

BILL ANALYSIS

Senate Research Center

S.B. 1507
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Infrastructure Development and Security
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As Filed

DIGEST AND PURPOSE

As proposed, S.B. 1507 authorizes an owner of a vehicle, under certain conditions, to use a power of attorney to authorize an agent to execute title documents for the owner when the owner is voluntarily transferring title to the vehicle.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 501.076, Transportation Code, as follows:

- (a) Authorizes an owner who has a contractual option to transfer ownership of a vehicle in full or partial satisfaction of the balance owed on the vehicle, as provided in Section 348.123(b)(5) (Motor Vehicle Installment Sales), Finance Code, to execute a written power of attorney that authorizes an agent to complete and sign for the owner, and provide to the transferee, the form to transfer the title under Section 501.071 and the odometer disclosure under Section 501.072 of the Transportation Code, and the other documents necessary to transfer title.
- (b) Authorizes the owner to execute the power of attorney at the time the owner enters the contract giving the owner the option to transfer the vehicle, or at any time after that date. Authorizes the power of attorney to only be used if an owner elects to transfer the vehicle in full or partial satisfaction of the contract, and prohibits use by the holder of the contract as part of the holder's exercise of a remedy for a default by the owner under the contract.
- (c) Requires the person named as the agent in the power of attorney to meet certain requirements.
- (d) Requires the holder of a contract to accompany the power of attorney with a written statement that the vehicle was returned at the election of the owner in full or partial satisfaction of the owner's obligations under the contract and not as the result of the exercise by the holder of the contract of its remedies for default, if a power of attorney is used under subsection (a).
- (e) Authorizes a written odometer statement to be included on or with the power of attorney, or be provided at a later date. Provides that if a written odometer statement is not provided, the agent is authorized to rely upon physical inspection of the odometer or other reasonable measures to determine the vehicle mileage and complete the odometer disclosure for the transfer. Authorizes the holder of the contract or agent to, at least twenty days before the transfer of title, mail to the owner at the owner's address on the title or the last address known to the holder of the contract, notification that the owner is required by law to notify the agent, at an address specified in the notice, before the expiration of the notice period if the owner knows that the odometer does not reflect the actual mileage of the vehicle, if the agent does not receive a written odometer statement.

Requires such a notification to be in bold letters, underlined or otherwise conspicuous, and to be a separate statement or included in documents with other information relating to the potential transfer. Requires an owner to notify the agent of that fact within the stated notice period, if the owner knows that the odometer does not reflect the actual mileage of the vehicle.

(f) Provides that this section does not in any way impair or impede any transfers made through use of a power of attorney prior to the effective date of this section, and requires such transfers to continue to be valid if they comply with the provisions of this section or would otherwise comply with the law in effect prior to the effective date of this section. Provides that this section does not apply to powers of attorney authorized under federal law or regulation that authorize a transferee to act as the agent of the transferor under certain circumstances, or to powers of attorney otherwise authorized by the law of this State. Provides that this section does not affect the use of powers of attorney to sign, complete and deliver the form to transfer title and other documents necessary to transfer title, including the odometer disclosure, in title transfers other than those described in Subsection (a).

SECTION 2. Effective date: September 1, 2003.