Best Practices for ELT Programs

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Introduction

This is a very brief overview of what DDI considers the best parts of an Electronic Lien and Title (ELT) program. This is intended as little more than a list to enable states to consider what to include as they develop a new program, or how to improve an existing program. Listed here are *Essential ELT Components* (fundamental to ELT), *High-Value Components* (helping make the program successful), and an overview of the *Pros and Cons* of the programs of several states.

Essential ELT Components

The basic parts of any ELT program.

Notification of Lien

A transaction sent by the state. This is the "electronic title", letting the lienholder know a lien has been recorded. This should include all information currently printed on a paper title, including owners, lienholders, odometer, vehicle brands, and title number.

Release / Satisfy / Cancel

A transaction allowing the lienholder to inform the state they no longer have an interest in this vehicle. Allowing lenders to specify an alternate address for the title to be mailed should be included with this transaction.

Request Paper

A transaction in which the lienholder requests a paper title with their lien still noted. The need for paper titles with notated liens can be minimized through implementing High-Value Components.

High-Value ELT Components

DDI recommends all of these components. Importance indicated as low, moderate, high, or highest.

Notification of Cancellation (high)

A transaction where the state notifies the lienholder that their lien has been removed, usually due to a written request (a form submitted). This allows the state to assist the lender in keeping their electronic records up to date.

Restriction Requiring Electronic Release of ELT (highest)

Several states have implemented a requirement that liens on electronic titles can only be released with an electronic transaction. This eliminates fraudulently submitted release forms.

Correction to Title (high)

A transaction where the state notifies the lienholder of a change made to title information. This is usually an additional lien or vehicle brand added.

Convert from Paper (high)

A transaction allowing conversion of existing paper titles to electronic titles. This should include both existing portfolios and ongoing receipt of paper titles (paper title received when electronic title expected).

Change Owner Address (low)

Change Owner Address allows the lienholder to submit a transaction notifying the state when they are aware of a change of address. Several states support this by providing a separate portal for citizens to update their own address online.

Transfer to New Lienholder (moderate)

This transaction allows the lienholder to release their lien and indicate a new lienholder. It is ideal when one lender provides a check as loan fulfillment to another lender and expects to place a new lien on the title.

Electronic Lien Application (moderate)

This transaction allows a lender to electronically submit a title or lien application. This is effective even if paperwork (owner signature for odometer disclosure, current title, etc.) is required to be submitted later since it should prevent another lien being placed on the title.

Title Inquiry (highest)

This transaction (which should occur in real time, not batch) allows a lienholder to verify title information (by VIN or title number) prior to issuing a loan. This is primarily a fraud prevention measure but can also be used for troubleshooting during the lien recordation process.

Expedited Printing Requests (highest)

Allows a lienholder or owner to receive a printed title the same day (or next day) a request is made. This helps program participation as it assures owners they can receive a title when needed (at point of sale). It also benefits lienholder in case of emergencies (such as repossession).

Default Titles for ELT Participants to ELT (highest)

A setting in the state's system that flag any ELT participant and generates only electronic titles unless otherwise requested.

Alternate Processing Fee Payment (high)

Instead of a check accompanying each application, lenders can provide an alternate method of payment with a title application. This assists lenders in reducing the time and effort required to prepare numerous individual checks.

Use Low-Cost and Secure Data Communication (high)

All electronic title transactions should be transmitted securely, both to encrypt the contents and ensure delivery. Transmission processes that include some kind of verification of receipt are strongly encouraged. Low-cost solutions are readily available and do not compromise security or reliability.

Allow Immediate (Non-Batch) Transactions (high)

Some transaction situations, such as a release of lien, benefit greatly from the ability to immediately send an ELT transaction rather than depend solely on a daily batch transmission and processing. Refer also to the "Expedited Printing Requests" feature.

Pros and Cons, State by State

Items of particular note **are in bold**.

Arizona

Pros

- **ELT Participation sign up requires only a form (not a contract) and is very quick**
- AADA provides extremely responsive ELT Support
- Repossession does not require a paper title
- **Expedited title release makes the title quickly available from DMV branch**
- The comprehensive scope of the program means that paper titles are not printed by accident

Cons

- Title inquiry service is expensive

California

Pros

- Support transfer of lien to new lienholder
- Allows converting paper titles to ELT (in batch)
- Supports transfer of ownership

Cons

- No support for expedited paper titles
- Paper title is required for repossessions
- Title inquiry service requires complex enrollment process

Florida

Pros

- **Allow title applications without printed titles**
- Provide free VIN / title inquiry without registration
- Titles default to staying electronic
- **Fee charged for printing a paper title (encourages electronic titles)**
- Support correction to title transaction
- Support expedited paper title for lienholders
- Require electronic release of ELT
- The comprehensive scope of the program (beginning 1/1/2013) means that paper titles will not printed by accident

Cons

- No support for expedited paper titles for owners (with lien release)
- Vehicle brands not provided with Notification (but are available from Title inquiry)
- No transaction-level confirmations (file-level confirmations only)

Georgia

Pros

- Require electronic release of ELT
- Provide a lien verification transaction for ELT participants
- **Simple convert from paper transaction (fee)**
- Support correction to title transaction
- Title inquiry service is available through the ELT program for a fee

Cons

- Vehicle brand information not provided in lien notification or title inquiry
- Printed titles are not immediately available

Hawaii

Pros

- ELT Participation sign up requires only a form (not a contract)

Cons

- Lienholders must process 25 liens a year to participate

Idaho

Pros

- Allows converting paper titles to ELT

Cons

- Multi-step sign-up process

Kansas

Pros

- The comprehensive scope of the program means that paper titles are not printed by accident

Cons

- Don't allow direct third-party vendor participation

Louisiana

Pros

- Provides title inquiry by VIN
- Support for expedited paper titles (available in near future)

Cons

- Limited implementation of mandatory program results in inadvertent paper titles being issued

Massachusetts

Pros

- Implements AAMVA standards
- Provides title inquiry by VIN

Cons

- Multi-step process for signing up lienholders slows down startup

Nebraska

Pros

- The comprehensive scope of the program means that paper titles are not printed by accident
- Public free VIN inquiry without registration
- ELT Participation sign up requires only a form (not a contract)
- Allows converting paper titles to ELT

Cons

- No transaction-level confirmations

New York

Pros

- Public free VIN inquiry without registration
- **Support electronic lien recording (even with ownership transfer)**
- Supports transfer of ownership

Cons
- Requires Websphere for message exchange

Ohio

Pros
- Electronic titles default to staying electronic
- Public free VIN inquiry without registration provides title history
- **Support electronic lien recording (for titles requiring no other changes)**
- Support transfer to new lienholder
- **Allow electronic release of a paper (non-ELT) title**
- Allows Alternate Processing Fee Payment

Cons
- No support for expedited paper titles
- No support for ELT for titles with multiple liens

Pennsylvania

Pros
- Allow third-party providers access to comprehensive inquiry for troubleshooting (with restrictions on providing that information to anyone else)
- **ELT Participation sign up requires only a form (not a contract) that can be submitted by fax or email**
- Allows converting paper titles to ELT

Cons
- No support for expedited paper titles
- No title inquiry service available for lenders
- Restrictive information dissemination policies

South Carolina

Pros
- **Expedited title transaction makes the title immediately available from DMV branch**
- Title inquiry service

Cons
- Title applications must be explicitly marked ELT for an electronic title to be generated.

South Dakota

Pros
- The comprehensive scope of the program means that paper titles are not printed by accident

- Public free VIN inquiry without registration
- ELT Participation sign up requires only a form (not a contract)
- Automated method for handling liens recorded in error

Cons

- No support for expedited paper titles
- Optional participation + no titles printed results in ELT customers not receiving titles when applications are not submitted with exact lienholder name and address.

Texas

Pros

- Require electronic release of ELT
- Title inquiry service

Cons

- Vehicle brands not provided with Notification (but are available from Title inquiry)
- **Title applications must be explicitly marked ELT for an electronic title to be generated.**

Utah

Pros

- Lien notations are immediately recorded

Cons

- Don't allow direct third-party vendor participation
- Additional fee for noting or releasing liens

Virginia

Pros

- Electronic titles default to staying electronic
- Support correction to title transaction
- **Support expedited paper title for owners (with lien release) available within one hour of request**

Cons

- No support for expedited paper titles for lienholders
- Multi-step process for signing up lienholders slows down startup

Washington

Pros

- Support owner change of address

Cons
- Requires initial setup fee for each participant

Wisconsin

Pros
- Title inquiry
- **Support electronic lien recording (for titles requiring no other changes)**

Cons
- No support for expedited paper titles

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