



OBTAINING A LIEN RELEASE ON A VEHICLE: WHAT YOU NEED TO KNOW

What is a lien?

A lien is a claim on property to ensure payment of a debt. When you borrow money to purchase a car, the lender files a lien on the vehicle with the state to insure that if the loan defaults, the lender can take the car. When the debt is fully repaid, a release of the lien is provided by the lender. The lien is then removed from the records and a clear title issued, showing the owner's free and clear ownership of the vehicle.

How to Obtain a Lien Release

1. Satisfy the terms of the loan by paying the balance of the loan back to the lender, including any interest incurred. Lien release documents are typically sent to the borrower within 30 days of the final payment. The lender will also notify the Department of Motor Vehicles (DMV) that the loan has been paid in full.
2. If you don't receive the lien release, submit a request to the lender for proof that the loan has been satisfied. This request can be made through the DMV or directly to the lender.
3. Visit the DMV and verify that they received the loan satisfaction documents and any liens are removed from the vehicle's title. A new title will be provided.
4. To obtain a lien release you may be asked to provide a copy of the Title for the vehicle that you are requesting be released. If the Title has been lost, you will have to [request a replacement from the DMV](#).

Responsibilities of the Lien Holder (Lender)

Acquiring a vehicle title lien release is required in order to transfer ownership of a vehicle. Delays in obtaining title to such vehicles due to the lien holder being slow to mail or deliver the release can cause problems for purchasers and dealers. Section 2121 of the New York Vehicle and Traffic law specifically states:

“Upon the satisfaction of a security interest in a vehicle the lien holder shall immediately upon clearance of payment execute a release of his security interest in a manner prescribed by the commissioner and mail or deliver the release to the owner...”

The Department urges New York state motor vehicle finance companies in New York to cooperate in complying with New York Vehicle and Traffic law by mailing or delivering a lien release immediately upon satisfaction of the lien on a motor vehicle to avoid being subject to action by the Department.

Obtaining a Lien Release from a Closed or Failed Bank

You can search for a lender on the Department of Financial Services Institutional History of Banks Operating in New York State at <http://www.dfs.ny.gov/about/auhhistory.htm>

The [FDIC](#) may be able to provide you with a Release of Lien on a home, vehicle, boat or other personal property if the lien holder or a subsidiary was a bank that failed and was placed in FDIC receivership.

If the lender was a credit union you should contact the [National Credit Union Administration](#).