

VERSION 3.1
May 18, 2018



STATE ELT IMPLEMENTATION WHITE PAPER

PRESENTED BY: AFSA-NTSF
AMERICAN FINANCIAL SERVICES ASSOCIATION
NATIONAL TITLE SOLUTIONS FORUM

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INTRODUCTION

Electronic Lien and Titling (ELT) programs have been and are continuing to be implemented in the 51 jurisdictions in the United States. While there may be some consistent processes for electronically administering the titling and perfection of liens on financed vehicles among the states, vehicle financing sources have found best practices and common transactions used from state to state.

This document is intended as a guide for any jurisdiction seeking to understand how to develop an ELT program that meets the needs of vehicle financing sources doing business in their jurisdiction. Additionally, existing ELT states may find this document beneficial as they seek to evolve, enhance or improve their existing ELT programs.

This white paper has been developed by the National Title Solutions Forum (NTSF) based on current industry best practices and feedback from its members. The NTSF consists of national and regional vehicle financing companies, banks, and vendors supporting vehicle titling activities. NTSF members are responsible for 80% of new vehicle financing in the United States and share a common interest in accurate and timely recordation of titles and liens. Members also advocate the advancement of electronic solutions to support consistent and efficient vehicle title administration across all states. The NTSF is an active committee of the American Financial Services Association (AFSA) based in Washington, DC. The 2018 NTSF Committee membership may be found in Appendix 3.

A working group consisting of various lienholders, lessors, vendors and AFSA staff was established by the NTSF to develop these guidelines based on industry best practices and feedback from our NTSF Member membership.

For information about this document please contact the NTSF Chair, Lea Stricker, Harley Davidson Financial Services, Inc., lea.strickler@hdfsi.com.

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SCOPE

This white paper serves as a template for the Model State Electronic Lien and Titling (ELT) Process.

Establishing an ELT Program allows participating jurisdictions to suppress the printing of a paper title or lien notification, replacing it with an electronic lien notice. The ELT record resides in the jurisdiction's titling database in an electronic form and the resultant notification provided to the lien holder through the ELT system should be the legal proof of record. At payoff, the lien holder will electronically notify the jurisdiction that their lien should be removed, at which time a clear title should be printed or held electronically by the state. As of May 2018, 23 states have active ELT programs (see Appendix 1 for details).

The following are some of the benefits ELT brings to the jurisdiction and the lien holder.

Value Added to Jurisdiction	Value Added to Lien Holder ¹
Eliminates the costs of generating, printing and routing a paper title at lien filing	Reduces the cost associated with receipt/mail of the paper title
Allows for more timely delivery of the lien notification	Reduces title storage and retrieval costs
Supports the expansion of end-to-end electronic processing and e-Titling	Facilitates the automation of otherwise manual processes
Improves data accuracy and reduces exception processing	Allows for faster lien perfection
Reduces fraud and improves security throughout the title process	Reduces the risk of fraudulent title activity associated with paper titles
Increases processing efficiency for the Lender, Automobile Dealer, and Consumer	Improves the quality and security of title processing

¹ Value to lien holder varies, dependent upon the lien holder's processes and the jurisdiction's effective implementation of suggested transactions described in this white paper

TERMS AND DEFINITIONS

DPPA

Drivers Privacy Protection Act of 1994 is a federal law that regulates and restricts who has access to the information in DMV records.

ELT

Electronic Lien and Titling

ELT Lien ID Code

Unique identifier assigned to the vehicle financing institution by a state jurisdiction

FEIN

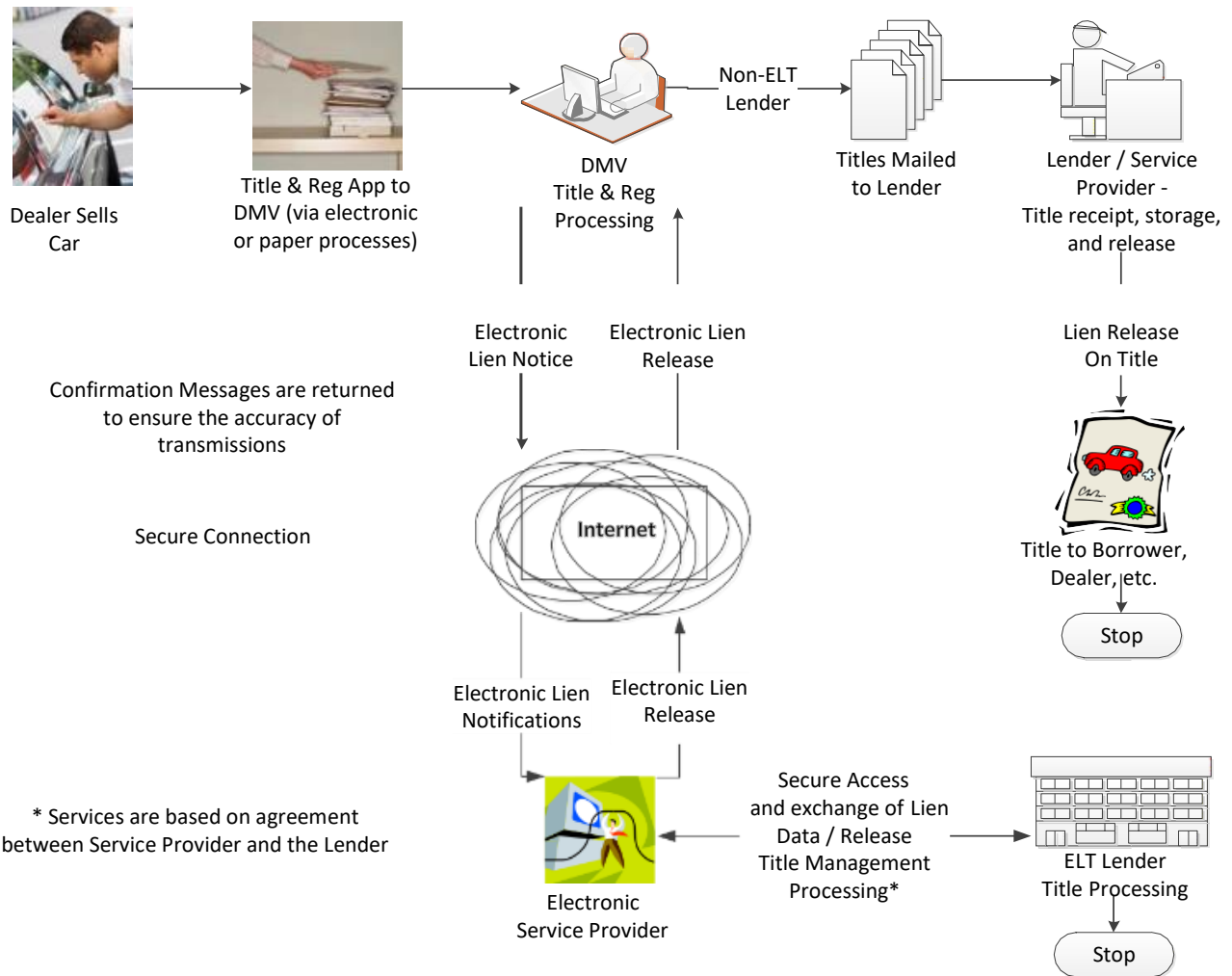
Federal Employee Identification Number, considered to be like a Social Security Number for a business

Lien Notification

An electronic or paper method to communicate to a state jurisdiction that a lien is being filed.

STANDARD ELT STATE MODEL

The following model shows the process flow of transactions and the players in the infrastructure of an ELT system



ELT LIEN ID CODES

An important part of the ELT process for the jurisdiction is to implement / assign a unique identifier associated with the lienholder. This unique identifier, or ELT Lien ID Code, not only identifies the vehicle financing institution but is also used to link that lienholder to the ELT Service Provider. Often the jurisdiction utilizes the FEIN number or a similar identifier and a suffix as the ELT Lien ID Code.

BEST PRACTICES

The best practices listed below should be incorporated into any ELT program.

- To ensure that lien holders enrolled in a state's ELT program receive ELTs instead of paper titles, states are encouraged to assign a unique ELT code, ID, or Account Number ("ELT Lien ID Code") that links directly to the lienholder's name and address. The ELT Lien ID Code should also link to the lienholder's contracted ELT Service Provider.
- The ELT solution should support multiple ELT Lien ID Codes associated with a lender holding company, to accommodate various DBA lien holder names. As an example, a large vehicle financing institution, may have a separate lienholder name for the prime versus their sub-prime accounts or for their financed versus their leased vehicle portfolio. These multiple lienholder names are associated with a parent entity and may not have separate federal tax numbers. A unique suffix included as part of the ELT Lien ID Code is often used by the state to accommodate these circumstances.
- Multiple lienholder addresses should be allowed when implementing lienholder ID codes, as many lenders today have multiple locations/addresses that function independently from the parent entity. A unique suffix included as part of the ELT Lien ID Code is often used by the state to accommodate this situation.
- The jurisdiction should permit changes to lienholder legal name and address as they arise and should NOT result in the issuance of a new ELT Lien ID Code.

COMMUNICATION PROTOCOL

The following communication standards are recommended to ensure timeliness and information security:

- Except where regulations and laws require otherwise, transactions in an ELT program should be limited to the state and lienholder, via the ELT Service Provider, and only via a secure communications process.
- To support the lender's workflow, States, or their designated third-party vendor, should accumulate transactions and supply them to an ELT Service Provider to enable the ELT Service Provider to distribute the data to its associated lien holders. At a minimum, transactions should be accumulated and sent/received in daily batch data files.
- Transactions between the jurisdiction and the ELT Service Provider should be exchanged using a secure communication protocol. Recommended communication protocols include Web Services or SFTP (Secure File Transfer Protocol), as there is no cost required for these Internet-based protocols.
- All transactions issued by a lienholder to a state should be confirmed or rejected systemically by the state within 24 hours. Error codes should be supplied with any rejection message.

- Where possible, the lienholder and its agents should have real-time, on-line access to all title data held by the jurisdiction to verify liens, evaluate possible errors, and perform other uses permissible by the Driver's Privacy Protection Act (DPPA)

SUGGESTED TRANSACTIONS

The following transactions are important in an ELT program to ensure the program meets the needs of the end-users:

State to Lienholder Transactions

- Notification of lien to the participating ELT lender. The electronic lien and title should include all the information that is currently contained on the paper title. This record is the "ELT" and results in perfection of the account held by the lienholder.
- Notification of a change to any data element in the State database after issuance of a lien notification. If the state corrects or changes data transmitted as an ELT record, the state should resend the ELT record to the lienholder.
- Notification of subsequent liens. The lienholder needs to be notified of subsequent liens being placed on titles.
- Ability to verify title by providing a title inquiry service. It is strongly recommended that this service be available for no fee, as this is a critical fraud prevention measure and will reduce the call burden on the state DMV help center and field offices.

Note: This functionality is supported by various jurisdictions independently of ELT programs.

Lien holder to State Transactions

- Ability to electronically release financial interest as follows:
 - Release to Registered Owner with the ability to mail the title to an alternate address
 - Release to a Third Party (i.e. dealer or insurance company) with the ability to mail the title to an address as specified
 - In situations where the state has an expiration date on any liens, provide the ability to renew the lien after/prior to lien expiry date.
- Ability to reject a lien notification received in error. In cases where the ELT participating lender is not the correct lienholder, the lienholder receiving the ELT record does not have a financial interest in the vehicle and cannot release the lien on the vehicle. The lienholder receiving the incorrect notification must have a transaction to reject the notification.
- Issuance of a paper title without removing the lien:
 - Issue paper title with lien and mail to lienholder address absent forwarding instructions

- Issue paper title with lien and mail to address identified by lienholder (forwarding instructions)
- Issue paper title and hold for emergency pickup by lienholder or a permitted third party, if permitted by state.
- Ability to correct simple record changes such as transposed letters in the name without changing original lien date, electronically, without requiring the printing of a new title. Electronic corrections including lienholder name and address information, lien and title data and limited owner information.
- Ability for lien holder to request a paper title at any point during ownership. This could be required to support repossessions, bankruptcies, or other situations that require an actual paper title as evidence the lienholders financial interest in the vehicle.

*Note: See the **NTSF Vehicle Leasing Overview** paper for more information on the impact of electronic processing on the leasing process.*

- Bulk conversion of paper titles to electronic.

Note: Supported by ELT programs in California and South Dakota.

- Individual conversion of paper title to electronic.

Note: Supported by ELT programs in Georgia, Iowa, Idaho, Nebraska, and Pennsylvania.

- Ability to transfer liens to new lienholder upon release of lien.

Note: Supported by ELT programs in California and Ohio.

- Ability to record a lien against a title record via issuance of an ELT lien recordation transaction.

Note: Supported by ELT programs in New York and Ohio.

- The ELT program should support an emergency (defined as same day or next business day) paper title request, either with the lien intact or as a clear title.

Note: Supported by ELT programs in Nevada, South Carolina, Arizona, Virginia and North Carolina.

- Ability to request a true certified copy of an electronic title record. This is often needed for legal purposes by entities needing to prove title ownership with a date/time stamp of the title record as it exists at the state level.

The NTSF recommends that to help prevent fraud, jurisdictions do not accept a release of lien via paper documentation on electronic title.

LEASED VEHICLES AND ELT

Lessors may elect to list a lienholder on their leased vehicles, in addition to listing themselves as vehicle owner. Currently ELT programs support transactions for electronically notifying the lienholder of their financial interest and releasing the lien, but do not support the unique requirements of lessors requiring immediate reassignment. As a result, lessors often prefer to hold a paper title rather than an electronic record.

NTSF encourages jurisdictions to develop electronic transactions to automate the leasing process as an end-to-end paperless title process. We have developed an **NTSF Vehicle Leasing Overview** paper that describes the how and why the lender may be involved as a vehicle lessor, lien holder, owner and seller. This document is available to jurisdictions upon request.

JURISDICTION DECISION TO OUTSOURCE ELT PROGRAM

Some jurisdictions contemplate whether to outsource the implementation and management of their ELT program to a third party, sometimes referred to as a hub or gateway vendor. With this arrangement, the hub or gateway vendor typically contracts with approved ELT Service Providers that in turn contract with lenders. Of the current twenty-three (23) ELT states, four (4) states have outsourced to a third party who serves as a hub or gateway vendor for the jurisdictions and manages the interface between the state and the ELT Service Providers that serve the lenders.

If the jurisdiction elects to outsource their ELT program implementation and management to a third party, we encourage the program proposal document include the information in this White Paper, the vendor selection process ensure participation from all qualified ELT Service Providers, and that the resulting program ensure multiple ELT Service Providers can be eligible to provide services to lienholders. This will result in more innovation, competitive pricing, and minimizing the added cost that would be passed on to lenders and consumers. Additionally, it recognizes that many vehicle finance institutions operate regionally or nationally. As such, jurisdiction specific ELT solutions not involving their ELT Service Providers would present operational challenges for lienholders.

ADDITIONAL DOCUMENTATION AVAILABLE TO SUPPORT ELT IMPLEMENTATION

Several appendices have been included in this ELT White Paper to provide additional ELT specific information including the following:

- Appendix 1: Overview of ELT Participating States
- Appendix 2: ELT-Participating State Contacts
- Appendix 3: 2018 NTSF Membership List

Additionally, the American Association of Motor Vehicle Administrators (AAMVA) has developed several ELT tools to support jurisdictions that want to enable ELT:

- *ELT Specifications Standards, User Procedures and Implementation:*
<http://www.aamva.org/ELT/>
 - o System Specifications, Release 2.2.1 - *last updated March 2006*
 - o User Procedures - *last updated September 1997*
 - o Implementation Costs - *last updated April 2012*
- Model Legislation:
[http://www.aamva.org/uploadedFiles/MainSite/Content/SolutionsBestPractices/BestPractices_ModelLegislation\(1\)/ModelLaw_ElectronicLienTitle.pdf](http://www.aamva.org/uploadedFiles/MainSite/Content/SolutionsBestPractices/BestPractices_ModelLegislation(1)/ModelLaw_ElectronicLienTitle.pdf)

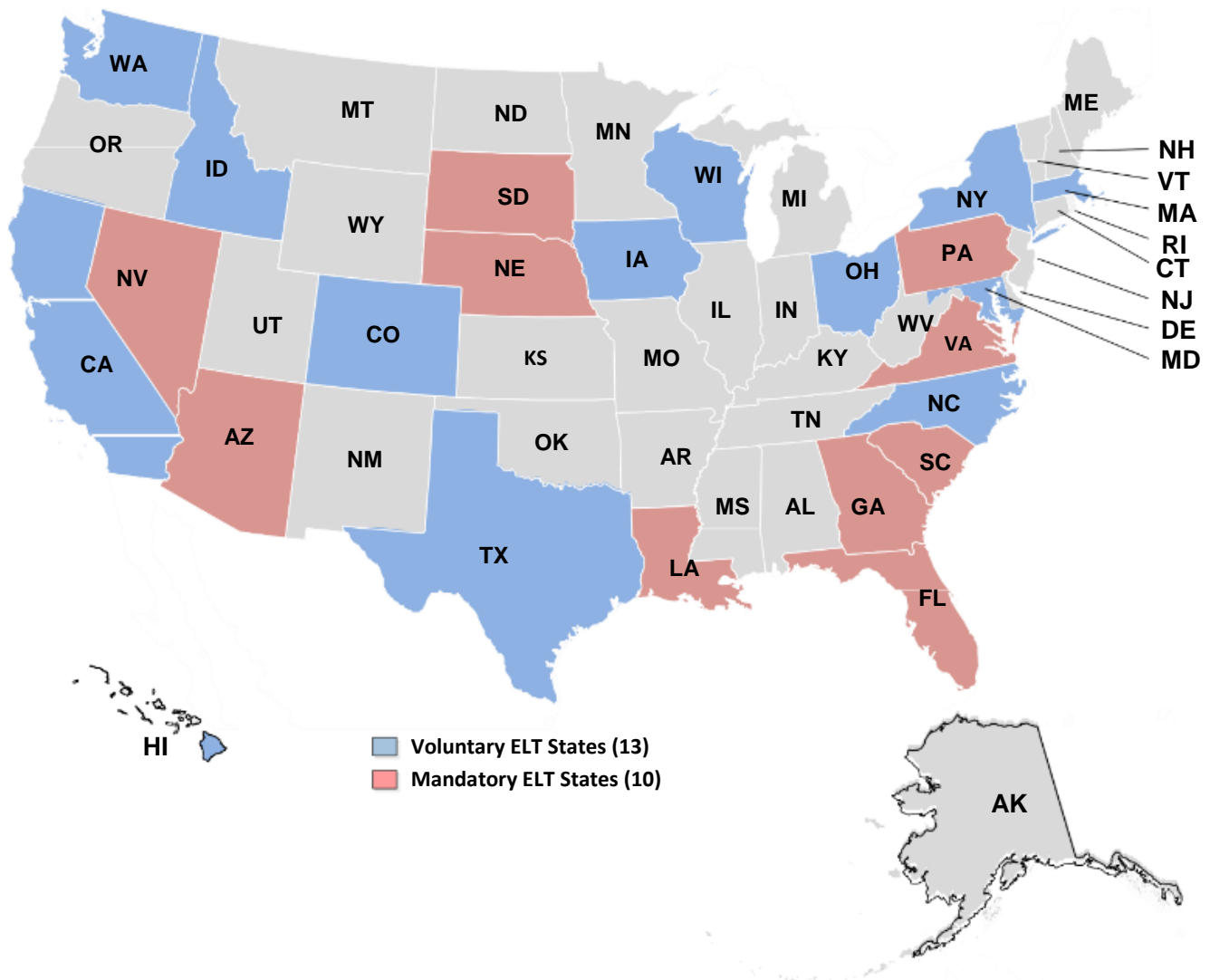
The model language developed by AAMVA assumes that the jurisdiction will take responsibility for the development, implementation, and management of the ELT data exchange. Several ELT states use an

AAMVA format. Others use a modified AAMVA format or one self-developed. Both have been successful.

Revision History:

Date	Version	Description
4/20/2017	3.0	Initial Release of Version 3
5/18/2018	3.1	Updated stated contacts in APPENDIX 2 – STATE ELT PROGRAM ADMINISTRATORS

APPENDIX 1 – OVERVIEW OF ELT PARTICIPATING STATES



There are several states that have electronic title programs, but they are not Electronic Lien and Title (ELT) programs as they do not currently electronically exchange electronic lien and release information with the lenders.

Note: ELT Participating States as of April 2018

APPENDIX 2 – STATE ELT PROGRAM ADMINISTRATORS

State	ELT Contact	Phone Number / Email	State Structure
Arizona	Eric Jorgensen	(602) 712-8152 ejorgensen@azdot.gov	Mandatory Participation A third-party vendor acts as integrator for the state and charges a fee for that activity
California	Cinnamon Scott Tonya Smith	(916) 657-8867 Cinnamon.Scott@dmv.ca.gov (916) 657-7439 Tonya.Smith@dmv.ca.gov	Pending Mandatory Participation DMV acts as integrator for the state
Colorado	Tony Anderson Mike Dixon	(303) 205-5750 Anthonyj.Anderson@state.co.us (303) 205-5944 Michael.Dixon@state.co.us	DOR acts as integrator for the state
Florida*	Travis Pelham	(850) 617-3001 TravisPelham@flhsmv.gov	Mandatory Participation DMV acts as integrator for the state
Georgia	Robert Worle	(404) 968-3690 Robert.Worle@dor.ga.gov	Mandatory Participation DMV acts as integrator for the state DMV charges a fee for ELT
Hawaii (Oahu)	Stan Sano	(808) 768-7649 ssano@honolulu.gov	DMV acts as integrator for the state
Idaho	Chris Fisher Barry Takeuchi	(208)334-8679 Chris.Fisher@itd.idaho.gov (208) 334-8662 Barry.Takeuchi@itd.idaho.gov	DMV acts as integrator for the state
Iowa	Andrew Lewis	(515) 237-3325 Andrew.Lewis@dot.iowa.gov	DMV acts as integrator for the state
Louisiana	Staci Hoyt	(225) 270-1556 Staci.Hoyt@la.gov	Mandatory Participation LA Public Tag Agents act as integrators for the state and charges a fee for that activity
Maryland	Christine Nizer	(410) 787-7830 cnizer@mdot.state.md.us	DMV acts as integrator for the state
Massachusetts	Joyce Mover	(857) 368-7481 Joyce.Mover@state.ma.us	DMV acts as integrator for the state

State	ELT Contact	Phone Number / Email	State Structure
Nebraska	Cindy Incontro Betty Johnson	(402) 471-3904 Cynthia.Incontro@nebraska.gov Betty.Johnson@nebraska.gov	Mandatory Participation Only electronic notices are issued by the state at lien filing DMV acts as integrator for the state
New York	Amy Rubino Al Memole	(518) 474-3420 amy.rubino@dmv.ny.gov (518) 486-9731 Al.Memole@dmv.ny.gov	DMV acts as integrator for the state
Nevada	Ted Imfeld	(775) 684-4387 TImfeld@dmv.nv.gov	Mandatory participation began July 1, 2017. A third-party vendor acts as an integrator for the state
North Carolina	Portia Manley Donna Boone	(919) 861-3332 pmanley@ncdot.gov (919) 861-3332 dkboone@ncdot.gov	Mandatory participation A third-party vendor acts as integrator for the state
Ohio*	Karen Casparro Philip Romine	(614) 752-7678 kcasparro@dps.state.oh.us (614) 752-7626 PRomine@dps.state.oh.us	DMV acts as integrator for the state
Pennsylvania*	Atisha Duffin	(717) 783-6523 aduffin@pa.gov	Mandatory Participation DMV acts as integrator for the state
South Carolina	Deloris Harriman Larry Murray	(803) 896-4577 Deloris.Harriman@SCDMV.net Larry.Murray@SCDMV.net	Mandatory Participation DMV acts as integrator for the state
South Dakota	Monica Weischedel	(605) 733-7222 Monica.Weischedel@state.sd.us	Mandatory Participation Only electronic notices are issued by the state at lien filing DMV acts as integrator for the state
Texas	Rick Colvin Clint Thompson	(512) 465-1471 Rick.Colvin@txdmv.gov Clint.Thompson@txdmv.gov	DMV acts as integrator for the state

State	ELT Contact	Phone Number / Email	State Structure
Virginia*	Tonya Blaine Karen Grim	804-367-0599 tonya.blaine@dmv.virginia.gov (804) 367-6659 Karen.Grimm@dmv.virginia.gov	Mandatory Participation DMV acts as integrator for the state
Washington	Kristie Pettibone Dani Waldron	(360) 902-3708 dolvseltneeds@dol.wa.gov (360) 902-3824 dolvseltneeds@dol.wa.gov	DMV acts as integrator for the state
Wisconsin	Pablo “Genaro” Haro	(608) 266-6927 pablo.Haro@dot.wi.gov	DMV acts as integrator for the state

*While most states will share information about their ELT Programs, those marked with an * have historically demonstrated a significant willingness to support states evolving an ELT Program.

APPENDIX 3 – NTSF MEMBERSHIP LIST

Ally Financial
America Financial Services Association
American Credit Acceptance, LLC
American Honda Finance Corp
Automotive Finance Corporation
Bank of America Dealer Financial Services
Bank of the West
C&F Finance Company
Capital One Auto Finance, Inc.
CarMax Auto Finance
Chase Auto Finance
Consolidated Automotive Services
Credit Acceptance Corporation
Dealertrack, Inc.
Decision Dynamics, Inc.
Exeter Finance Corp.
Ford Motor Credit
GM Financial
Harley-Davidson Financial Services, Inc.
Huntington National Bank
Hyundai Capital America
IAA – (Insurance Auto Auctions)
Manheim
Mercedes-Benz Financial Services USA LLC
M & T Bank
Nicholas Financial, Inc.
Nissan Motor Acceptance Corp
OneMain Holdings
Open Road Lending, LLC
PAR North America
PDP Group, Inc.
Porsche Financial Services
Prestige Financial Services
rateGenius
SAFCO (Southern Auto Finance Company)
Santander Consumer, USA, Inc.
Secure Title Administration, Inc.
Tidewater Finance Company
Toyota Financial Services
USAA Federal Savings Bank
VW Credit, Inc.
Wells Fargo Dealer Services
Westlake Financial Services
Wolters Kluwer Lien Solutions
World Omni Financial Corp.