



HOW TO SELL A USED CAR TO A PERSON

FACT SHEET

If you sell a used car to another person but don't report the sale or transfer the title properly, you could be in for serious legal trouble. If you don't properly transfer the title of the car you are selling to the person buying your car, you could end up responsible for parking or traffic tickets on the vehicle, or even get sued if the vehicle is in an accident.

Follow these steps to make sure that you correctly sell your used car to another person.

1. **Make a written agreement to sell the used car.** To avoid future problems, you should make sure that both you and the person you are selling your car to agree on the price of the car and the condition of the car and write down what the agreement to sell the car is. Both you and the buyer should sign the written agreement and keep a copy. At minimum, the agreement should say:
 - the name of the person selling the car
 - the name of the person buying the car
 - the car's Vehicle Identification Number (VIN) and license plate number
 - the price the car is being sold for
 - the condition of the car (i.e., "as is" with no warranties – see step 2 below)
 - the date of sale
 - who will pay for the motor vehicle transfer fees and taxes.
2. **Don't give the buyer a warranty.** A "warranty" is a promise about the condition of the car on the day it is sold. If you do not want to be responsible for the costs of repairs to the car after you sell it, you should inform the buyer of your car in writing in the purchase agreement that the car is being sold in "as is" condition with no warranties.
3. **Get the money for the sale of the car up front or at the time of the sale.** You should have the buyer of the car pay you all the money in cash or "certified funds" before you transfer title to the vehicle to the buyer or give the buyer the car or its keys. Certified funds mean money that is guaranteed by a bank to be available to a creditor, like a cashier's check. Don't take a personal check because it could bounce, or the buyer could cancel the check before you get the money.
4. **Be wary of payment plans.** Don't take someone's word that they promise to pay for the car by making monthly or periodic payments. If you agree to accept a payment plan from the buyer, get the payment plan in writing and make sure the agreement says what will happen to the car and the money already paid by the buyer if the buyer fails to make all of the payments.
5. **Go to a Driver and Vehicle Services (DVS) location with the buyer to properly transfer the car title to the buyer.** Transfer the car title to the buyer before you give the buyer the car or its

keys. Driver and Vehicle Services is a division of the Minnesota Department of Public Safety. You can find DVS office locations and hours online at dps.mn.gov or by calling (651) 297-2005. The seller will need to sign over the original Certificate of Title for a Motor Vehicle form to the buyer. If the seller has lost the original Certificate of Title for a Motor Vehicle document, then the seller will have to apply for a duplicate title before transferring the title to the new buyer.

At a DVS office location, the seller and buyer will also need to work together to complete an [Application to Title/Register a Vehicle](#) form. Depending on the age and weight of the vehicle, the seller may have to disclose the car's odometer reading and disclose damage previously done to the car. If a lien is listed on the certificate of title for the car then a lien release card or notarized lien release must be provided by the seller in order to transfer title to the buyer.

Either the seller or buyer of a car will typically have to pay fees and taxes when transferring title to a vehicle. As of January 2019, typical fees and taxes may include:

- Title Fee: \$8.25 (plus \$2.00 for each lien release)
- Transfer Tax: \$10.00
- Public Safety Vehicle Fee: \$3.25
- Filing Fee: \$10.00
- Motor Vehicle Sales Tax: Sales tax is due on most purchases or acquisitions of motor vehicles. The tax is based on the total purchase price or fair market value of the vehicle, whichever is higher. When a vehicle is acquired for little or no money, like a gift, the tax to be paid is based on the average value of similar vehicles. The motor vehicle sales tax rate in Minnesota is usually 6.5%, but a \$10.00 In-Lieu of Tax applies if the vehicle is 10 years or older and has a sales price and average value of less than \$3,000.00.

Submit the completed original Certificate of Title for a Motor Vehicle, the Application to Title/Register a Vehicle, and pay all of the required fees and taxes in order to legally transfer the title of the car you are selling to the buyer. You should watch the buyer file these forms and pay these fees and taxes in person while at a DVS location to make sure that this crucial step actually gets done properly. Do not simply give the buyer the Certificate of Title for a Motor Vehicle and trust that the buyer will go to DVS to correctly transfer the title.

6. **Report the sale of the vehicle to DVS.**

IMPORTANT: please note that reporting the sale of a car is not the same thing as transferring the title to a car so be sure to transfer the title as described in Step 5 above. The seller of a vehicle must report the sale of the car to DVS within ten days if the car is transferred or sold to another person, donated, or junked. The sale can be reported to DVS online on its website at dps.mn.gov, or the seller can complete, detach, and return to DVS the paper form included on the Certificate of Title for a Motor Vehicle called the "Notice of Sale," if one is provided. The seller must include the buyer's name, address, and driver's license number, if any, and the date of sale on the Notice of Sale and return the Notice of Sale to DVS. (The seller of a vehicle does not have to report the sale of a vehicle to a dealership to DVS).

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