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## BILL OF SALE (AUTOMOBILE) & GUIDE

### **Included:**

Overview

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Sample Bill of Sale (Automobile)

## 1. Overview

You've listed your car and you've found your buyer - it's time to finish your deal. In the modern marketplace, your transaction can't be completed with a simple handshake and a wave goodbye. Your vehicle transfer also requires you to file with your state's motor vehicle department and other local agencies. This process calls for a complete, well-drafted bill of sale. With the enclosed documents and instructions, you can firm up the terms of your arrangement and prepare for your car's new titling and registration.

A bill of sale is like a receipt. It proves that ownership of a particular piece of property has changed hands. It also details the terms of the sale, including information about price, delivery, and condition. Bills of sale can help to prove the identity of a vehicle's true legal owner. Moreover, many states and counties use these documents to determine the amount of sales tax owed on the transaction, if any.

If you follow the enclosed sample and guidelines, you will have a written acknowledgment of the rights and responsibilities being transferred as part of your sale. This will provide essential documentation of your ownership and liability obligations and you will be well on your way to establishing a clear record of title for your property.

## 2. Dos & Don'ts Checklist

- Getting the correct name and physical address of the other party to your deal is essential. If a question emerges about property title, you'll need to get in immediate contact with that person or company.
- If you are selling the vehicle, give the buyer a completed bill of sale only after you have received your money and the transaction is complete. Since the bill of sale states that you have already been paid, it may be difficult to collect any outstanding amounts if the buyer has written evidence that its payment obligations are complete.
- The enclosed bill of sale assumes that payment of the car's purchase price will be complete on the sale date. If the buyer intends to make a down payment at the time of purchase and pay the remainder over time, the parties should execute a promissory note (not included in this package) and use a bill of sale that contemplates such deferred payment.
- Sign two copies of the bill of sale, one for you and one for the other party.
- Although not strictly required, consider bringing a third party with you when the bill of sale is signed. If questions arise about the sale, that person can serve as a reporter of the transaction. Alternatively, you and the other party can notarize your signatures on the document.
- Once your bill of sale is complete and signed, visit your local county clerk or tax office to record the bill. They will use the bill of sale to estimate your sales (or use) tax and record the transaction.
- The seller should contact its state Department of Motor Vehicles immediately after completion of the sale and let them know the vehicle has been sold and to whom. This will protect the seller if a ticket is issued or an accident occurs in the period between the sale and the re-titling of the car.

- To complete the transfer of title, both the seller and the buyer should send a copy of the bill of sale to their state's Department of Motor Vehicles (DMV). Some states require that the seller report the title transfer within five (5) days of the sale, and the buyer report the title transfer within ten (10).
- Additional steps may be required for your vehicle transfer. For example, the car's "pink slip" must be signed over to the purchasing party. Check with your local motor vehicle agency and tax authority to see what documents may be needed.
- Remove the vehicle's license plate before physically transferring it to the buyer. In many states, this is required by law.

### 3. Bill of Sale (Automobile) Instructions

The following provision-by-provision instructions will help you understand the terms of your bill of sale.

The numbers below (e.g., Section 1, Section 2, etc.) correspond to the provisions in the enclosed form. Please review the document in its entirety before starting your step-by-step process.

- **Location of Sale.** Write in the name of the state and county where the sale will take place. If the parties are from different counties, use the state and county in which the car is located.
- **Purchase Price.** Enter the purchase price in the first blank provided. Be sure to include the full price paid, including any previous down-payments that were made to secure the vehicle.
- **Names and Addresses of Parties.** Identifies the parties and their street addresses (not P.O. Boxes). One party to this bill is called the "Seller" and the other is called the "Buyer." As you probably guessed, the Seller is the party that will sell the car and the Buyer is the party that will purchase it. Note that only the individual whose name is on the title of a vehicle is permitted to sell it. This means that if a married couple is selling the car but that car is titled in the wife's name, only the wife should sign the bill of sale.
- **Vehicle Location and Description.** These spaces allow you to describe fully the vehicle you are buying or selling. Be as specific as possible, making sure that the car being sold can be identified clearly from the description. You must include the location, make, model, body type, year, and VIN, examples of which are listed below:
  - » **Location:** Include the county and state where the vehicle is currently situated.
  - » **Make:** Ford, Chevrolet, Lincoln, BMW, etc.
  - » **Model:** Corvette, M5, Mustang, etc.
  - » **Body Type:** Sedan, Coupe, Convertible, SUV, etc.
  - » **VIN:** The Vehicle Identification Number (or "VIN") is your car's 17-character unique identifier. Generally, the VIN is located in one of the following places: the dashboard; the steering column; the vehicle's firewall; driver side door; or passenger side post. Review the vehicle's user manual if you can not locate its VIN.
- **Section 1: Seller's Representations and Warranties.** The Seller's promise that it owns the car and that no other party holds an interest in the car.

- **Section 2: Buyer's Representations and Warranties.** The Buyer's promise that the person signing the bill of sale has the authority to do so.
- **Section 3: No Other Warranties.** Disclaims any warranty other than the warranty of title described in Section 1 and the manufacturer's warranty (if any). This vehicle is being offered "as is." The buyer should note this provision: if the car has problems in the future, the seller is specifically disclaiming responsibility in this paragraph.
- **Section 4: Inspection.** A summary of recent mechanical inspections. If the vehicle has been inspected within the last month, delete the bracketed "not" and attach a report of that inspection. If not, delete the second sentence.

If the seller knows of any defects in the car, those problems must be disclosed in the space provided. Any known defects that are not reported could invalidate the sale, and may bring later charges of fraud. If there are no known defects, the blank space can be deleted.

- **Section 5: Delivery of Vehicle.** Explains where and when the vehicle should be picked up by the Buyer. Write in the date on which you want this to happen.
- **Section 6: Conveyance of Title.** Indicates that title to the vehicle will be given to the Buyer on the day on which it receives that vehicle. This section also includes the Seller's promise that it will sign every document needed to effectuate the title transfer.
- **Section 7: Cancellation of Insurance and Tags.** The Seller's agreement to cancel any remaining insurance or tags that it was maintaining on the vehicle.
- **Section 8: Additional Terms of Sale.** If there are additional terms you'd like to add to the form, enter those in the space provided. For example, the parties may wish to include a requirement that the car be cleaned thoroughly before the delivery date.
- **Signatures.** Each party must sign and print their name. Several states require that each party provide a phone number as well. Although this may not be a requirement in your state, it's a good idea for both parties to provide as much contact information as possible. Be sure to date this document, as a number of important deadlines start to run on the sale date (e.g. transfer of title and registration).  
If a third party witnessed the signing, have that person sign and date the space provided. If there was no witness to your transaction, you can delete this segment.

- **Odometer Disclosure Statement.** Federal and state laws require an accurate report of a vehicle's mileage on its bill of sale. Some states require this disclosure statement to be on a page separate from the bill of sale itself. The enclosed form has made this separation.

Write in the seller's name and the number of miles on the car. Do not include tenths of a mile in your report of the current odometer reading. Do not check any of the blank lines below the initial paragraph if the odometer reading is, to the seller's knowledge, correct. Check the first line if the odometer goes to five digits, and the reported mileage is incorrect because the odometer has rolled over after passing 99,999 miles. For example, if the reading is "10,000," but the actual mileage is 110,000, the seller should record the number "10,000" and check this line.

If the seller knows the odometer number is incorrect or the odometer itself is broken, it should check the second line.

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## Form Sample

### BILL OF SALE (AUTOMOBILE)

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

**BE IT KNOWN**, that for good and valuable consideration, and in payment of the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) dollars (the "Purchase Price"), the receipt and sufficiency of which is hereby acknowledged, \_\_\_\_\_ [Name of Seller] (the "Seller"), of \_\_\_\_\_ [Seller's Street Address], county of \_\_\_\_\_, state of \_\_\_\_\_ hereby sells and transfers to \_\_\_\_\_ [Name of Buyer], (the "Buyer"), of \_\_\_\_\_ [Buyer's Street Address], county of \_\_\_\_\_, state of \_\_\_\_\_, and its heirs, executors, administrators, successors, and assigns forever, the following-described motor vehicle (the "Vehicle"):

Location (county,  
state):

Make:

Model:

Body Type:

Year:

Vehicle I.D. No.  
(VIN):