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Secretary of State

Vehicle Services Department

FACT SHEET

Obtaining a Title for a Repossessed Vehicle

Effective Jan. 1, 1999, P.A. 90-665 and 92 Illinois Administrative Code 160 revised the procedures prescribed by the Illinois Vehicle Code (625 ILCS 5/3-114(f)) with respect to the repossession of vehicles by lienholders. Requirements are as follows:

Voluntary Repossession of a Vehicle

1. Once the owner assigns the vehicle over to the lienholder, the lienholder may reassign the vehicle to the new purchaser on the back of the Certificate of Title. The lienholder has 20 days from the date of sale to provide the purchaser with the reassigned Certificate of Title.
2. The lienholder must release interest in the vehicle by executing the "Release of Lien" area on the face of the Certificate of Title.
3. A statement on the lienholder's letterhead stating that the transaction is a voluntary repossession must be submitted.

The purchaser must submit:

- Application for Vehicle Title and Registration (if applicable) and appropriate fee.
- Certificate of Title properly assigned to the purchaser on the back in the "First Reassignment of Title" area.
- Appropriate tax form and separate check payable to Illinois Department of Revenue (see Tax Requirements on back).

Involuntary Repossession of a Vehicle

For ALL involuntary repossessions, the lienholder must mail or deliver to the owner a Notice of Redemption, which must include:

- Name of the Owner and a Statement in bold type at or near the top of the notice that the vehicle was repossessed on a specified date for failure to make payments on the loan (or other reason).
- Year, Make, Model and Vehicle Identification Number (VIN).
- Right of the Owner to redeem the vehicle, and Name, Address and Telephone Number of the Lienholder from whom information may be obtained concerning the amount due to redeem the vehicle, and from whom the vehicle may be redeemed.
- Lienholder's intent to sell or otherwise dispose of the vehicle after the expiration of 21 days from the date of mailing or delivery of this notice.

Do not send the Notice of Redemption or copies to the Secretary of State.

Involuntary Repossession of a Commercial Vehicle

Prior to the sale of the vehicle, forward to the owner(s) of the vehicle a Notice of Redemption. The notice may accompany the Notification of Sale. The lienholder must transfer ownership of the vehicle to the purchaser on the back of the Certificate of Title. The purchaser must submit:

- Application for Vehicle Title and Registration (if applicable) and appropriate fee.
- Certificate of Title properly assigned to the purchaser on the back in the "First Reassignment of Title" area.
- Affidavit of Repossession completed by the lienholder on a form prescribed by the Secretary of State.
- Appropriate tax form and separate check payable to Illinois Department of Revenue (see Tax Requirements on back).

Involuntary Repossession of a Non-Commercial Vehicle (lien perfected on the face of the title)

With respect to the repossession of a vehicle used primarily for personal, family or household purposes, submit to the owner(s) of the vehicle a Notice of Redemption by mail or delivery. The notice may accompany the Notification of Sale.

The lienholder must send to the debtor(s) an Affidavit of Defense, which must identify the lienholder, owner and the vehicle year, make, model and VIN; provide space for the owner to a defense; and include an acknowledgement by the owner as to liability to the lienholder for fees, charges and costs incurred by the lienholder to establish the insufficiency or invalidity of the owner's defense.

If the affidavit is received within 21 days after the date of mailing or delivery, the lienholder must apply to a court of competent jurisdiction to determine if the lienholder is entitled to possession of the vehicle. If the lienholder does not receive the affidavit within 21 days, the following documents may be submitted to the Secretary of State to obtain a Certificate of Title in the name of the purchaser:

- Application for Vehicle Title and Registration (if applicable) completed in the purchaser's name and the appropriate fee.
- Illinois Certificate of Title with a release of interest signed by the lienholder, and the Certificate of Title assigned by the lienholder to the purchaser.
- Affidavit of Repossession completed by the lienholder on a form prescribed by the Secretary of State.
- Appropriate tax form and separate check payable to Illinois Department of Revenue (see Tax Requirements below).

Lost Certificate of Title

625 ILCS 5/3-114/5.4 states that in the event the lienholder does not hold the Certificate of Title for the repossessed vehicle, the lienholder may obtain a new Certificate of Title in the name of the lienholder. If the lienholder has received neither restitution nor an Affidavit of Defense within 21 days, the following documents may be submitted to the Secretary of State to obtain a Certificate of Title in the name of the lienholder. The following documents must be submitted:

- Application for Vehicle Title in the lienholder's name and the appropriate title fee.
- Affidavit of Repossession stating the title is lost.
- Copy of the loan contract.

Repossession by Court Order

The following documents must be submitted by the purchaser(s) when a vehicle has been repossessed by court order:

- Application for Vehicle Title and Registration (if applicable) and the appropriate fee.
- Copy of the bill of sale to the purchaser indicating the new owner's name and address, year, make, model, VIN and signature of the lienholder's authorized representative.
- Certified copy of the court order, which must specifically indicate the vehicle information (year, make, model, VIN) and the lienholder's right to possession of the vehicle.
- Certificate of Title with a release of interest by the lienholder. The title must be assigned on the back to the new owner by the lienholder.
- Applicable tax form and check payable to Illinois Department of Revenue (see Tax Requirements below).

Vehicles Damaged Greater Than 33 1/3 Percent

If damage to a vehicle is determined on the date of repossession by the lienholder to be in excess of 33 1/3 percent of such fair market value, the lienholder must apply for a Salvage Certificate. **A Salvage Certificate may only be assigned to a licensed rebuilder, automotive parts recycler or scrap processor.**

For more information, please call the Dealer Hotline at 217-782-6877.

Tax Requirements

- If the lienholder of a repossessed vehicle applies for a title in his or her name and then sells the vehicle to a new purchaser, a retail sale occurs and sales tax is due using either Form ST-556 from the lienholder (if registered with the Department of Revenue) or Form RUT-25 from the purchaser.
- If the lienholder does not apply for a title to the repossessed vehicle in his or her name and reassigns the Certificate of Title to a new purchaser, the Vehicle Use Tax is due using Form RUT-50 from the purchaser. The lienholder is acting as agent between the previous owner of the repossessed vehicle and the new owner.
- No tax form or tax payment is required if the lienholder sells the repossessed vehicle to a licensed dealer.
- A separate check for taxes must be made payable to Illinois Department of Revenue, accompanied by the appropriate tax form, and submitted with all title documents to the Secretary of State.

For tax information, please contact the Department of Revenue's Taxpayer Assistance Division at 800-732-8866 or 217-782-3336.