Louisiana Department of Public Safety
Office of Motor Vehicles

Policy 39.00 Cancellation of Motor Vehicle

Section: 4. Motor Vehicle Registration Requirements

Effective Date: 04/24/1985

Revised Date: 06/05/1990

General:

- The IRS may legally seize and sell a motor vehicle in payment of back taxes. The question arises as to whether or not outstanding mortgages are automatically discharged by that sale or not.
- The Office of Motor Vehicles is not the proper party to determine whether a mortgage has been discharged by tax sale. Rather, once filed, any mortgage outstanding against a motor vehicle is presumed valid until a satisfaction of mortgage is presented, or a certified copy of a court order mandating the cancellation of a chattel mortgage or other lien from a title to a motor vehicle is presented.
- This policy should in no way prevent the registration and titling of a motor vehicle purchased at a tax sale, as title to the property clearly passes to the purchaser of the tax sale; however, the question of mortgage status is not so easily solved and requires the presentation of satisfaction of mortgage or certified copy of court order ordering cancellation of the mortgage before a new title can be issued free and clear of that mortgage or lien.