership, form MVT 20-1 or MVT 20-1e must be completed regardless of whether the lienholder is a designated agent. An example of the use for this form is as follows:

Example. The lienholder assigning the lien interest must list the new lien information on form MVT 20-1 or MVT 20-1E. This procedure records the lien interest of the new lienholder and is required to record the lienholder on the Alabama certificate of title. The owner(s) name(s) and original lien date cannot be changed.

(5) Note: Once form MVT 20-1E is available for use through an electronic application provided by the Department, form MVT 20-1 may no longer be used to apply for certificate of title to record a lien or assign and transfer a lien.

Author: Mike Gamble, Jonathan Lawrence
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