

810-5-75-.57 Application for Salvage Certificate of Title and Insurance
Non-Total Loss Assignment of Certificate of Title

(1) When a motor vehicle subject to titling is considered a total loss as defined in § 32-8-87, Code of Ala. 1975, it will be the responsibility of the owner or any person acquiring ownership (individual, company, or insurance company) to complete form MVT 41-1 (Application for Salvage Certificate of Title), and deliver it to the department for processing. Note: Pursuant to § 32-8-87, Code of Ala. 1975, the salvage or total loss must occur in Alabama for an Alabama salvage certificate of title to be issued. If the salvage or total loss occurs in another state or other jurisdiction then the salvage laws of that state or other jurisdiction will apply to the issuance of a salvage certificate of title.

(a) The individual completing form MVT 41-1 must verify the Vehicle Identification Number (VIN) and other vehicle information using information obtained from the outstanding certificate of title and the vehicle being reported as salvage. If a discrepancy in the VIN is found, the owner in whose name the title is currently issued must obtain a corrected certificate of title prior to the submission of the MVT 41-1.

(b) When the owner (individual or company) making application for a salvage certificate of title is either uninsured or self-insured, the MVT 41-1 must be completed and signed by the applicant. The applicant must disclose whether the vehicle is “Junk” or to be “Sold For Parts Only” on the MVT 41-1. A vehicle which is disclosed as “Junk” or to be “Sold For Parts Only” cannot be rebuilt and no subsequent certificate of title will be issued for the vehicle after the salvage certificate of title is issued with a “Parts Only – Non- Rebuildable” legend. The owner shall also disclose the city and state where the total loss occurred and whether the vehicle was declared a total loss due, in part, to water damage.

(c) When an insurance company has declared the vehicle to be a total loss, and paid compensation to the owner, the MVT 41-1 must be completed and signed by an authorized representative of the insurance company. The authorized representative must disclose whether the vehicle is “Junk” or to be “Sold For Parts Only” on the MVT 41-1. A vehicle which is disclosed as “Junk” or to be “Sold For Parts Only” cannot be rebuilt and no subsequent certificate of title will be issued for the vehicle after the salvage certificate of title is issued with a “Parts Only – Non- Rebuildable” legend. The owner shall also disclose the city and state where the total loss occurred and whether the vehicle was declared a total loss due, in part, to water damage. The authorized representative must also disclose whether the insurance company is making application for a salvage certificate of title, or the owner is retaining the salvage on the vehicle on the MVT 41-1.

(d) When a monetary settlement is paid on a damaged vehicle and the damage to the vehicle is greater than or equal to 75 percent of the fair retail value of the vehicle prior to the damage, the vehicle shall be considered to be a total loss. For the purpose of determining the fair retail value of a total loss vehicle, at time of loss, information shall be obtained from a current edition, including automated data base, of a nationally recognized compilation of retail values, such as, but not limited to the National

Automobile Dealers Association's Used Car Guide, Southeastern Edition and National Market Reports, Inc., provided the publication or automated data base presents a fair and representative retail value of the vehicle within the state of Alabama.

(2) The supporting documents which must accompany the MVT 41-1 are as follows:

- (a) Outstanding certificate of title, properly assigned if necessary.
- (b) Any other documents used to support the application or transfer of title.
- (c) Fee as required in Section 32-8-6, Code of Ala. 1975.
- (d) Lien release (if applicable).

(3) Upon receipt of a properly completed MVT 41-1 and the supporting documents as specified in Section 2, the department will issue a salvage certificate of title. The salvage certificate of title will reflect the legend "Parts Only – Non-Rebuildable" if such disclosure was made on the MVT 41-1. The salvage certificate of title will reflect the legend "Flood Vehicle" if such disclosure was made on the MVT 41-1.

(4) Once the "Flood Vehicle" legend is issued, on a salvage certificate of title or any other certificate of title, the legend will be reflected on all subsequent certificates of title regardless of whether the vehicle is subsequently rebuilt in this or any other state.

(5) Insurance companies who acquire ownership of non-total loss vehicles shall acquire a properly assigned certificate of title from the owner (insured) to the insurance company, and shall complete the "Affidavit of Acquisition and Disposition of a Non-Total Loss Vehicle by Insurance Company" (MVT Form 41-5), and shall complete the "first reassignment of title by a licensed dealer" to their transferee.

NOTE: Automotive dismantlers and scrap metal processors acquiring a total loss vehicle for the purpose of recycling into metallic scrap for remelting purposes are not required to obtain a salvage certificate of title and must utilize the department's SCRAP portal to report the vehicle as "junk".

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Authority: §§ 32-8-1 through 32-8-88, Code of Ala. 1975.

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