



## Motor Vehicle Mechanic's Lien

*Reviewed – February 2025*

Minnesota law contains a valuable provision creating a lien and permitting repair shops of all types to retain repaired property – including motor vehicles - until the bill is paid. It's called a **Mechanic's Lien** or sometimes a “shop lien” or “possessory lien.” The law details lien creation, lawful charges, waiting periods, notice requirements, and two distinct procedures for the sale of the held property to recoup some or all of an outstanding bill.

This Memo describes how the lien works from the perspective of a licensed Minnesota new vehicle dealer. Here's a typical hypothetical set of facts:

Customer has their 12-year old vehicle towed in for diagnosis and repair of an apparent transmission problem. The customer authorizes a \$5,000 repair. The dealer completes the repair and holds the vehicle for customer payment. Time passes and the dealer determines that the customer is unable or unwilling to pay their bill. There's a recorded lien on the title in the name of a local bank. The dealer calls the bank and asks if it wants to pay the bill and take possession of the vehicle. The bank declines for any number of reasons. The value of the vehicle may be less than the repair bill; perhaps the bank intends to pursue a different remedy against the customer; the customer may still be making payments on the loan. The customer is unresponsive.

How does the dealer proceed?

### **Obtain the Mechanic's Lien** [Minnesota Statutes §514.18](#) and [§514.19](#)

The dealer already has the Lien. The Mechanics Lien is based **solely** on possession of a vehicle which the dealer repaired, serviced or stored. There are no filing requirements or other legal formalities required to establish the Lien. The Lien only exists so long as the dealer maintains possession of the vehicle.

Be careful: If the dealer gives up possession of the vehicle, the lien goes away and can't be reestablished.

### **Hold the Vehicle for 90 Days** [Minnesota Statute §514.20](#)

The statute requires the vehicle to be held for at least 90 days after the repair bill becomes due before it can be sold.

## **Lawful Charges** [Minnesota Statute §514.20](#)

Dealers may hold a vehicle for the following charges due the dealer directly or that the dealer paid to others:

- Repairing or servicing the vehicle – parts and labor;
- Storage charges – (Not more than 15 days storage charges may accrue until any secured creditor shown on Driver & Vehicle Services records is notified as described below);
- Vehicle towing;
- Charges for a service rental replacement vehicle while the retained vehicle was serviced or repaired; and
- Reasonable disbursements occasioned by the retention and sale of the vehicle.

## **Notify Secured Creditors** [Minnesota Statute §514.20](#)

If the vehicle has a Minnesota title and registration, the law requires that all secured creditors listed on the title be sent a written notice by certified mail. This notice must be provided at least 45 days before the vehicle may be sold. The notice must state the name, address and telephone number of the dealer, the amount of money owed and the rate which any storage charges on the vehicle are accruing.

MADA drafted the attached **Notice to Secured Creditors** for dealers to use to satisfy this requirement. It is the only notice required to be given to secured creditors.

**Important:** The Mechanic's lien is superior to the lien of a listed creditor and will be paid first unless the secured creditor is not properly notified of the sale.

## **Notify the Owner and Sell the Vehicle** [Minnesota Statute §514.21](#)

**Expedited Sale by Licensed New and Used Vehicle Dealers Only.** After the 90 day holding period, a licensed new or used vehicle dealer may sell the vehicle wholesale or retail in the ordinary course of business after notice to the owner by certified mail. In an expedited sale, the dealer is not permitted to "purchase" and take title to the vehicle itself. The sale should be at "arm's length" to a bona fide wholesale or retail buyer.

Plan for a sale date to allow plenty of time for the three-week notice period described below and, if applicable, the 45 day notice to secured creditors.

MADA drafted the attached **Notice of Sale** which dealers may use to fulfill the requirements of notifying the owner.

**One notice for sure:** The dealer must send the completed Notice of Sale by **certified mail** to the last known address of the owner of the vehicle according to the records of the dealer at least three weeks prior to sale.

**Perhaps a parallel notice to a different address pr addressee:** If the vehicle is registered and titled in Minnesota and the name of the owner or the address of the owner on the DVS record

is different than shown on the records of the dealer, the dealer must send the Notice of Sale to both places by **certified mail**:

1. Addressed to the name and address shown in the dealer records; and
2. Addressed to the registered owner at the address shown in the DVS record.

Note that the law does not require the dealer to seek or obtain a receipt that the customer picked up the certified mail. The dealer is only required to prove that the Notice was mailed.

The Notice of Sale must contain a description of the vehicle, the grounds of the lien, the name, address, and telephone number of the dealer, the total amount owed including any accrued storage charges, the date after which the vehicle will be sold, and a statement that the owner may reclaim the vehicle prior to sale by paying the full amount due.

**Important:** A dealer who sells a vehicle using the expedited sale procedure waives any further claim against the vehicle owner for a deficiency or other charges secured by the lien.

Therefore, dealers seeking recourse from a customer over and above the proceeds of the sale must proceed through a sheriff's sale in order to preserve their deficiency claim.

**ALTERNATIVELY: Have a sheriff's sale.** The long standing alternative is still available to dealers and might need to be used if the dealer has no address information for the vehicle owner or if the dealer wishes to seek additional recourse against the vehicle owner. Also, this is the only option available to repair shops that are not licensed new or used vehicle dealers.

According to the statute, if the customer lives ("can be found") in the dealer's county, a notice containing the information described below must be personally served. If the customer does not live in the dealer's county, then the notice must be given in two ways. It must be mailed, and it must be published in a county newspaper once in each of three successive weeks. The last of the three notices must be published at least one week prior to the date of sale. The notice, whether personally served or published, must contain the following information: the time and place of sale, the amount of the debt excluding expenses of advertising and sale, grounds for the lien and a general description of the vehicle.

A sheriff's sale must be held between 9:00 a.m. and 5:00 p.m. and must be by auction. The sales are typically quite informal. Generally, the only people there are the deputy and the dealer lienholder, and in most cases, the dealer purchases the vehicle for the amount of the lien plus expenses. The sheriff charges a flat fee and upon completion of the sale, the deputy will supply a written report of the results of the sale.

## **Disposition of Sale Proceeds** [Minnesota Statute §514.20](#)

From the proceeds of either type of sale, first pay off any expenses incurred (sheriff's fees, certified mail fees, etc.) and then the amount of the dealer's lien. If there are any funds left over, they must be paid over upon demand to the customer or other person such as a secured creditor entitled to them.

## **Obtain a New Certificate of Title**

**Vehicle sold under expedited procedure.** New or used car dealers who retail or wholesale a vehicle under the expedited process must submit the following documents to Driver & Vehicle Services plus applicable taxes and fees:

1. Motor Vehicle Mechanic's Lien - Notice of Sale;  
(The Notice to Secured Creditors – even if it was used – is **not** required to be submitted)
2. Originals of the postal receipt(s) showing proof of mailing of the Notice of Sale to the vehicle owner. (Only proof of mailing is required – not proof of receipt); and
3. Application for certificate of title in the name of the dealer's retail or wholesale purchaser.

**Vehicle sold at sheriff's sale.** In order to transfer title to the purchaser at the sheriff's sale, these documents must be submitted to Driver & Vehicle Services plus applicable taxes and fees:

1. Notice of Sale;
2. Affidavit of Service of Process or an Affidavit of Publication;
3. Sheriff's report of the results of the sale; and
4. Application for certificate of title in the name of the purchaser at the sheriff's sale.

**Questions:** Members may contact MADA with questions or to seek additional guidance.

# Motor Vehicle Mechanic's Lien Notice to Secured Creditors

Send by CERTIFIED MAIL (Return Receipt NOT Required)

The dealership is retaining the vehicle described below for charges due. This Notice is provided to secured creditors under Minnesota Statutes Sections 514.19 and 514.20.

Date this Notice to Secured Creditors is mailed by certified mail:

| Vehicle<br>Description | Year | Make | Model | VIN |
|------------------------|------|------|-------|-----|
|------------------------|------|------|-------|-----|

| Dealership Information           | First Secured Creditor | 2 <sup>nd</sup> Secured Creditor (if any) |
|----------------------------------|------------------------|-------------------------------------------|
| Name:                            | Name:                  | Name:                                     |
| Address:                         | Address:               | Address:                                  |
| City, State, Zip:                | City, State, Zip:      | City, State, Zip:                         |
| Contact Person and Phone Number: |                        |                                           |

|                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Grounds for lien and amounts owed</p> <p>Repair and/or service charges: \$</p> <p>Towing charges: \$</p> <p>Storage charges (15 or fewer days): \$</p> <p>Rate at which additional<br/>Storage charges will accrue:</p> <p>Rental charges for replacement vehicle: \$</p> <p>Other charges and disbursements (specify): \$</p> <p><b>Total Amount Due: \$</b></p> <p>(As of the mailing date of this Notice)</p> | <p><b>IMPORTANT NOTICE PERIODS</b></p> <p>Dealer's lien for storage charges for a period of more than 15 days accrues only after this Notice is sent by certified mail to all secured creditors listed with Minnesota Driver &amp; Vehicle Services.</p> <p>This Notice must be sent by certified mail to all secured creditors listed with Minnesota Driver &amp; Vehicle Services at least 45 days before the dealer's right to sell the vehicle is considered effective.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# Motor Vehicle Mechanic's Lien - Notice of Sale

Send by CERTIFIED MAIL (Return Receipt NOT Required)

The dealership intends to sell the vehicle described below to satisfy its mechanic's lien.  
This notice is provided under Minnesota Statutes Section 514.21, Subd 2.

| Vehicle description | Year | Make | Model | VIN |
|---------------------|------|------|-------|-----|
|---------------------|------|------|-------|-----|

|                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Owner information from dealership records</b><br><br><b>Name:</b><br><br><b>Address:</b><br><br><br><b>City, State, Zip:</b><br><br><br><b>NO Dealership Address</b><br>Check here if no address shows on dealership records <input type="checkbox"/> | <b>Owner information from Driver &amp; Vehicle Services (DVS) records</b><br><br><b>Name:</b><br><br><b>Address:</b><br><br><br><b>City, State, Zip:</b><br><br><br><b>NO DVS Record</b><br>Check here if the vehicle is not titled and registered in Minnesota <input type="checkbox"/> | <b>Dealership information</b><br><br><b>Name:</b><br><br><b>Address:</b><br><br><br><b>City, State, Zip:</b><br><br><br><b>Phone Number and Contact Person:</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

If a Minnesota DVS record exists and the name and/or address of the owner is different than shown on dealership records, this Notice must be sent by certified mail to **BOTH** the DVS address of record and to the dealership address of record if there is one.  
This Notice of Sale may **NOT** be used if **BOTH** boxes above are checked.  
This Notice of Sale and proof of its mailing must accompany the title application to obtain vehicle title in the purchaser's name.

|                                                                                                                                                                                                                                                                                                                     |                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Grounds for lien and amounts owed</b><br><br><b>Repair and/or service charges:</b> \$<br><br><b>Towing charges:</b> \$<br><br><b>Storage charges:</b> \$<br><br><b>Rental charges for replacement vehicle:</b> \$<br><br><b>Other charges and disbursements (specify):</b> \$<br><br><b>Total amount due:</b> \$ | <b>IMPORTANT: Vehicle owner may reclaim the vehicle prior to its sale as provided in this Notice of Sale by paying the total amount due.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date service or repair completed:</b><br><br><b>Date this Notice of Sale mailed by certified mail:</b><br><br><b>Date after which the vehicle will be sold:</b> | <b>"Date after which the vehicle will be sold"</b> must be at least 90 days after <b>"Date service or repair completed"</b> AND at least 3 weeks after the <b>"Date this Notice of Sale mailed by certified mail"</b><br><br>Note: If there are lienholders of record, dealership must provide notice under Minnesota Statutes Sections 514.19 & 514.20. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|