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The Texas Workers' Lien

The Texas Workers' Lien is a useful tool for mechanics and others who repair vehicles. This provision of the law allows anyone "who by labor repairs an article, including a vehicle, motorboat, vessel, or outboard motor" to retain possession until they have been paid for their work.

But what if the vehicle has been handed back to the owner? Generally this means that the lien is released, but with one very important exception:

If a worker relinquishes possession of a motor vehicle, motorboat, vessel, or outboard motor in return for a check, money order, or a credit card transaction on which payment is stopped, has been dishonored because of insufficient funds, no funds or because the drawer or maker of the order or the credit card holder has no account or the account upon which it was drawn or the credit card account has been closed, the lien provided by this section continues to exist and the worker is entitled to possession of the vehicle . . .

Texas Property Code § 70.001(b).

This repossession can be undertaken without involving the judicial process or law enforcement, so long as it can be done without "breaching the peace." But there is one essential step before taking advantage of this law: the vehicle owner must have first signed a notice indicating that the vehicle may be subject to repossession under this Property Code provision. The notice can be included as part of the repair contract or separate, but if it is included in the same document, it must be "in type that is boldfaced, capitalized, underlined, or otherwise set out from surrounding written material so as to be conspicuous with a separate signature line."

We recommend making this notice a normal part of your operations so that should you find yourself facing a stopped payment or bounced check and you want to repossess the vehicle, you can do so in compliance with the law.

DISCLAIMER. Please note that this presentation is for informational purposes only and provides general legal information to help you identify when you may need additional advice. It is not an exhaustive treatment of the statutes, case law or regulations that are involved with the subject. Please recognize that the law is constantly changing and you will want to obtain current legal advice on your specific situation before taking action. Monty & Ramirez LLP is available to answer your questions.