

Study Regarding Implementation of a Uniform Statewide System to Allow for Electronic Transactions for the Registration and Titling of Motor Vehicles

**A report to the Iowa Legislature, per Section 2,
Senate File 2273, 83rd General Assembly**

Prepared by
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Table of Contents

Executive Summary	1-4
Study Overview.....	5-8
Iowa’s Current Registration and Titling System and Process.....	9-14
Findings and Recommendations	15-24
Appendix A: Estimated Costs and Benefits to Iowa DOT.....	A1-A4
Appendix B: Estimated Costs and Benefits to County Treasurers	B1-B2
Appendix C: Estimated Costs and Benefits to Dealers.....	C1-C2
Appendix D: Estimated Costs and Benefits to Consumers.....	D1-D2
Appendix E: Comparison of Costs and Benefits of Enhancing Current Systems vs. Using a Vendor	E1-E2
Appendix F: Procedures and Best Practices Used by Other States.....	F1-F4
Appendix G: Impact on Access to Private Information/Security Concerns	G1-G2
Appendix H: Legislative and Administrative Changes Required.....	H1-H4
Appendix I: Senate File 2273.....	I1-I4
Appendix J: AAMVA Survey of Other States’ ELT Processes.....	J1-J18
Appendix K: Meeting Minutes of Working Group.....	K1-K44
Appendix L: Survey of County Treasurers	L1-L8
Appendix M: Dealer Survey Results.....	M1-M8
Appendix N: Dealer Comments to Survey	N1-N6
Appendix O: Model ELT State Process	O1-O4
Appendix P: South Dakota Electronic Registration and Titling System	P1-P2

Executive Summary

LEGISLATIVE STUDY – The 83rd General Assembly of the Iowa Legislature, in Senate File 2273, directed the Iowa Department of Transportation (DOT) to conduct a study of how to implement a uniform statewide system to allow for electronic transactions for the registration and titling of motor vehicles.

PARTICIPANTS IN STUDY – As directed by Senate File 2273, the DOT formed a working group to conduct the study that included representatives from the Consumer Protection Division of the Office of the Attorney General, the Department of Public Safety, the Department of Revenue, the Iowa State County Treasurer's Association, the Iowa Automobile Dealers Association, and the Iowa Independent Automobile Dealers Association.

CONDUCT OF THE STUDY – The working group met eight times between June 17, 2010, and October 1, 2010. The group discussed the costs and benefits of electronic titling from the perspectives of new and used motor vehicle dealers, county treasurers, the DOT, lending institutions, consumers and consumer protection, and law enforcement. Security concerns, legislative implications, and implementation timelines were also considered. In the course of the meetings the group:

1. Reviewed the specific goals of S.F. 2273, and viewed a demonstration of Iowa's current vehicle registration and titling system so participants that were not users of the system could gain an understanding of its current functionality and capabilities.
2. Reviewed the results of a survey of county treasurers conducted by the DOT to determine the extent to which county treasurers had processing backlogs and the extent to which county treasurers limited the number of dealer registration and titling transactions that they would process in a single day and while the dealer waited. Only eight reported placing a limit on the number of dealer transactions that would be processed while the dealer waited (with the number ranging from one to four), and only 11 reported a backlog in processing registration and titling transactions as of June 11, 2010, with most backlogs being reported in the range of one to three days.
3. Conducted conference calls with representatives of the American Association of Motor Vehicle Administrators (AAMVA) and representatives of three states -- Kansas, which has an electronic lien and titling (ELT) program, and Wisconsin and Florida, each of which have both an ELT program and an electronic registration and titling (ERT) program – to assess current and best practices for electronic transactions. In addition, the DOT (through AAMVA) submitted a survey to all U.S. jurisdictions to determine how, if at all, other states implemented electronic transactions for the registration and titling of motor vehicles. Twenty-eight states responded to the survey; of the 28 states that responded, only 13 allowed liens to be added or released electronically, and only five indicated allowing applications for registration and titling to be submitted electronically. DOT staff also heard a presentation from South Dakota on its ERT system at an AAMVA regional meeting. ELT information that emerged suggests a multi-vendor approach, in which vendors that meet state specifications for participation are authorized to interface with the state's system to serve as a portal between lenders and the state system, will facilitate electronic lien releases and additions by offering lenders more choices and the opportunity to use the same vendor in multiple states. The ERT information that emerged indicates a multi-interface approach that offers an interface with existing dealer management software (DMS) systems and through a separate internet site will

facilitate ERT by offering access that meets a variety of business needs and models. In both instances, information that emerged indicates that, in the long-term, adoption rates are positively affected by making participation above a certain minimum threshold mandatory.

4. To assess and compare functions or services that might be offered by or through a vendor, the group heard presentations from vendors that offer products or services that facilitate some aspect of ELT or ERT.
5. To assess the concerns, needs and interest of Iowa motor vehicle dealers, the group surveyed dealers to assess registration and titling difficulties experienced by dealers, the types of DMS systems (if any) used by dealers, and the dealers' interest and preference in using an electronic interface to submit applications for registration and titling. Overall, 40% of the dealers that responded indicated interest and 57% indicated no interest, but interest was pronounced among new car dealers (75% were interested) and dealers with a high number of monthly transactions (85% of dealers averaging more than 50 sales per month were interested). The majority of dealers responding to the dealer survey ranked delays in processing and problems with daily limits on transaction as "minor difficulty" or "no difficulty."

RECOMMENDATIONS -- At the conclusion of the meetings, the working group discussed possible approaches for implementation of electronic transactions in Iowa and reached a consensus that a phased implementation of electronic titling that addressed first electronic lien and title transactions (ELT) and electronic fund transfers (EFT), and then electronic applications for registration and titling (ERT) is recommended. The recommendation of a phased implementation is based upon recognition that aspects of ELT and EFT are foundational to ERT, and that ELT and EFT solutions are more readily and easily attained than the ERT solution, which will take longer and be somewhat more difficult to develop and will require federal approval of an electronic odometer statement to fully implement.

ELT – A multi-vendor approach is proposed for ELT. No direct costs to the state, counties, consumers, or dealers are anticipated under this approach. The vendor charges participating lenders user or transaction fees for the service, and it appears the lenders typically absorb those costs due to the savings offered by ELT. Existing staff can complete the programming necessary to interface the state system with vendors' systems.

The estimated time to implement ELT is six to nine months. Mandatory participation is not recommended initially, but should be considered after ELT has been implemented and a suitable number of vendors have enrolled to provide a fair assessment of participation rates and opportunities.

EFT – A previous attempt to implement ELT and EFT was terminated due to concern that it would negatively impact county revenues by reducing interest income earned on state funds collected by the county and held until the monthly transfer to the state. To avoid that problem in this implementation, the EFT solution should remain revenue neutral to the counties, by allowing fees submitted by EFT to be immediately directed to the proper county account.

Because ARTS was designed and has the capacity to accommodate EFT, a vendor is not needed to implement EFT. The estimated time to implement EFT is six to nine months. It is expected that EFT development will overlap ELT development.

ERT – ERT itself must be developed in phases. It will not be possible to quickly implement a fully functioning, paperless ERT system, because federal law requires that transfer of title be accompanied by a written odometer statement unless approval for an alternate electronic statement is granted by the National Highway Traffic Safety Administration (NHTSA). It is expected that it will take as much as a year or more to obtain NHTSA approval, and that NHTSA approval will require design of a system that requires the seller to electronically confirm the seller's identity, make the required disclosure to the buyer, and then transfer the disclosure to the buyer, who must also electronically confirm the buyer's identity and electronically review and accept the disclosure to complete and submit the transaction. Given the time that it will take to develop and gain approval for this solution, initial ERT implementation will focus on completing and submitting applications and issuing registration applied for cards electronically, with the understanding that this process will still require submission of paper documents until an electronic odometer solution is developed. Because continued submission of paper documents undermines the efficiencies sought, "full" ERT – that is, all documents necessary for registration and titling should be capable of approval and/or acceptance by all parties, and should be capable of submission without transmittal or delivery of duplicate paper documents – should remain the ultimate goal.

ERT is not recommended as a means to eliminate review and approval of registration and titling transactions by the county treasurers, or to place registration and titling approval in the hands of the dealers, as county treasurers perform an important role in deterring fraud and promoting accuracy by determining the genuineness and regularity of each application. Authorizing dealers to act as registration agents that approve registration and title applications, issue registration receipts, and maintain and deliver permanent metal license plates is not recommended.

Although distribution of permanent plates by dealers is not recommended, it is recommended that dealers participating in ERT generate and print registration applied for cards electronically. Unlike the manually-issued cards currently in use, cards issued in this fashion may be queried by law enforcement and are less susceptible to misuse by customers and dealers.

The estimated time to implement the electronic application and registration applied for cards is 12 to 18 months, to begin after ELT and EFT have been implemented. It is recommended that focus during this time be on facilitating transfers through motor vehicle dealers, with initial deployment focused on higher-volume dealers that use DMS systems. In the long term an internet option for access to ERT must also be developed and maintained to allow participation for lower-volume dealers that do not use a DMS system. This option will also lay the ground work for an ERT option for sales between private individuals.

Mandatory participation in Iowa is not recommended initially. As with ELT, it is recommended that mandatory participation be considered after at least an initial phase of ERT has been implemented and a suitable number of dealers have enrolled to provide a fair assessment of participation rates and opportunities.

The use of vendors to facilitate ERT is not initially proposed because 1) DOT IT support staff is capable of developing a system that will interact with DMS systems and will still have to develop a dealer and public interface regardless of whether a vendor acts as intermediary between the DMS systems, and 2) there is concern that the cost of the vendor-based system, which is funded by transaction-based payments from the dealer to the vendor, will be passed to the consumer in the form of additional documentation or conveyance fees. However, the DOT recommends flexibility on this

point, as development and pilot of the system may indicate that a multi-vendor approach similar to that recommended for ELT may increase the adoption rate by larger dealers and may ultimately decrease the user management to be exercised by DOT staff. If vendors are used in the process, additional legislation or administrative rules may be needed to control the fees that may be passed to the consumer.

No direct cost to the DOT or county treasurers is expected, as the DOT expects that it may complete necessary programming with existing staff. Use of vendors to facilitate ERT transactions by dealers using DMS systems would result in transaction fees that may ultimately be passed to consumers.

LEGISLATION – As a result of the changes implemented in 2004 under Senate File 2070, the only changes to Iowa statutes proposed are to section 321.69 of the Iowa Code, “Damage disclosure statement,” and section 321.71, “Odometer requirements.” In each instance, authority to execute these statements by electronic means would be clarified by authorizing language similar to that used in section 321.20, subsections “2” and “3,” which allows for electronic applications and directs the department to “adopt rules on the method for providing signatures for applications made by electronic means.” In these sections, the authorizing language might read as follows:

Notwithstanding contrary provisions of this section, the department may develop and implement a program to allow for any statement required by this section to be made electronically.

The department shall adopt rules on the method for providing signatures for statements made by electronic means.

Some changes to DOT administrative rules will be useful but only to enable changes to work processes that would be desirable in the long term. Examples of long term work processes that would be enabled by rule changes include allowing for signatures created through electronic means and electronic odometer certifications. The DOT rules, as currently written, do not hinder the ability to proceed with ELT, EFT, and ERT.

Study Overview

A. Senate File 2273.

The 83rd General Assembly of the Iowa Legislature, in Senate File 2273, (S.F. 2273), stated its intent “to establish a uniform statewide system to allow electronic transactions for the initial registration and titling of motor vehicles, including electronic applications, electronic issuance of titles, electronic registration, electronic transfer of funds, electronic perfection of liens, and issuance of secure and individually identifiable temporary registrations cards, by January 1, 2012,” and directed the Iowa Department of Transportation (DOT) to conduct a study of how to implement a uniform statewide system to allow for electronic transactions for the registration and titling of motor vehicles.¹

B. Formation and Activity of the working group.

1. Representation.

Because S.F. 2273 provided that the study should include participation by representatives from the Consumer Protection Division of the Office of the Attorney General (AG), the Department of Public Safety (DPS), the Department of Revenue (DOR), the Iowa State County Treasurer’s Association (ISCTA), the Iowa Automobile Dealers Association (IADA), the Iowa Independent Automobile Dealers Association (IIADA), and other persons designated by the DOT, the DOT formed a working group that included representatives of these entities to conduct the study. The following persons participated in the working group:

<u>NAME</u>	<u>AGENCY/COMPANY</u>
Brauch, William	AG - Consumer Protection Division
Hansen, Robert	DPS - Iowa State Patrol
Daniels, Victoria	DOR
Baarda, Darin	DOT - Information Technology Division
Covington, Deb	DOT - Information Technology Division
Goecke, Nancy	DOT - Information Technology Division
Lowe, Mark	DOT - Motor Vehicle Division Director
Athey, Mike	DOT - Motor Vehicle Enforcement
Steier, Paul	DOT - Motor Vehicle Enforcement
Bishop, Tonya	DOT - Office of Vehicle Services
Deerr, Cindy	DOT - Office of Vehicle Services
Hargis, Tina	DOT - Office of Vehicle Services
Johnson, Jody	DOT - Office of Vehicle Services
Lewis, Andy	DOT - Office of Vehicle Services
Short, LaVonne	DOT - Office of Vehicle Services
Hartwig, Bob	Iowa Bankers Association
Presnall, Sharon	Iowa Bankers Association
Helgesen, Joshua	Iowa Credit Union League
Whatley, Anne	Iowa Credit Union League

¹ The full text of S.F. 2273 appears in Appendix “I.”

Anderson, Bruce	IADA
Sundstrom, Scott	IADA
Thomas, Gary	IADA
Livy, Doug	IIADA
Piazza, Jim	IIADA
Wilson, Judy	IIADA
Winterboer, Clay	IIADA
Weitl, Peggy	Treasurer, Carroll County
Bishop, Doug	Treasurer, Jasper County (ISCTA President)
Pregon, Jim	Treasurer, Johnson County (Dep. Treasurer)
Maloney, Mary	Treasurer, Polk County
Walter, Wayne	Treasurer, Winneshiek County (ISCTA Executive Board member)

2. Meeting Dates and Topics.

The working group met on June 17, July 8, July 19, August 2, August 16, September 7, September 20, and October 1, 2010. The group discussed the costs and benefits of electronic titling from the perspectives of new and used motor vehicle dealers, county treasurers, the DOT, lending institutions, consumers and consumer protection, and law enforcement. Security concerns, legislative implications, and implementation timelines were also considered.²

3. Current System and Process Review.

To form a basic framework for its work, the group reviewed the specific goals of S.F. 2273, and then viewed a demonstration of Iowa's current vehicle registration and titling system so participants that were not users of the system could gain an understanding of its current function and capabilities. During legislative discussion of S.F. 2273, dealer representatives raised the concern that some counties limited the number of transactions they would process on a daily basis for any one dealer. (For instance, it was reported that some counties might allow a dealer to issue only three titles while the dealer waited, and would place any title applications beyond that amount into a work queue to be completed in order of receipt with other pending applications.) As a result of that concern and in anticipation of the first meeting of the working group, the DOT conducted a survey of the county treasurers to determine the extent and degree to which that practice existed, and shared the results of that survey with the working group.³

4. Review of Procedures and Best Practices Used by Other States.

To assess current and best practices, the working group conducted conference calls with representatives of the American Association of Motor Vehicle Administrators (AAMVA) and representatives of three states that have implemented some aspect of electronic transactions for the registration and titling of motor vehicles. These states were Wisconsin, Florida, and Kansas.⁴ DOT staff also had the opportunity to view a presentation by South Dakota of its electronic title

² Minutes of each meeting of the working group appear in Appendix "K."

³ The results of this survey appear in Appendix "L."

⁴ Minutes of these presentations appear in Appendix "K," at pages K-7 to K-9 (Wisconsin), pages K-13 to K-15 (Kansas), K-19 to K-20 (AAMVA), and K-20 to K-23 (Florida).

and registration system at a regional AAMVA conference on October 20, 2010.⁵ In addition, the DOT (through AAMVA) submitted a survey to all U.S. jurisdictions to determine how, if at all, other states implemented electronic transactions for the registration and titling of motor vehicles.⁶ This survey was conducted in July, 2010 and the results were submitted to the DOT in August, 2010.

5. Vendor Presentations.

To assess and compare functions or services that might be offered by or through a vendor, the group heard presentations from vendors that offer products or services that facilitate some aspect of electronic transactions for titling and registration. The vendors that made presentations were PDP Group, VINtek, CVR, Iowa Interactive, triVIN, and Decision Dynamics, Inc.⁷ Each vendor was allowed a one-hour presentation.

6. Dealer Survey.

To assess the concerns, needs and interest of Iowa motor vehicle dealers, the working group constructed and the DOT administered a survey that was submitted to all licensed motor vehicle dealers. The survey attempted to determine the common difficulties experienced by Iowa dealers that could be addressed by electronic transactions, the types of dealer management software (DMS) systems (if any) used by dealers, and the dealers' interest and preference in using an electronic interface to submit registration and title applications. The DOT compiled and the working group reviewed the results of this survey.⁸

7. Recommendations.

At the conclusion of the meetings, the working group discussed possible approaches for implementation of electronic transactions in Iowa and reached a consensus that a phased implementation of electronic transactions that addressed first electronic lien and title transactions (ELT) and electronic fund transfers (EFT), and then electronic applications for registration and titling (ERT) is recommended. The following provides an overview of Iowa's current process, and then explains the rationale for a phased implementation and the details of each phase.

⁵ An overview of the South Dakota system appears in Appendix "P."

⁶ The results of this survey appear in Appendix "J."

⁷ Minutes of these presentations appear in Appendix "K," at pages K-25 to K-28.

⁸ The dealer survey results are discussed in Appendix "M." Dealer comments submitted with the dealer survey responses appear in Appendix "N."

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Iowa's Current Registration and Titling System and Process

A. The ARTS System.

A review of Iowa's current registration and titling system and process is instrumental to the discussion. County treasurers in Iowa perform registration and titling via a system administered by the DOT known as "ARTS."⁹ ARTS has been in use since January, 2005. At that time, the DOT discontinued use of its legacy Vehicle Registration and Titling (VRT) system and successfully implemented ARTS statewide. Over 700 county treasurers' staff in Iowa's 99 counties, as well as staff in the DOT's offices of Vehicle Services and Motor Carrier Services, use ARTS to complete registration and titling transactions. More than five million vehicle records were converted from VRT to ARTS in one weekend at the time of implementation, and since that weekend, titles and registrations have been issued in every county, every business day since, without significant interruption. In 2009, over four million vehicles were registered, almost 900,000 titles were issued, and over 300,000 security interests were perfected using ARTS.

The core functionality of the ARTS system includes a common customer across subsystems, inventory management, cash drawer, real time updates of records, discretionary edits (stops) that prevent illegal transactions across the state, consistent fee calculations and financial management, work management, correspondence, and the ability to add electronic notes to both customers and vehicles to share information and identify fraud. The finance elements of the system balance funds for the counties and the state and allow for EFT from the county to the state for distribution of funds to the appropriate entities. The system also allows DOR use tax exemptions to be flagged for review electronically. The DOT also adds "stops" to the ARTS system, through nightly batch jobs, for other state agencies for such items as unpaid debts. These "stops" prohibit registration until the debt is paid.

The ARTS system is used daily by trusted parties such as other state agencies, private investigators, security companies, law enforcement, financial institutions, and licensed automobile dealers. Trusted parties are allowed access to specific record information as permitted by the federal Driver Privacy Protection Act (DPPA)¹⁰ and Iowa law. Each trusted party must complete a DPPA agreement form and file it with the DOT before access to the ARTS system is permitted.

Dealers currently enjoy web-based access to and services from ARTS. Shortly after ARTS was introduced in 2005, new features were added that allow dealers to determine vehicle registration fees via the internet. This eliminated the need for auto dealers to manually determine fees, using weight and list price information maintained on paper lists, for thousands of different vehicles. The ability to electronically look up fees reduced the need for dealers to contact county treasurers for fee information and reduced the number of rejected applications due to fee calculation errors. This system of determining vehicle registration fees is available, at no charge, for both dealers and consumers.

Another feature allows dealers who have filed a DPPA agreement with the DOT to look up specific vehicle registration information for a given vehicle. This feature protects dealers by ensuring that a

⁹ ARTS stands for "Archon Registration and Titling System." Although its role by design has expanded well beyond registration and titling functions, it is still known as ARTS.

¹⁰ The Driver Privacy Protection Act appears at 18 U.S.C. § 2721.

trade-in vehicle is currently registered, is owned by the person presenting it for trade, has no undisclosed and unreleased liens against it, carries no undisclosed brands such as salvage or rebuilt, and has no odometer discrepancies.

A participating dealer can look up vehicle owner information but must have the vehicle identification number (VIN), title number, or junking certificate number to do so. This helps ensure that access to owner information is limited to situations where the dealership already has the VIN, title number or junking certificate number. Dealers are not allowed to access vehicle owner information using a license plate number.¹¹

ARTS includes a dealer licensing system implemented in 2006. This is a subsystem of ARTS that interfaces with vehicle registration and titling transactions. The dealer system manages information necessary for Iowa auto dealer licensing and generates dealer license credentials. Automated “discretionary edits” warn county staff when dealer licensing requirements are not met and prevent dealers that do not have a valid dealer’s license from completing titling and registration transactions.

ARTS is also the system through which the issuance of driver’s licenses (DLs) and non-operator’s identification cards (IDs) are issued. Issuance staff in the DOT’s 19 driver’s license stations and the 81 county treasurer’s offices that issue DLs and IDs have performed DL and ID issuance through ARTS since implementation of the driver subsystem in 2007. This subsystem includes records management and accident processing. As noted above, ARTS features common customers across subsystems. This means that an individual customer that has a DL or ID and owns or leases a vehicle may be identified and managed within a single customer record, rather than as separate records in each subsystem. This allows for more efficient administration of requirements and sanctions that affect both driving and registration privileges, and better protects against identity theft and fraud. Approximately one million DL and ID cards are issued through ARTS each year.

B. Iowa’s Current Registration and Titling Process.

Consistent with the legislature’s intent to establish a uniform statewide system to allow electronic transactions for the initial registration and titling of motor vehicles, discussion of Iowa’s current registration and titling process will focus on initial registration and titling following a sale or transfer.¹² Looking at a transaction that initiates with the sale of a new vehicle, the process typically involves the following elements:

Dealer

- Dealer assigns the manufacturer’s certificate of origin to the buyer.
- Dealer completes and executes a damage disclosure statement in compliance with section 321.69 of the Iowa Code.
- Buyer approves and executes damage disclosure statement.
- Dealer completes and executes an odometer statement in compliance with section 321.71 of the Iowa Code and federal law.¹³

¹¹ This is pursuant to section 321.11 of the Iowa Code.

¹² Electronic options for registration renewal of vehicles already titled and registered in Iowa already exist. There are two web renewal options in Iowa. “IowaTaxAndTags.org” is the official county treasurer’s payment and services website for Buchanan, Clayton, Dickinson, Floyd, Iowa, Johnson, Linn, Montgomery, Polk, Pottawattamie and Poweshiek counties. For Iowa’s remaining 88 counties, “IowaTreasurers.org” serves that function. These are on-line payment options to complete renewals but are not initial title and registration services or applications.

¹³ Federal odometer requirements are discussed in detail in footnote 23.

- Buyer approves and executes odometer statement.
- Dealer completes for buyer an “Application for Certificate of Title and/or Registration,” DOT Form 411007.¹⁴
- Buyer approves sections of the application that provide the required information regarding the owner, the vehicle, security interests in the vehicle, the purchase price of the vehicle, the primary user of the vehicle (if the owner is a non-resident), and any claim by the owner for exemption from the fee for new registration, and executes the application.
- Dealer executes the section of the application that details information necessary to determine the price of the vehicle for determining the fee for new registration, whether and on what date a registration applied for card was issued, and the registration fee collected from the buyer.
- Dealer collects the tax, title, license, and lien (if applicable) fees from the buyer.
- Dealer affixes to the vehicle a registration applied for card, provided by the DOT pursuant to section 321.25, valid for 45 days. The dealer manually writes or otherwise enters the required information on the card.¹⁵
- Dealer physically delivers to the county treasurer the fees collected from the buyer and the application and other documents listed above, within 30 days of the date of sale.¹⁶

County Treasurer

- County treasurer reviews the application and, when satisfied as to the application’s genuineness and regularity and that all required payments have been properly calculated and paid, enters the necessary information into ARTS¹⁷ to complete registration and title, and issues via ARTS a paper title, a registration receipt, and a set of license plates.
- If there is no lien against the vehicle, the county treasurer delivers the paper title, registration receipt, and license plates to the buyer.¹⁸
- If there is a lien against the vehicle, the county treasurer delivers the paper title to the first lien-holder, and delivers the registration receipt and license plates to the buyer.

¹⁴ Section 321.45 of the Iowa Code requires an application to be made to the county treasurer and section 321.20 dictates the required content of the application.

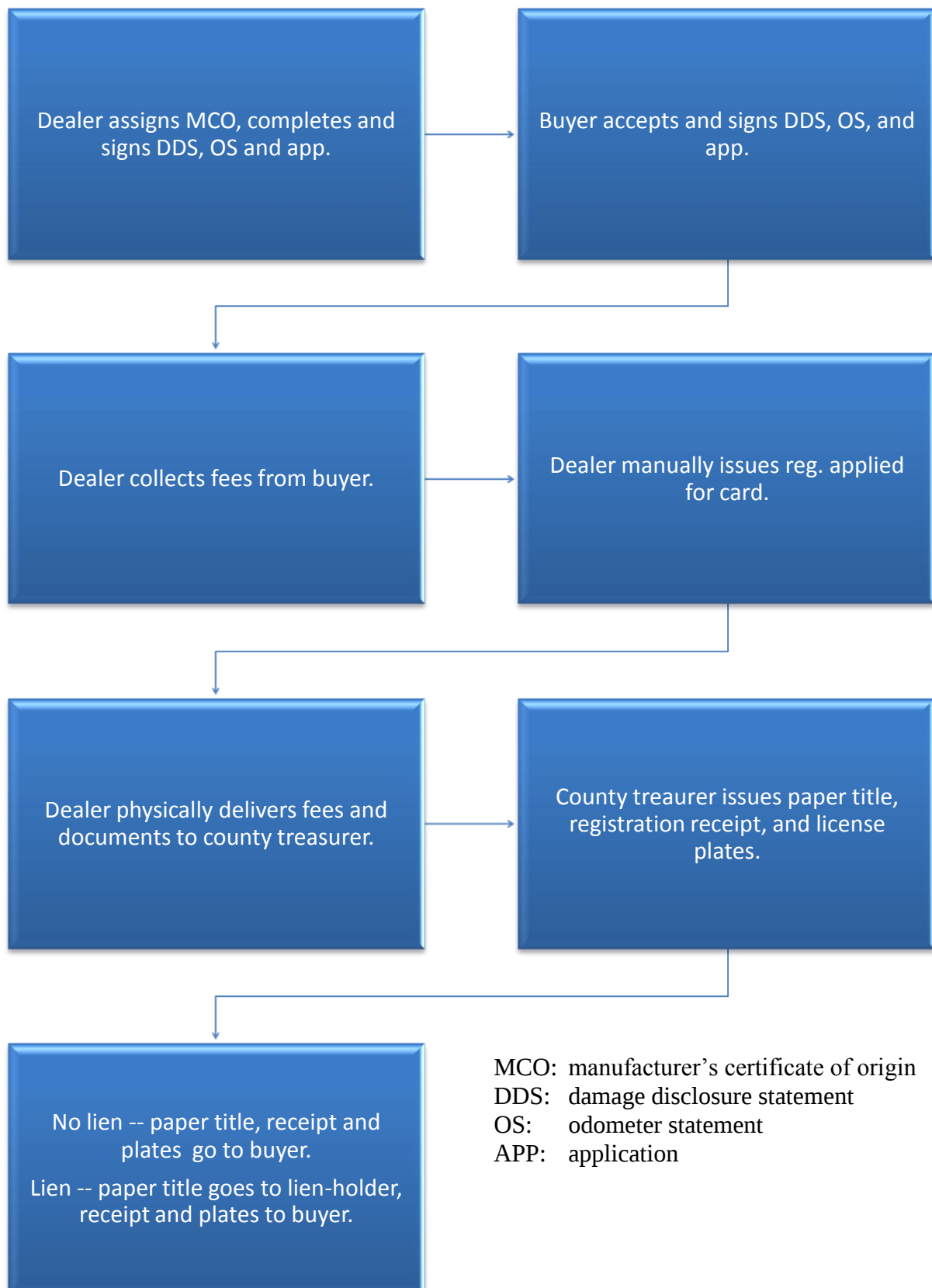
¹⁵ “Registration applied for” cards, which are also known as temporary tags, are currently provided free of charge by the DOT to licensed automobile dealers. Dealers issue these cards to purchasers of vehicles who have paid tax, title, and license fees to the dealer at the time of purchase. A registration applied for card is not completed and affixed to the vehicle if the buyer already possesses registration plates that may be attached to the vehicle (for instance, from a trade-in vehicle), and is not completed and affixed if the buyer elects to complete the registration and titling process.

¹⁶ The buyer may also elect to submit the required fees and documents to the county treasurer. Delivery may be by personal delivery by the dealer or dealer’s staff, or by mail, overnight delivery, or other courier service. Some dealers maintain an escrow account in counties in which they do business. Required payments are drawn from the account so that a check for the required fees does not have to be issued or delivered.

¹⁷ ARTS is able to auto-populate much of the vehicle information based on the VIN and the customer information where the customer already exists in ARTS, so that double entry by the county treasurer is not necessary.

¹⁸ At the election of the buyer the buyer may obtain them in person at the treasurer’s office or may receive them by mail.

In somewhat simplified form, the process is represented graphically as follows:



Where the process is initiated by the sale of a used vehicle by a dealer, the process differs only in the fact that a manufacturer's certificate of origin is not involved, and the process instead begins with assignment of the certificate of title. The damage disclosure statements and odometer statements, if applicable,¹⁹ may be completed on the certificate of title itself. Where the process is between private parties and does not involve a dealer, the process differs in that the private seller, rather than a dealer, completes the assignment of title and any required damage disclosure and odometer statements, and the buyer is responsible for completing the application and submitting all required fees and documents to the county treasurer. Also, registration applied for cards are issued only by licensed dealers and are not available in private sales.²⁰

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¹⁹ As provided in section 321.69 and 321.71 of the Iowa Code, these statements are not required for some transfers, such as the transfer of a vehicle that is more than seven (damage disclosure statement) or nine (odometer statement) model years old.

²⁰ In private sales, the buyer may either affix plates from another vehicle previously registered to the buyer and transferred within the previous 30 days, or operate the vehicle without plates for up to 30 days if the title or bill of sale is carried within the vehicle.

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Findings and Recommendations

A. Recommendation for Phased Implementation.

The recommendation of a phased implementation encompassing first electronic lien and title transactions (ELT) and electronic fund transfers (EFT), and then electronic registration and titling (ERT) is based primarily upon the recognition that some elements of ELT and EFT are foundational parts of an ERT system, and that ELT and EFT solutions are more readily and easily attained than the ERT solution, which will take longer and be somewhat more difficult to develop and will require federal approval to fully implement.

At first blush one might question why implementation of ERT would pose any particular difficulty, as there are, of course, myriad applications in use in which an individual applies for a benefit or service or submits a required return or payment electronically. The difficulty arises from the fact that (as demonstrated by the overview of the current registration and titling process) the effective transfer of title of a vehicle requires two persons – the seller and buyer – to demonstrate execution and acceptance of the documents and statements that must be submitted to the county treasurer to register and title a vehicle. For instance, a person that wishes to obtain a fishing license on-line might need only to provide certain information to establish the person's identity, and could then individually complete the transaction by completing the application and hitting a "submit" button – verification of the person's identity allows submission of the document to act as electronic signature of the application, and submission of the paper application is avoided. In the case of a vehicle transfer, however, the system developed has to accommodate the secure identification of both the seller and the buyer, and has to do so in a way that individually demonstrates that the seller has properly made the disclosures required of the seller, and that the buyer has properly received and accepts those disclosures.²¹ This is accomplished in the current process by requiring both the buyer and seller to execute the required disclosures and for the paper copies of those disclosures to be submitted with the application. In a paperless system, this requires a structure in which the seller electronically confirms the seller's identity, electronically completes the documents required by the seller, and then submits the transaction, at which point the transaction is handed off to the buyer and remains pending until the buyer logs in to or otherwise accesses the transaction, confirms the buyer's identity, reviews and electronically accepts the documents completed by the seller, and then submits the transaction for approval and processing.²²

The key to development of a truly paperless system is developing a federally acceptable solution for an electronic odometer statement. Federal law requires the seller of a motor vehicle to provide a *written* statement of the vehicle's mileage registered on the odometer to the buyer in connection with the transfer of ownership.²³ The federal requirements apply in a state unless a state establishes

²¹ Where the vehicle is sold by a dealer and the dealer prepares the required application, the system must also demonstrate that the dealer has executed the dealer's portion of the application, and that the buyer accepts the application as prepared by the dealer and has executed the owner's portion of the application.

²² This Iowa process has been described primarily from the vantage of a transfer from a dealer to a buyer. Where the buyer proves a trade-in vehicle to the dealer, these steps would have to proceed from the buyer to the seller to provide the odometer statement (or other disclosure) to the dealer for the trade-in vehicle.

²³ Federal odometer law is largely based on the Motor Vehicle Information and Cost Savings Act (Cost Savings Act), Public Law 92-513, 86 Stat. 947, 961 (1972) and the Truth in Mileage Act of 1986 (TIMA), Public Law 99-579, 100 Stat. 3309 (1986). In addition to requiring the written odometer statement required by the Cost Savings Act, TIMA requires

alternate odometer disclosure requirements approved by the Secretary of the U.S. Department of Transportation, who has delegated administration of the federal odometer program to the National Highway Traffic Safety Administration (NHTSA). To establish a paperless, electronic odometer disclosure program, a state must petition NHTSA for approval of alternate odometer disclosure requirements.

NHTSA has so far declined requests to issue a blanket approval for states to implement electronic odometer statements, and to this point no “best practice” has emerged, as only two states, Virginia and Texas, have received a final determination from NHTSA granting a petition for alternate odometer disclosure requirements based on an electronic process. (A third state, Wisconsin, has received an initial determination that its proposed electronic process meets federal requirements, subject to certain exceptions, and is waiting for a final determination.)²⁴ None of these processes is yet in use, but the proposals reveal a common theme in that they propose elements for a paperless system as described above, propose an electronic odometer record that resides and remains in the state system and is linked to an electronic title that resides and remains in the state system, consider the electronic records to be the official records, and propose that whenever a title held electronically is required to be printed (such as for a sale to a non-resident), the printed title will include all information currently required of a paper title and will reflect the information held electronically. It is expected that any system developed for Iowa must incorporate similar elements. None of the proposals include transactions that involve sales to non-resident buyers, as no platform for state-to-state transfer of electronic titles exists, and only Wisconsin’s proposes to include transactions involving leased vehicles.

AAMVA recently formed a working group to study the best practices for implementing ERT. A primary goal of this group is to work with NHTSA to streamline the approval process for states who seek to implement ERT solutions that include electronic odometer disclosures. The working group first met in August, 2010, and its final recommendations are not expected to be completed until sometime in the spring or later of 2011. Absent establishment of a streamlined process, the approval process may be expected to take more than a year – Wisconsin submitted its petition in August, 2009, received an initial determination in April, 2010, and is still waiting to receive a final determination. Given the time it will take to solve this key component of ERT, it is recommended that ELT and EFT be implemented and that the first stage of ERT – electronic applications and registration applied for

that vehicle titles themselves have a space for the odometer statement, and prohibits states from licensing vehicles unless a valid odometer disclosure statement on the title is signed and dated by the transferor. In the case of leased vehicles, the lessee must make a written disclosure to the lessor before the lessor can transfer ownership of the leased vehicle, and the lessor must give the lessee written notice of the lessee’s disclosure requirements and the penalties for not complying with them. The purpose of these provisions is to prevent odometer fraud by connecting the disclosure to the title and by making disclosure on the title a condition of application for a title and a requirement for the title issued by the state, to prevent alterations of disclosures on titles and to preclude counterfeit titles through secure processes, and to allow consumers to be better informed and provide a mechanism through which odometer tampering can be traced and violators prosecuted by creating a record of the mileage on vehicles and a paper trail. Overall, the purpose is to protect consumers by assuring they receive valid representations of the vehicle’s actual mileage at the time of transfer based on odometer disclosures. See NHTSA Notice of Final Determination on Petition for Alternate Odometer Disclosure Requirements by the State of Virginia, 74 FR 643, 647-648 (January 7, 2009) for further discussion regarding the requirements and purposes of the federal odometer requirements. The solution devised must be responsive to these purposes to gain NHTSA approval.

²⁴ The Virginia final determination appeared in the January 7, 2009 Federal Register at page 643 (74 FR 643). The Texas final determination appeared in the April 22, 2010 Federal Register at page 20925 (75 FR 20925). The Wisconsin initial determination also appeared in the April 22, 2010 Federal Register at page 20965 (75 FR 20965).

cards – be developed and implemented while solutions and approvals necessary for electronic odometer statements and full ERT are developed and obtained.²⁵

B. Discussion of Phases.

1. Electronic Lien and Title (ELT).

Implementation of ELT would allow for the electronic release and addition of security interests and would begin the process of maintaining electronic (paperless) titles. As noted in the description of Iowa's current registration and titling process, when there is a lien against the vehicle, the paper title is delivered to the first lien-holder, where it remains until the lien is released. Upon release, the lien-holder must deliver an original, paper cancellation of security interest form to the DOT or the county treasurer's office that issued the title, and must note the cancellation on the face of the title, must attach a copy of the form to the title as evidence of cancellation, and must forward the title to the next lien-holder, or, if none, to the owner or the owner's designee. This process creates printing, paper-handling, and mailing obligations for the county treasurers and the DOT; creates storage, paper-handling, and mailing obligations for lenders; and creates delays and inconvenience for consumers and dealers, as they sometimes must wait for a lender to retrieve and return a title that has been released after satisfaction, and sometimes must obtain a replacement title where the title has been lost.²⁶

ELT would eliminate this shuffle of paper titles and streamline the process by creating an electronic title that would remain and reside in the state system as long a lien remained against the vehicle. Under ELT, when an application that reflects a lien against the vehicle is processed, a paper title would not be printed and delivered to the lien-holder. Rather, the title, which would reflect the security interest, would reside and remain as an electronic document within the state system, and the lender would receive electronic verification that the lien has been perfected. When the lien is released, the lien-holder would electronically return notice of cancellation, and the title would continue to be held electronically unless and until the customer requests a paper title. The system described by Florida is representative of this system.²⁷

The key to success of ELT is participation by lenders. The electronic exchange necessary to accomplish ELT cannot be completed unless the lender is a participant in the state's ELT process. The Florida approach, which gives ELT vendors specifications on how to interface with Florida's system and requires the vendors to meet those specifications and sign an agreement for participation in the state's ELT program, allows multiple ELT vendors to serve as a portal between lenders and the state system – the vendors interpret the different states' ELT processes and combine them into a funnel that provides a uniform interface for the lender.²⁸ (For instance, participating vendors in Florida include VINtek, FDI Collateral Management, PDP Group, and Decision Dynamics, Inc.) This appears to be a preferred approach, as it is expected to increase

²⁵ The DOT is also working toward on-line options for certain driver's license functions, with a target date for initial implementation of January 1, 2012. These options will require development of electronic identification verification solutions. Given the common customer framework of ARTS, the identification solutions developed for on-line driver's license functions should be equally applicable to ERT functions.

²⁶ Dealers are particularly impacted where they have taken a vehicle as a trade-in and have paid off an outstanding loan against the vehicle as part of the transaction, and must then wait to receive the title to the vehicle.

²⁷ See Appendix "K," pages K-22 to K-23. See also Appendix "F," discussing procedures and best practices used by other states.

²⁸ See Appendix "E" for further discussion on the use of vendors to facilitate electronic transactions.

participation by offering lenders more choices, opportunities, and flexibility, and by offering lenders that use a particular vendor in other states the opportunity to continue using that vendor in Iowa.

No direct costs to the state, counties, consumers, or dealers are anticipated under this approach.²⁹ The vendor charges participating lenders user or transaction fees for the service, and it appears the lenders typically absorb those costs due to the savings offered by ELT. The DOT and counties would incur indirect costs in that DOT vehicle services and information technology staff and county staff will be required to develop the specifications and agreements necessary for ELT; to develop, test and implement the programming necessary for ELT; and to maintain and upgrade the ELT system as needed. A potential detriment to a multi-vendor system is that each interface established is a potential point of failure, and when failures occur significant staff time can be devoted to trouble-shooting the failure to determine whether the cause is within the DOT's system or external to the DOT's system.

The estimated time to implement ELT is six to nine months, which would allow for establishment of specifications, development, testing, piloting, and deployment. The need for additional appropriations or staff for the DOT is not anticipated at this time.

Mandatory participation in ELT is not recommended initially, as it will take time to build a sufficient base of participating vendors to reasonably support mandatory participation. However, mandatory participation may eventually be advisable to fully realize the efficiencies gained. It is recommended that mandatory participation be considered after ELT has been implemented and a suitable number of vendors have enrolled to provide a fair assessment of participation rates and opportunities. If mandatory participation is determined to be appropriate, DOT administrative rules would need to be established to compel participation and to set a minimum threshold for exemption from mandatory participation.

2. Electronic Fund Transfers (EFT).

Implementing EFT would allow electronic transmission of funds necessary to complete registration and titling transactions. EFT is already being used to some extent in Iowa (as escrow accounts are already utilized within the ARTS system), and the ARTS system was in fact designed to accommodate EFT – in 2005, the DOT began piloting ELT and EFT transactions for lien releases with selected dealers. That initiative was ultimately abandoned, however, due to concerns that EFT would result in a revenue loss to the counties. The specific concern was that, under the existing process, the aggregate fees for registration and titling are collected and retained by the county treasurer until the tenth date of the month following the month in which the fees were collected. On or before the tenth day of the month, the state portion of the fees retained by the county is remitted to the state. This mechanism results in additional revenues to counties in the form of interest on the aggregate amount of the fees that are held. The introduction of EFT created the opportunity to immediately divide the state and county portions of the fees electronically and deposit them in the appropriate county and state accounts, which would reduce the interest income earned and retained by the county on the state funds otherwise held until the tenth day of the following month.

²⁹ See Appendices “A” (DOT), “B” (County Treasurers), “C” (Dealers), and “D” (Consumers) for further discussion of costs and benefits of electronic transactions.

To avoid that problem in this implementation, an EFT solution should be sought that broadens and standardizes the electronic payment options for dealers and other persons submitting fees for registration and titling transactions, but remains revenue neutral to the counties. A key component of the EFT solution will be the ability to have fees submitted by EFT immediately directed to the proper county account upon completion of electronic transaction.

Because ARTS was designed and has the capacity to accommodate EFT, the use of a vendor to implement EFT is not recommended. The estimated time to implement EFT is six to nine months, which would allow for establishment of specifications, development, testing, piloting, and deployment. It is expected that EFT development will overlap ELT development.

Additional appropriations or staff for DOT to implement EFT is not anticipated at this time. Due to the ongoing need to support standard payment types such as cash, check, money order, etc., mandatory participation in EFT is not anticipated, although it would be expected that any person or entity that elects or is required to use ERT when fully implemented will be required to submit the required fees electronically to maintain and achieve the benefits of a fully electronic and paperless system.

3. Electronic Registration and Titling (ERT).

The basic elements of an ERT system have been discussed above. Initial focus should be on electronic applications and registration applied for cards, but it is emphasized that the final goal should not be just electronic completion and submission of an application, but “full” ERT – that is, all documents necessary for registration and titling should be capable of approval and/or acceptance by all parties and should be capable of submission without transmittal or delivery of duplicate paper documents. Sometimes lost in the shuffle and loose vocabulary of discussions regarding state ERT systems or vendor-facilitated ERT systems is the fact that, even though certain documents or data elements are being provided and populated electronically, paper documents must still be submitted to complete the transaction.³⁰ This undermines the efficiencies sought, and is the reason that solution of the electric odometer statement is identified as a key to development of a truly paperless ERT system.

ERT should not be sought as a means to eliminate review and approval of registration and titling transactions by the county treasurers, or to place registration and titling approval in the hands of the dealers. Although electronic applications may make erroneous and incomplete applications somewhat less likely by auto-populating certain customer and vehicle data fields and preventing submission before completion of all required data fields, the deterrence of fraud and the promotion of accuracy requires that the genuineness and regularity of each application be determined before the transaction is approved. Again, the ultimate goal should be review and approval by the county treasurer of a single set of electronic documents, rather than a mixture of electronic and paper documents or a duplicate set of electronic and paper documents.

Although some states’ ERT programs authorize dealers to act as registration agents that approve registration and title applications, issue registration receipts, and maintain and deliver permanent metal license plates, that practice is not recommended in Iowa.³¹ Again, review and approval of the application should remain in the hands of the county treasurers. Additionally, because plates are assigned according to county of residence and dealers may serve customers from multiple counties,

³⁰ See Appendix “F” for additional discussion on this point.

³¹ See Appendix “F” for additional discussion of this issue.

assigning and distributing plates through dealers would complicate inventory management and control and would increase the cost of producing and distributing plates.

It is recommended that dealers continue to issue temporary registration applied for cards, with the proviso that dealers participating in ERT generate and print the card via the ARTS system. Unlike the manually-issued cards currently in use, cards issued in this fashion will be connected to a customer record in ARTS, and may be queried by law enforcement. This will help prevent misuse of the cards by customers and dealers and will aid road-side law enforcement.

The estimated time to implement electronic applications and registration applied for cards is 12 to 18 months, to begin after ELT and EFT have been implemented. It is recommended that focus during this time be on facilitating transfers through motor vehicle dealers. Development of a mature and well-functioning system will be best achieved if the system is deployed incrementally and if initial use and experience are built upon a core group of relatively consistent and stable users.³² Although not all dealers are expected to be interested in participating in ERT (overall 40% of the dealers that responded to the dealer survey indicated that they were interested in ERT and 57% indicated that they were not), interest was pronounced among new car dealers (75% were interested in ERT) and dealers with a high number of monthly transactions (85% of dealers averaging more than 50 sales per month were interested in ERT),³³ and it is expected that these groups would form the core group for an initial deployment. Although implementation of ERT is not proposed to begin until ELT and EFT have been implemented, it is expected that progress can be made during the completion of ELT and EFT toward identification of pilot dealership or dealerships and initial discussion of specifications and rules. (Pilot dealerships should use a common dealer management service.) As demonstration of a functioning electronic application and electronic title system that would have the capacity to accept and join an electronic odometer to the application and title appears to be important to obtaining NHTSA approval of an electronic odometer statement, development of the electronic application process should not wait for NHTSA's approval of an electronic odometer statement. Rather, the odometer solution should be developed concurrently and submitted as soon as reasonably possible, and that piece added as approval is obtained to continue to the ultimate goal of a truly paperless system. Although Iowa should not be content to stop at a halfway point in which electronic documents are followed by paper duplicates, neither should Iowa expect that the move to a truly paperless system can be achieved in one step.

Some states advocate making participation in ERT mandatory for all dealers. For the reasons that follow, however, mandatory participation in Iowa is not recommended initially. Again, although interest in ERT is high among new and high-volume dealers, it is low among used dealers (28% expressed interest in ERT) and low-volume dealers (77% of Iowa dealers sells 25 or fewer vehicles per month and more than half of that group sell fewer than five vehicles per month; 48% of the dealers selling five to 25 vehicles were interested in ERT and only 18% of the dealers selling fewer than five vehicles were interested). As a practical matter, it appears that many of the smaller dealers

³² Wisconsin, which utilizes an electronic applications system that features both vendor-based software solutions and a state-operated internet solution, stressed in its comments to the working group that significant effort that was expended to establish appropriate business rules, and indicated that the best approach was to start small and use pilots. See Appendix "K," page K-9. Wisconsin also presented a well-reasoned approach in its petition to NHTSA for an electronic odometer solution, and in the petition proposed a phased implementation that began first with transfers involving motor vehicle dealers, followed by transfers processed by a financial institution that holds a lien on the vehicle, transfers involving motor vehicle auctions, involuntary vehicle transfers such as involuntary liens and repossessions, and eventually transfers involving the sale of leased vehicles and transfers between private individuals.

³³ See Appendix "M" for full details of the dealer survey.

lack the computers and internet access necessary to participate in ERT. Additionally, the service delivery and staffing concerns that are driving the push for mandatory participation in other states do not appear to exist or at least be as pronounced in Iowa – in response to the DOT’s survey of county treasurers, only eight reported placing a limit on the number of dealer transactions that would be processed while the dealer waited (with the number ranging from one to four), and only 11 reported a backlog in processing registration and titling transactions as of June 11, 2010, with most backlogs being reported in the range of one to three days.³⁴ (The majority of dealers responding to the dealer survey ranked delays in processing and problems with daily limits on transaction as “minor difficulty” or “no difficulty.”)³⁵ As with ELT, it is recommended that mandatory participation be considered after at least an initial phase of ERT has been implemented and a suitable number of dealers have enrolled to provide a fair assessment of participation rates and opportunities. If mandatory participation is determined to be appropriate, DOT administrative rules would need to be established to compel participation and to set a minimum threshold for exemption from mandatory participation.

It is expected that for dealers interested in participating, a key element will be ability of the system to interact with dealer management software (DMS) systems, which are internal software programs that help automate certain dealer activities such as service invoicing and form printing. These systems are used, primarily, by larger Iowa dealers.³⁶ Interaction with these systems will allow a dealer to avoid duplicate entry of vehicle, customer, and transaction data needed for registration and titling transactions, and to complete the transactions without entering a separate program or going to a web site or page.

At the same time, a comprehensive approach that reaches more than just the largest dealers that use DMS systems will need to offer an internet-based solution.³⁷ Dealers that do not use DMS systems and do not operate on a scale that makes acquisition and use of such a system cost-efficient may find it preferable to enter a secure web-site to complete and submit the documents necessary for vehicle registration and titling. Although initial focus should be on the core group, in the long term an internet option for access to ERT must also be developed and maintained. This option will also lay the ground work for an ERT option for sales between private individuals.

The use of vendors to facilitate ERT is not initially proposed, in large part because DOT IT support staff is capable of developing a system that will interact with DMS systems and will still have to develop a dealer and public interface regardless of whether a vendor acts as intermediary between the DMS systems.³⁸ Additionally, there is concern that the cost of the vendor-based system, which is funded by transaction-based payments from the dealer to the vendor, will be passed to the consumer in the form of additional documentation or conveyance fees. That being said, the opportunity for a vendor or vendors to participate in the system should remain open for consideration as the system is piloted. As with ELT, the opportunity for a vendor or vendors to meet specifications established by

³⁴ The county treasurer survey appears in Appendix “L.”

³⁵ See Appendix “M,” Tables 4 and 6.

³⁶ Twenty-four percent of the dealers responding to the survey indicated that they use one of ten different DMS systems. See Table 2 of Appendix “M.”

³⁷ Interaction with a DMS system also uses the internet to exchange data and information, but from the user’s perspective, the connection is behind the scenes – the user would be working within the DMS system available to the user, and would not make a special or separate effort to enter a web site and enter the necessary data or information. Rather, the system would maintain the connection and handle the flow of data and information. When an internet-based solution is discussed, that means the user actually logs on to a web site and enters the necessary data or information.

³⁸ See Appendix “E” for additional discussion of this topic.

the DOT and enter into an agreement for participation may increase the adoption rate by larger dealers that use DMS systems and may ultimately decrease the user management to be exercised by DOT staff.³⁹ If vendors are used in the process, additional legislation may be needed to control the fees that may be passed to the consumer.

Although the DOT is capable of developing the system itself and expects that it may do so with existing staff and resources, the need to manage and provide training, resources, and help desk functions to many more users may require additional DOT staff. It is not possible, however, to determine whether and to what extent additional staff will be needed until piloting of an ERT system and evaluation is complete. Again, the opportunity for a vendor or vendors to participate in the system should remain open for consideration as the system is piloted and as effects on staffing and ability to respond to user needs are determined.

Finally, the concept of a true “E-title” – that is, the electronic title that resides and remains in the state system at all times as the official record of title, and is capable of electronic transmission from state to state, should not be forgotten. There is national interest in this concept, as evidenced by the AAMVA working group discussed above. Benefits of this concept include both the efficiency of avoiding production and transmission of paper titles, and the increased ability to protect against fraud by eliminating paper titles that are subject to alteration or forgery and in favor of an electronic record within a closed and secure electronic system. Although development and implementation of a national system will likely take a number of years, Iowa should remain cognizant of those efforts and should strive to develop and manage its ERT system in a manner that will be conducive to participation in the national system. Again, the results of AAMVA’s working group are anticipated sometime during 2011 and it is hoped that they will be instructive in this regard.

C. Process Chart and Additional Information.

A high-level process chart for implementation of ELT, EFT and ERT and proposed dates for initiation and implementation follow. The dates proposed assume the shortest implementation time noted for each phase as discussed above, and are subject to change pending unexpected developments, staff shortages or changes, work interruptions, or additional requirements imposed by new state or federal legislation. Following this report as Appendices “A” through “H” are additional discussions of the following:

- A. The estimated costs and benefits to the DOT of implementing electronic registration and titling;
- B. The estimated costs and benefits to the county treasurers of implementing electronic registration and titling;
- C. The estimated costs and benefits to motor vehicle dealers of implementing electronic registration and titling;
- D. The estimated costs and benefits to consumers of implementing electronic registration and titling;
- E. The estimated costs and benefits of enhancing the current computer systems maintained by the DOT and county treasurers as compared to the estimated costs and benefits of using a vendor to assist in the implementation of electronic registration and titling;

³⁹ For instance, Wisconsin maximizes access to its electronic application system by authorizing multiple vendors that may contract with dealers to provide an interface with the system, and by providing as well a state-operated interface to the system for dealers and the public. See pages K-7 to K-9.

- F. Procedures and best practices used by other states to allow electronic registration and titling;
- G. Information regarding the impact of an electronic filing system on access to private information and other security concerns; and
- H. Changes to statutes and administrative rules required to implement electronic registration and titling.

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ELT - define business rules 1/3/2011 to 2/28/2011
ELT - select pilot vendor 3/1/2011 to 3/28/2011
ELT - code certification process/decertification/performance reports 3/29/2011 to 5/23/2011
ELT - code paperless title functionality 5/24/2011 to 6/21/2011
EFT - define EFT business rules 5/24/2011 to 7/20/2011
ELT - test and certify certification process with vendor 6/22/2011 to 7/20/2011
ELT - test and certify paperless title process 6/22/2011 to 7/20/2011
ELT - implementation 7/21/2011



EFT - code EFT from outside entity (lenders) to DOT 7/21/2011 to 8/17/2011
EFT - code EFT from outside entity (dealerships) to DOT 8/18/2011 to 9/15/2011
EFT - test and certify EFT process for lenders 9/16/2011 to 10/13/2011
EFT - test and certify EFT process for dealerships 9/16/2011 to 10/13/2011
EFT - implementation 10/14/2011



Registration
applied for
cards are
referred to as
“temp. plate” in
this box.

ERT - define business rules 10/17/2011 to 2/10/2012
ERT - code processes for electronic transfer of data 2/13/2012 to 6/4/2012
ERT - code process for temp. plate print/storage of data 6/5/2012 to 7/2/2012
ERT - test and certify ERT process 7/3/2012 to 10/24/2012
ERT - test and certify temp. plate process 7/3/2012 to 7/31/2012
ERT - implementation 10/25/2012

Appendix “A”

Estimated Costs and Benefits to DOT

The benefits to the DOT of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles tend to be indirect, as opposed to direct, because the county treasurers, rather than the DOT, maintain the staff and facilities immediately responsible for the registration and titling process. (In states in which the registration and titling functions are handled by state employees in state-operated facilities, the benefits to the state agency responsible for motor vehicle administration are direct in the form of less staff time and associated expense devoted to receiving, handling, printing, mailing, and storing paper documents, reconciling erroneous or incomplete applications, and dealing with replacement titles; and in general the ability to complete registration and titling functions more efficiently.) Benefits to the DOT are expected to be in the form of improvements in program delivery. Expected benefits include the following:

- Executing and maintaining titles, damage disclosure, and odometer statements in electronic form under state care and custody is expected to significantly decrease the likelihood of an individual altering, tampering or counterfeiting the title, damage disclosure, or odometer statement.¹
- Maintaining titles in electronic form under state care and custody is expected to reduce the need to issue replacement titles and reduce the incidence of multiple titles in circulation, which in turn is expected to reduce the opportunity for errors and fraud in title transfer.
- Providing for electronic approval and acceptance of applications by the buyer is expected to prevent dealers from altering completed applications after execution by the buyer and before submission to the county treasurer, which would help to prevent dealers from “pocketing” fees collected by reporting a lower than actual sales price and paying to the treasurer fees lower than the fees collected from the customer.
- Reductions in errors, fraud, and manipulation of titles, disclosures, and applications would reduce the burden on Motor Vehicle Enforcement investigative staff and Office of Vehicle Services administrative staff to investigate and reconcile cases of title and fee fraud.
- Maintaining titles in electronic form under state care and custody would reduce investigative and administrative time devoted to locating and physically obtaining titles that cannot be located or obtained because a dealer or lender has gone out of business or is otherwise refusing to release titles that are properly due to another person.
- A reduction in the number of paper titles issued would reduce the costs associated with purchasing the special secure paper used to produce certificates of title.
- Issuing registration applied for cards electronically through ARTS is expected to reduce mailing expense by reducing the number of cards the DOT would need to send to dealers, reduce physical storage requirements and inventory cost by reducing the number of standard cards that need to be maintained in inventory, and reduce fraud by tracking the number of cards issued by a dealer and by preventing a dealer from issuing more than one card per vehicle sold. Again, issuing the cards through ARTS would allow the

¹ See NHTSA Notice of Initial Determination on Petition for Alternate Odometer Disclosure Requirements by the State of Wisconsin, 75 FR 20965-01 (April 22, 2010).

information on card to be queried by law enforcement, which would improve the information available to road-side enforcement officers and would prevent misuse of registration applied for cards to prevent detection of unregistered vehicles.

- Developing an electronic registration system that would eventually envelop transfers from smaller dealers that do not handle registration and titling functions for buyers and for casual sales (sales between private individuals) would help the DOT better detect persons that fail to timely register vehicles after transfer, by providing more immediate notice of the transfer.

As noted in the main body of this report, the efficiencies and securities offered by ERT will not be fully realized as long as the process requires submission of paper documents in addition to or in conjunction with electronic submissions.² Again, the overall goal should be truly paperless processes that include efficient alternatives for a wide range of users to achieve adoption rates that are as high as are reasonably practical, and mandatory participation for users that conduct transactions above a minimum threshold should remain open for consideration as these processes are piloted and mature.

The expected cost to the DOT of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles consists primarily of staff time devoted to programming and testing necessary to implement electronic transactions. Following are estimates of the number of programming hours that would be required of DOT Information Technology staff to implement electronic transactions, with the associated personnel and administrative expense for the hours indicated (estimated at \$53.91 per hour):

² Maintaining dual systems, both paper and electronic, may represent an increased cost for the DOT. For example, dealers who have no computer or internet connection would not have the ability to electronically produce a “registration applied for” card. Consequently, standard paper cards would still have to be manufactured, stored, and provided to dealers, though not as many would be required. It is difficult at this time to determine whether reductions in scale or time spent administering alternate systems for the same function will result in additional or increased costs.

Item	Hours	Expense
Paperless titles	20	\$1,078.20
Lien queries	16	\$862.56
Electronic lien releases and additions	236	\$12,722.76
Electronic “registration applied for” cards	160	\$8,625.60
Electronic title applications (using vendor) ³	980	\$52,831.80
Electronic title applications (not using vendor)	1,860	\$100,272.60

Because this is work proposed to be completed by existing staff, the expense listed is not new or additional expense, but instead the value of staff time devoted to the project that would otherwise be devoted to different efforts.

The time estimate includes certification, testing,⁴ and implementation by DOT Information Technology staff. It does not include time devoted to development and granting of contracts or participation agreements with vendors, dealers, and lenders, as needed, and time devoted to ongoing maintenance to support electronic transactions after implementation, which cannot be estimated at this time.

Users who can access ARTS or other online systems currently in use by the DOT already require attention from staff for the purposes of setting up electronic accounts and signing and maintaining Driver Privacy Protection Act agreements to access protected data. Additional electronic transactions for vehicle registration, titling, lien release/addition, and issuance of electronic “registration applied for” cards would result in a large increase in the number of users and will increase the demands on staff time for user support. At a minimum, training manuals in the use of these new processes will have to be created, updated, and made available by DOT staff. Hands-on or web-based training of users may be necessary. In addition, the DOT may need to acquire additional computer hardware in the form of servers and drive space to allow for the increased demands created by additional users and transactions.

At this time, it is not possible to determine what additional, future costs the DOT may incur due to the need to manage the increased number of users, to provide any necessary training, or to purchase additional hardware. As these electronic systems are developed and piloted, the scope of these needs will become better defined.

³ This line item does not propose the DOT retain a vendor to complete programming that might otherwise be performed by DOT staff. Rather, this estimates the DOT staff hours required if a vendor is allowed to provide the interface between various DMS systems in use and the DOT completes the programming to link ARTS to the vendor interface, rather than linking directly to the various DMS systems.

⁴ Testing always involves a phase called user acceptance testing (UAT). UAT requires the involvement of Office of Vehicle Services staff and county staff that form a testing group.

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Appendix “B”

Estimated Costs and Benefits to County Treasurers

As noted in Appendix “A,” the direct benefits that might accrue to a motor vehicle administrator by implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles would tend to accrue to the county treasurers, who maintain the staff and facilities immediately responsible for the registration and titling process. Expected benefits are less staff time and associated expense devoted to receiving, handling, printing, mailing, and storing paper documents; reconciling erroneous or incomplete applications; and dealing with replacement titles. Although important, the effect of these benefits may be less pronounced for Iowa’s county treasurers than for state motor vehicle administrators that were experiencing back-logs of weeks or months. Greater benefit is expected for larger counties that have a higher number of large dealers and handle a higher number of transfers. Doug Bishop, ISCTA President, Jasper County Treasurer provided the following comments:

The Iowa State County Treasurers Association (ISCTA) believes the implementation of ELT transactions (first phase) would be a positive step for county treasurer's offices.

- 1. There would be limited cost (if any) to county offices to implement.*
- 2. There would be little change in the lien application process.*
- 3. Once completed, the electronic lien would be stored safely and securely on the state motor vehicle record system.*
- 4. The [ISCTA] expects the number of replacement title requests would decline.*
- 5. Fewer replacements would mean a reduced possibility of using an obsolete version of a title when attempting a transfer of ownership, [which] results in delays and confusion in transfers*
- 6. ISCTA expects only limited loss of revenue which would be offset by less time spent dealing with issues related to multiple replacement titles in circulation.*

E-Titling (title applications) would present a bigger challenge. Without changes that would be made to the consumer protection segments of the application for title (damage disclosures, mileage statements, signed applications showing original signatures of all applicants), the E-Titling process would involve more steps [than the current process] to complete the application process.

Under current law, counties would still be required to review and approve all the forms necessary, to verify the information on the forms noted and, in addition [to] reconcile that information with the information submitted electronically.

In Iowa’s current system, records are maintained for every customer in Iowa, whether that customer is a vehicle owner, a dealer who buys/sell[s] vehicles, or a lien-holder who finances vehicles. The system tracks ownership history throughout the life of the vehicle.

Iowa's system is built to allow the user to retrieve a vehicle record and make the connection of that record to the record of a new owner upon transfer. If a lien is applied for, the lien holder record is retrieved in the same manner. There is little in E-Titling transactions that would enhance this process for county staff.

The DOT believes Mr. Bishop's comments regarding continued submission and review of paper documents are consistent with the premise, as stated in the body of this report, that maintaining a system in which applications initiated electronically must be followed with additional or duplicate paper documents undermines the efficiencies sought, and that an electronic solution of the odometer statement is key to development of a system that is efficient for all stakeholders.

Because the DOT provides and maintains the computer programs and hardware necessary for registration and titling, it is not expected that implementation of electronic transactions will result in any direct expenses to the county treasurers. County treasurers who participate in the testing group would invest staff time to complete user acceptance testing (UAT) before any code move that affects the functionality of ARTS, and all county treasurers would invest staff time necessary for training for new processes implemented.

Appendix “C”

Estimated Costs and Benefits to Dealers

When considering the benefits to dealers of establishing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles, it is important to remember that dealers are often at both ends of the transaction, both transferring a new or used vehicle to a buyer and receiving in trade a vehicle owned by the buyer. Dealers are accordingly involved in establishing liens for the financing of vehicles sold and are involved in the pay-off of loans against trade vehicles to obtain clear title to a trade vehicle. Benefits to dealers are expected to include the following:

- ELT transactions are expected to reduce the time needed to obtain release of a lien against a trade vehicle and avoid delays that threaten timely completion of the sale and/or disposition of the trade vehicle.
- Secure electronic titles that accurately reflect the ownership, lien and brand status of the trade vehicle and are not subject to tampering, counterfeiting, or other manipulation are expected to protect dealers from errors and fraud in the trade process.
- ELT transactions are expected to allow faster perfection of liens and confirmation to lien-holders, and better protect dealers against failed financing.
- EFT transactions by dealers would reduce or eliminate some paper processes, such as the need to print paper checks for payment of title transfer fees.
- EFT transactions through a single interface with the DOT/county treasurer would eliminate the need to maintain separate escrow accounts for each county in which title transactions are completed.
- If dealers are able to create and print a “registration applied for” card through an electronic interface with the DOT, they would not need to maintain and secure a stock of paper cards.
- “Registration applied for” cards issued electronically by a dealer could be integrated into the ARTS system just like a standard license plate number so that queries by law enforcement would be possible the moment the vehicle is driven away from the dealership. This may be seen as a benefit by customers and a resultant improvement in customer service for dealers who provide this service.
- The ability to submit documents electronically is expected to reduce time spent either delivering or mailing applications to the county office, and to decrease the turn-around time for completion of registration and titling. This may also be perceived as an improvement in customer service.
- The ability to complete applications electronically and in a manner that auto-populates vehicle and personal information from established data, precludes submission without completion of required fields, and includes stops that prevent up-front obvious errors that may be anticipated should reduce errors in the application process that require correction and repeat submissions, and may also improve consistency in the application process for dealers that process transactions in multiple counties.

The expected cost to dealers will depend in large extent upon the individual dealer’s sales volume and current use of computers and internet. For dealers whose sales volume does not justify investment in a DMS system, but who maintain a computer and internet access as part of their business, there should be no additional cost to access an internet-based application system

maintained by the DOT. Smaller dealers that do not have those items, however, would have to incur the expense of purchasing a computer and obtain and maintain internet access to use an internet-based application system. (A black and white printer would also be required to the extent that they used the system to generate registration applied for cards and copies of documents for their records or for customer copies.)

For larger dealers that use a DMS system, cost may depend on the business model selected. If direct interface between ARTS and the DMS system is developed by the DOT, it is expected that the exchange may be accomplished at no cost to the participating dealer. If a vendor acts as an intermediary to link a DMS system or systems to ARTS, it is expected that the vendor will charge the dealer for this service on a per transaction basis.¹ These fees are thought to ultimately be a cost to consumers, as the services appear to be marketed as being available at no cost to the dealer if the cost is passed on to the customer (although that decision is left to the dealer). As noted in the main body of the report, if the use of vendors to link DMS systems to ARTS is determined to be preferable as a means of increasing adoption rates and diminishing maintenance and oversight for DOT administrative and information technology staff, some control of the fees to be charged to customers may need to be instituted. (For instance, Wisconsin, which currently authorizes both triVIN and CVR to facilitate electronic registration, allows dealers to charge customers up to \$19.50 as a processing or conveyance fee, with half of that amount to be retained by the dealer and half to be remitted to triVIN or CVR.)²

As with other stakeholders, it is not expected that dealers will enjoy the full benefits and efficiencies of electronic registration and titling unless a truly paperless system is developed. At this point, states that maintain an electronic registration and titling process continue to receive paper copies of the necessary documents,³ and, like county treasurers, some dealers question the efficiency of electronic registration and titling if they are still required to submit paper documents after completing the electric process.⁴ The DOT believes these concerns likewise support the conclusion that an electronic solution of the odometer statement is a key to development of a system that is efficient for all stakeholders.

¹ For instance, CVR indicated that it charged dealers a transaction fee of \$15 to \$20 for each transaction and a monthly maintenance fee of \$50. See page K-27.

² See page K-7.

³ See Appendix “F,” discussing procedures and best practices used in other states.

⁴ Dealer comments appear in Appendix “N.”

Appendix “D”

Estimated Costs and Benefits to Consumers

The benefits to consumers of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles tend to coincide with the program benefits expected to inure to the benefit of the DOT¹ as a primary goal of the DOT in the regulation of motor vehicle transfers is protection of the public. This is particularly true in the reduction of fraud and error in titles, damage disclosure statements, and odometer statements, and the reduction of lost titles and titles that are difficult to obtain or locate due to dealer or lender closings. Additionally, efficiencies gained by lenders and dealers are service gains for customers. The main cost exposure for consumers is the potential for additional processing or conveyance fees, as discussed in Appendix “C.”

Bill Brauch, Director of the Iowa Attorney General’s Consumer Protection Division and a member of the working group, provided the following remarks:

Electronic lien releases, in particular, would benefit consumers by fostering more prompt provision of certificates of title to buyers. Under the current paper title system, a consumer may purchase a vehicle before the dealer has paid off the prior owner’s loan per the agreement with the prior owner. The dealer tells the consumer not to worry, that the title will come when the dealer pays off that loan. This causes problems when it happens in the days or weeks before a dealer goes out of business and fails to pay off that trade-in customer’s loan.

Such situations result in multiple-victimization in that the trade-in customer, the trade-in customer’s lender, and the subsequent buyer from the dealer are harmed by the dealer’s failure to pay off the trade-in customer’s loan.

The Consumer Protection Division assists consumers by filing claims on behalf of either the buyer or the trade-in customer for payment of the unpaid loan from the proceeds of the bond that Iowa law requires auto dealers to obtain. The bond proceeds are then used to pay off the trade-in customer’s loan, resulting in the title being released to the buyer.

This process can be time-consuming and may require some time to accumulate the substantiation needed to convince the bonding company to make payment. During this timeframe, the buyer from the dealer may not lawfully operate the vehicle upon expiration of temporary registration given that the trade-in customer’s lender holds that title until the loan is paid in full, preventing the buyer from titling the vehicle in his or her name.

[Although] a system utilizing ELT transactions will not necessarily eliminate all situations where lien-holders relating to loans of prior owners have possession of titles preventing buyers from obtaining title, it will reduce the incidence substantially, over time, by creating a market expectation of near-immediate trade-in loan payoffs which will dissuade dealers from sitting on the payoff sums. Also,

¹ See Appendix “A.”

because the title would no longer be a paper document in the possession of the trade-in customer's lender, but a notation in an electronic record, the automatic release of the lien upon full payment of the loan will no longer be dependent on the willingness of the lender to promptly process the payment and deliver the certificate of title to the next owner.

Consumers could benefit from electronic lien notation as it would result in lenders to Iowa car buyers more promptly obtaining liens thus, potentially, decreasing the cost of lending in Iowa and, therefore, potentially slightly reducing interest rates for Iowa borrowers.

Mr. Brauch added that he did not see a down-side for consumers if Iowa were to implement ELT, but did wish to reserve reservation on electronic odometer statements and damage disclosure statements implicated in ERT. The DOT understands his primary concern to be protection of the consumer in presentation and execution of electronic documents to assure that the consumer receives adequate and lawful disclosure of all information required by law and all information pertinent to the transaction, and that electronic execution by the consumer securely reflects the consumer's free, informed, and actual assent or acceptance. The DOT believes an electronic odometer statement that meets the federal requirements will adequately address these concerns, and will work closely with the Attorney General's office and its Consumer Protection Division as it develops and implements this solution.

Appendix “E”

Comparison of Costs and Benefits of Enhancing Current Systems vs. Using a Vendor

S.F. 2273 directed that the study include examination of the “estimated costs and benefits of enhancing current computer systems maintained by the DOT and county treasurers as compared to the estimated costs and benefits of using a vendor to assist in the implementation and administration of a uniform system to allow electronic transactions for the registration and titling of motor vehicles.” Although the directive as posed implies something of an “either/or” evaluation, it cannot really be analyzed in that fashion.

Despite marketing that may suggest a vendor has a “drop-in” or “plug-in” solution, it does not appear that there is any vendor that offers a single solution to electronic transactions for registration and titling, or that offers a solution that avoids programming enhancements to the current system used by the DOT and the county treasurers, ARTS.¹ As described in the body of this report, ARTS is a dynamic, progressive, comprehensive system that manages an array of information common to drivers and vehicles. ARTS represented a significant investment by the state when it was implemented in 2005, and it would literally take millions of dollars and several years to replace ARTS with a new system. (ARTS common customer basis and .NET structure continue to serve as a template for states looking to replace their separate mainframe legacy vehicle and driver systems. The DOT continues to entertain inquiries and visits from other states contemplating or involved in system modernization projects.) The question is not of using ARTS versus another system, as ARTS must remain the state system for motor vehicle registration and titling. Rather, the question is how to best transfer information to ARTS from remote sources, and vice versa. This is a function ARTS was designed and intended for, and something the DOT routinely handles and solves, for instance, in the submission of accident reports from law enforcement agencies; the receipt of records of conviction from Iowa courts; the application of registration stops for unpaid debts from the Iowa Department of Revenue; the exchange of driver eligibility information with the Commercial Driver License Information System (CDLIS) and the Problem Driver Pointer System (PDPS) of the National Driver Register; and verification of social security numbers through Social Security On-Line Verification (SSOLV); and in new electronic processes being developed, such as queries to the U.S. Department of Homeland Security to determine lawful status through SAVE (Systematic Alien Verification for Entitlements), and submission from insurance companies to establish proof of liability coverage (SR-22 certificates) and cancellation of liability coverage (SR-26 certificates).

The question in this application is how to best get information to and from ARTS and other necessary parties. In the instance of ELT, the DOT has the ability to construct an interface with virtually any lender to allow the paperless addition and removal of liens, but it would be difficult or prohibitive to expect that the DOT will be able to construct an interface for every lender across Iowa and the country that may issue motor vehicle loans for Iowa vehicles, and, conversely, it would be difficult or prohibitive for every lender to construct 50 different interfaces with 50 different states. Again, ELT vendors help bridge this gap by serving as a portal between lenders and the state system, allowing each side to reduce the number of

¹ Minutes of the vendor presentations heard by the working group appear at pages K-25 to K-28.

interfaces they have to construct and maintain to exchange the necessary information, and encouraging adoption by vendors.²

This concept plays out similarly in regard to ERT. There appears to be no single vendor that can deliver a connection between all dealers and ARTS – it appears that vendors that provide electronic registration services support dealers that use DMS systems, and that not every vendor supports every DMS system. Further, many dealers do not use DMS systems and do not have sales volume that would justify acquisition and use of a DMS system, and, of course, many transfers do not involve a dealer at all. To provide access that meets a variety of business needs and models and achieves a reasonable adoption rate a variety of interfaces, both DMS system-based and internet-based may be necessary. The significant cost consideration in regard to the use of vendors is whether employing a similar multi-vendor option for electronic registration and titling will increase adoption by larger dealers using DMS systems and reduce maintenance and administrative oversight, and whether that justifies additional cost that may ultimately be passed on to consumers. Again, it is recommended that the opportunity for a vendor or vendors to participate in the system should remain open for consideration as the system is piloted and these cost considerations may be more fully determined.³

² See Appendix “F” for discussion of authorization and integration of vendors to facilitate ELT.

³ See Appendix “F” for discussion of authorization and integration of vendors to facilitate ELT.

Appendix “F”

Procedures and Best Practices Used by Other States

It was difficult for the working group to discern a true set of “best practices” used by other states that allow electronic registration and titling of motor vehicles. Twenty-eight states responded to the survey conducted through AAMVA;¹ of the 28 states that responded, only 13 indicated that they had an ELT system that allowed liens to be added or released electronically by a lien-holder,² and only five indicated that they allowed applications for registration and titling to be submitted electronically.³ In addition to the survey, the working group heard presentations from three states – Kansas, which has an ELT program, and Wisconsin and Florida, each of which have both an ELT program and an ERT program.⁴

DOT staff also heard a presentation from South Dakota on its ERT system at an AAMVA regional meeting.⁵ Again, AAMVA has a working group that is developing an ERT “best practices” document, but its work is not expected to be completed and released until spring or later of 2011. PDP Group did provide in its presentation model ELT state process document and that is shown in Appendix “O.”

As reflected in the report’s Findings and Recommendations, the ELT information that emerged suggests that a multi-vendor approach, which would give ELT vendors specifications on how to interface with ARTS and would require the vendors to meet those specifications and sign an agreement for participation in the state’s ELT program, would allow multiple ELT vendors to serve as a portal between lenders and the state system and would again increase participation by offering lenders more choices, opportunities, and flexibility, and by offering lenders that use a particular vendor in other states the opportunity to continue using that vendor in Iowa. This approach is reflected in both Florida’s and Wisconsin’s programs,⁶ as well as Pennsylvania’s, which described its ELT vendors as “integrators.”⁷ The ELT information that emerged also indicates that, in the long-term, adoption rates are positively affected by making participation above a certain minimum threshold mandatory.

The ERT information that emerged indicates that states that have implemented some form of electronic registration and titling have not yet created a truly paperless system and still require dealers or other agents to generate (and the motor vehicle administrator to receive) paper applications and other

¹ See Appendix “J” for the AAMVA survey results.

² The 13 states are Arizona, Arkansas, California, Idaho, Kansas, Mississippi, Missouri, Nebraska, Pennsylvania, Texas, Utah, Virginia, and Wisconsin. Of those, Mississippi, Missouri, and Texas indicated that their programs were limited – Mississippi indicated its ELT program was only for “title pawn type businesses,” Missouri indicated that its program allowed only the filing of a notice of a lien by a lien-holder or its designee but did not allow the release of a lien, and Texas indicated its program was limited to lien releases only. See pages J-10 and J-15.

³ The five states are Alabama, Illinois, South Dakota, West Virginia, and Wisconsin.

⁴ Minutes of these presentations are included in the minutes of the working group, which appear in Appendix “K.” Minutes of the Wisconsin presentation appear at pages K-7 to K-9, minutes of the Kansas presentation appear at pages K-13 to K-15, and minutes of the Florida presentation appear at pages K-20 to K-23.

⁵ Details of the South Dakota presentation appear in Appendix “P.” Again, this presentation was made on October 20, 2010.

⁶ See pages K-18 to 20 for details of Florida’s ELT program. Although the working group heard a presentation from Wisconsin, the presentation focused on its E-titling program and did not focus on its ELT program. Wisconsin’s survey response, however, indicated that lenders could participate in its ELT program through two vendors as well as a Wisconsin DMV-sponsored program. See pages J-16 to J-17.

⁷ Pennsylvania’s survey response stated that, “in order for lienholders to access the ELT system they must contract with one of four approved third party ELT integrators.” See pages J-12 to J-13.

supporting documents;⁸ that no one vendor can deliver an electronic transaction system that encompasses all users; and that a variety of interfaces; both DMS system-based and internet-based, may be necessary to provide access that meets a variety of business needs and models and achieves a reasonable adoption rate.⁹ As with ELT, the information that emerged also indicates that, in the long-term, adoption rates are positively affected by making participation above a certain minimum threshold mandatory.¹⁰

One business model distinction that should not be overlooked is the concept of registration and titling agents. Wisconsin and Florida are moving registration and titling functions away from their state offices by making dealers and other entities agents that may actually perform and approve registration and titling functions and issue registration receipts and plates to customers. That business model may be appropriate where there are significant delays in the state registration and titling process, but it comes with the price of significant training and oversight burdens and a more inconsistent and less stable registration and titling work force.¹¹ A shift from a relatively stable and well-trained force of

⁸ Alabama indicated that its system allows for applications for titles or registrations to be submitted electronically but indicated that “source documents must still be submitted.” See page J-2. On-line information regarding Alabama’s program states: “ETAPS (Electronic Title Application Processing System) is a web-based title application system that permits designated agents of the Alabama Department of Revenue (ADOR) to access a secure website and complete a title application online. Once the application passes numerous edits designed to reduce errors, the application can be printed by the designated agent using a laser printer. The printed application and supporting documents are then forwarded to the department.” See <http://www.revenue.alabama.gov/motorvehicle/ETAPS4.html> (last viewed November 29, 2010). West Virginia reported that, through its “VRS system, vehicle information and lien information is submitted electronically, but no title is issued until receipt of the actual paperwork.” See page J-16. Florida reported that it requires that paperwork must still end up at the assessor’s office, and that applications for title and odometer statements be physically delivered to its central office to be scanned into its system. See pages K-21 to K-22. Although not discussed in its presentation, on-line information regarding Wisconsin’s program indicates that Wisconsin requires each dealer to maintain a daily log of transactions completed electronically, and to submit the supporting paper documents for each of those transactions with the daily log the following day, organized and cross-referenced in the order in which they appear on the log. See “Wisconsin Department of Transportation Program Standards for the Automated Processing Partnership System,” <http://www.dot.wisconsin.gov/business/dealers/docs/apps-standards.pdf>, at page 11 (last viewed November 28, 2010).

⁹ Alabama’s on-line information indicates that “The ADOR has established standardized interface specifications to allow companies that provide dealer management systems to pass information from the dealer management system to ETAPS.” See website noted in footnote 8. Florida has authorized CVR and Title Technologies to act as electronic filing vendors for dealers and other organizations that wish to participate in ERT; Florida provides the interface necessary for the vendors to submit title applications handled by the dealer or other organization. See <http://www.flhsmv.gov/html/dmv/EFS.html> (last viewed November 29, 2010); see also page K-20. Wisconsin has authorized CVR and triVIN to act as an electronic filing vendor for dealers filing electronic applications, and built an internet-based electronic titling application for dealers that do not use DMS systems and do not wish to pay a vendor to facilitate a DMS system-based exchange. See page J-6. On-line information for Wisconsin indicates that National Financial Corporation is now also an approved provider. See <http://www.dot.wisconsin.gov/business/dealers/index.htm> (last viewed November 29, 2010). Illinois has authorized CVR and Electronic Licensing Services, LLC, to act as vendors for its program. See <http://www.cyberdriveillinois.com/departments/vehicles/eregtitle.html> (last viewed November 29, 2010). Florida reported that its vendor-based system does not capture all dealers, as the cost to the dealer has been an impediment for some dealers, and the cost to the vendor to provide training to enrolled dealers has discouraged the vendors from enrolling low-volume dealers. Only 450 out of 14,000 Florida dealers use the electronic interface. See page K-21.

¹⁰ Wisconsin reported applications processed electronically jumped from 35% to 40% to over 85% once it made electronic processing mandatory for dealers that sell 48 or more vehicles per year. See page K-7.

¹¹ Wisconsin’s program calls for initial training of an authorized dealer followed by a period of audits of 100% of the transactions processed by the dealer until acceptable performance is achieved. Regular audits of a percentage of the dealer’s work continue after that, and if the dealer falls below acceptable performance levels the dealer will be subjected to progressive intervention and/or progressive enforcement, and the dealer’s right to conduct transactions may eventually be terminated. See “Wisconsin Department of Transportation Program Standards for the Automated Processing Partnership System,” <http://www.dot.wisconsin.gov/business/dealers/docs/apps-standards.pdf>, at pages 9 to 11 and 21 to

county treasurer staff to third-party agents does not appear to be worth that price given that Iowa's process does not suffer from the considerable back-logs of other states and that concerns with the services offered by county treasurers appear overall to be relatively low.¹²

22 (last viewed November 28, 2010). Florida reported "frustrating" problems with its program and reported conducting state training every eight to ten months. See page K-22.

¹² See the results of the dealer survey appearing in Appendix "M."

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Appendix “G”

Impact on Access to Private Information and Other Security Concerns

The implementation of electronic transactions is not expected to impact access to private information or to create security concerns that are different in nature or extent than those that already exist in the maintenance and exchange of vehicle and owner information. This is not to say that privacy and security concerns do not exist, but is only to say that the risks presented are not new and may be managed within existing systems, processes, and procedures. In particular, licensed automobile dealers already have trusted party access to specific record information through ARTS as permitted by the federal Driver Privacy Protection Act (DPPA) and Iowa law, and controls and protocols for that access should be continued where access is necessary to facilitate electronic transactions.

Information security is a critical consideration of an electronic application and filing system. Protecting customer data and ensuring security of data requires strategic and deliberate action by stakeholders at all levels. To minimize risks, security procedures and controls must be implemented during all phases of system planning, development and implementation. To ensure that privacy rights of individuals will not be violated, dealer/business partners and service providers must follow all applicable departmental, state and federal security and privacy laws, policies and standards. These security regulations, requirements and best practices assure the integrity and confidentiality of customer’s data.

Security has achievable, measurable objectives that are integrated into strategic and operational plans, and implemented with effective controls and metrics. Security safeguards that are and should continue to be employed include, but are not limited to:

- Security awareness training: users are required to attend annual security awareness training.
- Anti-virus software: scans files to identify and eliminate computer viruses and other malicious software (malware).
- Security patch management: process of reviewing, vetting and testing each security patch prior to installation and deployment.
- Firewall system protection: system designed to prevent unauthorized access to the network.
- Network intrusion and protection: provides vulnerability protection against threats and attacks that target mission-critical routers, switches, perimeter firewalls, and servers. Proactively protects web-browsers from cyber attacks, spyware, botnets and other forms of malware.
- Web application security scans: all web applications are required to have annual security scans.
- Password management: requires individual users to change password every sixty (60) days, to use strong passwords, and to protect passwords.
- Access control: process by which users are identified and granted certain privileges to information, systems and resources based on their position and job responsibilities.

- Laptop Encryption: laptops must be encrypted with minimum 256 bit AES and be centrally managed.
- Encryption through Secure Sockets Layer (SSL): uses encryption techniques to transfer data securely.

Controls must be continuously monitored through periodic testing and evaluation to assure that they are effective. Annual security risk assessments and audits ensure that appropriate security requirements are implemented.

Appendix “H”

Legislative and Administrative Changes Required

It does not appear that significant legislative and administrative rule changes are required to implement a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles. In 1997, as part of the DOT policy bill (House File 704; Iowa Acts 1997, chapter 104), language was added to section 321.20 of the Iowa Code that allowed the DOT to develop and implement a program to test the feasibility of ERT and EFT transactions. The authority was restricted, however, as it applied only to vehicles traveling in interstate commerce.

In 2002, the DOT formed a working group that included DOT staff and representatives from IADA and the Iowa Banker’s Association. At the time, the DOT was in the midst of designing ARTS to replace its legacy vehicle registration and titling system. The charge of this working group was to recommend changes to Iowa law that would allow the DOT, in conjunction with the design of ARTS, to develop systems that would allow ELT, EFT, and ERT transactions for all vehicles subject to registration.

The DOT and its working group proposed a series of legislative changes. These changes were included in the DOT’s legislative package submitted in 2004 to the Eightieth General Assembly of the State of Iowa, and were ultimately passed into law as Senate File 2070 (2004 Acts, Chapter 1013) (S.F. 2070). These changes became effective January 1, 2005.

The legislation enacted included broad language allowing the DOT to pursue ELT, EFT, and ERT for all vehicles subject to registration. The legislation stated its specific objective was “to improve the efficiency and timeliness of the processes and to reduce costs for all parties involved.”¹

Specific provisions were included for paperless titles in situations in which lien-holders elected to perfect their security interests using electronic means. By requiring disclosure of federal employer identification numbers for lien-holders, the legislation improved the DOT’s ability to accurately store lien-holder information in ARTS, which was implemented in January, 2005. In addition, the legislation enhanced protections for lien-holders by clarifying that the cancellation of a title as a result of fraud or error does not affect the validity of a perfected lien.

Following is a summary of the legislative changes enacted under S.F. 2070 that provide the basis for allowing electronic transactions in Iowa:

¹ See section 321.20, subsection “2,” of the Iowa Code.

Affected Code Section	Change implemented via S.F. 2070
321.20	The amendment to this section strikes the pen and ink requirement on applications for titles and allows acceptance of electronic signatures.
321.20(6)	The amendment to this subsection allows DOT to develop and implement a program to allow for E-Titling, ELT, and EFT transactions for all vehicles subject to registration. This subsection was previously only applicable to vehicles registered on an apportioned basis under Chapter 326.
321.20A(1)	The amendment to this subsection allows the DOT or county to deliver title, when issued, to first secured party via electronic means.
321.24(7)	The amendment to this subsection removed the requirement to attach a title application to every paper title issued and included a provision not requiring the printing of a paper title.
321.24(8)	The amendment to this subsection allows the DOT or county to deliver title through electronic means to the first secured party.
321.31(2)	The amendment to this subsection clarifies that the county maintains a record of liens perfected, not merely noted on a paper title.
321.42(2b)	The amendment to this subsection clarifies that the county include “perfected” liens on replacement titles issued.
321.45(2)(a)	The amendment to this subsection clarifies that a claim of ownership against a vehicle may be valid when a lien is “perfected.” Previously, the claim was only valid when noted on a paper title.
321.50(1)	The amendment to this subsection requires the FEIN or SSN of lien-holders to improve accuracy of lien-holder files and provides that a lien may be noted through electronic means as determined by the DOT.
321.50(4)	The amendment to this subsection provides that if a lien has been perfected electronically, the title is not printed but is considered to be physically held by the lien-holder for purposes of the odometer disclosure requirements of 321.71.
321.101(2)	The amendment to this subsection provides for notification of any lien-holder who has a perfected lien instead of only for those with a lien noted on the paper title. The amendment clarifies that cancellation of a title does not affect the validity of a perfected lien.
321.131	The amendment to this section provides that a county treasurer may perfect a security interest, as required in 321.50, despite unpaid registration fees for a vehicle. The amendment deletes the requirement that the security interest be noted on the paper title.
321.152	The amendment to this section provides that a county treasurer retain 60 percent of all fees collected for perfection of a lien, rather than notation of a lien on a paper title.
321.153	The amendment to this section strikes language requiring the use of the county seal and paper forms so that electronic certifications of fees collected may be accepted.
321.160	The amendment to this section eliminates the need to prepare a statement annually and allows for information on vehicle weight/price to be provided electronically when requested.
322.13(1)	The amendment to this subsection strikes the requirement to mail new rules to licensees and provides that, instead, new rules may be posted on the DOT’s internet website.

As a result of the changes implemented in 2004 under S.F. 2070, the only changes to Iowa statutes proposed are to section 321.69 of the Iowa Code, “Damage disclosure statement,” and section 321.71, “Odometer requirements.” In each instance, authority to execute these statements by electronic means would be clarified by authorizing language similar to that used in section 321.20, subsections “2” and “3,” which allows for electronic applications and directs the

department to “adopt rules on the method for providing signatures for applications made by electronic means.” In these sections, the authorizing language might read as follows:

Notwithstanding contrary provisions of this section, the department may develop and implement a program to allow for any statement required by this section to be made electronically.

The department shall adopt rules on the method for providing signatures for statements made by electronic means.

Some changes to DOT administrative rules will be useful but only to enable changes to work processes that would be desirable in the long term. Examples of long term work processes that would be enabled by rule changes include allowing for signatures created through electronic means and electronic odometer certifications. The DOT rules, as currently written, do not hinder the ability to proceed with ERT, ELT, and EFT transactions.

Following are DOT administrative rules that may be updated to allow for future electronic transactions for titling and lien perfection. This list should not be construed to include all possible changes:

Affected Administrative Rule	Change Needed
761-400.2	Add a new rule clarifying that an owner may elect to not have a paper certificate of title issued (E-title). Clarify that the title fee shall be assessed when either a paper or E-title is issued (revenue neutral).
761-400.3(10)	Amend this rule to provide for acceptance of an electronic signature in addition to the signature in ink on an application for title.
761-400.3(11)	Amend this rule to provide for acceptance of an electronic dealer signature on the certification required by each dealer which details the fees collected by the dealer on behalf of the buyer.
761-400.8	Amend this rule to provide for specific procedures for lien releases made through electronic means. Electronic lien releases are already permitted pursuant to Iowa Code Section 321.50(5).
761-400.9	Amend this rule to provide for specific procedures for lien perfection made through electronic means. Electronic lien perfection is permitted pursuant to Iowa Code section 321.50(1).
761—400.10(321)	Amend this rule to include a provision allowing for electronic assignment of a security interest.
761—400.12(321)	Amend this rule to add provisions allowing an owner to apply for replacement title when the lien has been released via electronic means.
761-425.12	Amend this rule section to include licensing requirements mandating that dealers transacting a pre-determined number of sales per month/year, maintain a computer and internet connection at their place of business to allow for transactions to be completed electronically.

Additional legislative or administrative rule changes to limit fees charged to consumers for ERT may be necessary as appropriate vendor participation for ERT is determined.

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Appendix "I"

Senate File 2273



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

April 7, 2010

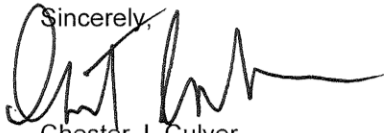
The Honorable Michael Mauro
Secretary of State
State Capitol Building
L O C A L

Dear Mr. Secretary:

I hereby transmit:

Senate File 2273, an Act relating to a study regarding implementation of electronic registration and titling of vehicles, and containing effective date provisions.

The above Senate File is hereby approved this date.

Sincerely,

Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





Senate File 2273

AN ACT

RELATING TO A STUDY REGARDING IMPLEMENTATION OF ELECTRONIC
REGISTRATION AND TITLING OF VEHICLES, AND CONTAINING
EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. ELECTRONIC VEHICLE REGISTRATION AND TITLING —
INTENT. It is the intent of the general assembly to establish
a uniform statewide system to allow electronic transactions
for the initial registration and titling of motor vehicles,
including electronic applications, electronic issuance of
titles, electronic registration, electronic transfer of funds,
electronic perfection of liens, and issuance of secure and
individually identifiable temporary registration cards, by
January 1, 2012.

Sec. 2. ELECTRONIC VEHICLE REGISTRATION AND TITLING
— IMPLEMENTATION STUDY.

1. The department of transportation shall conduct a
study of how to implement a uniform statewide system to allow
electronic transactions for the registration and titling of
motor vehicles.

2. The study shall include participation by representatives
from the consumer protection division of the office of the
attorney general, the department of public safety, the
department of revenue, the Iowa state county treasurers
association, the Iowa automobile dealers association, the Iowa
independent automobile dealers association, and any other
persons designated by the department of transportation.

3. The study shall include but not be limited to an
examination of all of the following:

a. The development of a cost-effective, efficient, secure,

and user-friendly uniform statewide system to allow electronic applications for motor vehicle registrations and titles, electronic perfection of liens on motor vehicle titles, issuance of secure and individually identifiable temporary registration cards, and electronic transfer of necessary funds for those purposes.

b. The estimated costs and benefits to the department of transportation of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

c. The estimated costs and benefits to the county treasurers of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

d. The estimated costs and benefits to motor vehicle dealers licensed under chapter 322 of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

e. The estimated costs and benefits to consumers of implementing a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

f. The estimated costs and benefits of enhancing current computer systems maintained by the department of transportation and county treasurers as compared to the estimated costs and benefits of using a vendor to assist in the implementation and administration of a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

g. Procedures and best practices utilized by other states that allow electronic transactions for the registration and titling of motor vehicles.

h. Information regarding the impact of an electronic filing system on access to private information and other security concerns.

i. Whether any statutes or administrative rules should be amended or repealed to implement a uniform statewide system to allow electronic transactions for the registration and titling of motor vehicles.

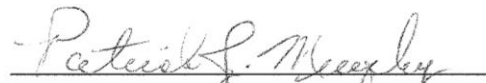
j. Any other issues that the department of transportation or other persons involved in the study identify related to implementation of a uniform statewide system to allow electronic transactions for the registration and titling of

motor vehicles.

4. The department of transportation shall, by December 1, 2010, issue a report to the general assembly containing the results of the study required by this section.

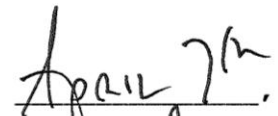
Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

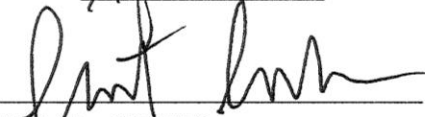

JOHN P. KIBBIE
President of the Senate


PATRICK J. MURPHY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2273, Eighty-third General Assembly.


MICHAEL E. MARSHALL
Secretary of the Senate

Approved  7th, 2010


CHESTER J. CULVER
Governor

Appendix “J”
AAMVA Survey of Other States’ ELT Processes

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Alabama Mike Gamble Mike.gamble@revenue.alabama.gov	Not at this time.	Yes. However, the source documents must still be submitted.	Designated agents (county officials, dealers and financial institutions) can view title data over a secure internet connection.	Not at this time.	They are retained by the DMV.	N/A
Alberta Firoz Mohamed Firoz.mohamed@gov.ab.ca	Yes – this is through the Personal Property Registry.	Alberta does not title vehicles but we enable electronic vehicle registration renewals through the internet.	Dealers have no direct access but registry agents do and are controlled strictly through contracts, code of conduct and IT security administration.	We do not issue a temporary registration tag. Instead we use In transit Permits.	Registry agents submit all supporting documents to the DMV for digital imaging.	Yes – revenue owed to the government is electronically deposited to the Government account daily through Electronic Funds Transfer.
Arizona Donna Dailey ddailey@azdot.gov	Yes	No	No	Yes	Supporting documents are maintained by the Motor Vehicle Division.	N/A
Arkansas Roger Duren Roger.duren@dfa.arkansas.gov	No.					
California Kitty Kramer kkramer@dmv.ca.gov	Yes	No	Yes, authorized dealers/agents may, via electronic access, view customer information in California's title and registration system. The department has numerous security	No	Retained by DMV	No, there are no fees collected within the ELT system. All fees are collected on the front end at a DMV office where the initial application documents are submitted.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
California, <i>continued</i>			measures in place to protect against the loss, misuse, unauthorized access, or alteration of all information under its control. Additionally, DMV restricts the release of personal or confidential information (i.e., a person's name, social security number, physical/mental information, residence address) in accordance with the California Vehicle Code; the California Code of Regulations (Title 13, Division 1, Chapter 1, Article 5); the California Information Practices Act (Civil Code §§1798, et. seq.) and the federal Driver's Privacy Protection Act (U.S. Code, Title 18, §§2721-2725). Dealers/agents who are approved commercial requester account holders may obtain (pursuant to Vehicle Code			

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
California, <i>continued</i>			§1808.23[b]) confidential residence address information to complete registration transactions and documents, only. The department establishes commercial requester code accounts, pursuant to statutory and regulatory authority. All authorized commercial requesters must maintain the security of any information they receive from the department. These security measures include: ✚ Maintaining daily logs and a source document to track the receipt, use and dissemination of DMV Information. ✚ Requiring every employee and/or system administrator having direct or incidental access to DMV records to sign			

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
California, <i>continued</i>			an Information Security Statement at the time of initial authorization for access and annually thereafter. ✚ Not disclosing the DMV assigned requester code, orally, in writing, or electronically to anyone that is not in the direct employment of the requester and who has signed an Information Security Statement. ✚ Implementing and maintaining adequate physical security for DMV information received, equipment and systems that access DMV information. ✚ Ensuring that video terminals, printers, hard copy printouts, etc., located in public access areas cannot be viewed by the public or other unauthorized			

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
California, <i>continued</i>			persons. - Ensuring that DMV information is not electronically transmitted to anyone unless the file is protected from disclosure during transport. The use of encryption for this purpose must be in compliance with standards set by the National Institute of Standards and Technology, American National Standards Institute, and Internet Engineering Task Force. - Destroying all information received from DMV, once its legitimate use has ended. - Preventing unauthorized access administratively, and/or electronically, including developing policies, procedures and training of			

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
California, <i>continued</i>			users on all information security including compliance with California Civil Code §1798.82. ✚ Protecting the confidentiality of any residence address pursuant to California Vehicle Code §1808.47. ✚ Not using confidential residence address information for direct marketing purposes; or for any other purpose other than the purpose approved by the department.			
Colorado Maren Rubino mrubino@spike.dor.state.co.us	NO	No	No			
Connecticut Elaine McDougal Elaine.McDougal@ct.gov	CT does not have an ELT system at this time.					
Idaho Barry Takeuchi Barry.takeuchi@itd.idaho.gov	Yes	Paper applications must be submitted to	Participating lienholders can view the same information on their e-titles that	Copies of title applications completed by dealers and lending institutions which serve as 72-hour	Documents submitted to apply for the original e-title are retained by	N/A

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Idaho, <i>continued</i>		create the initial e-title for a vehicle. Subsequently, the e-lienholder may submit certain types of transaction requests that are processed automatically.	they can view on paper titles, including owner names and addresses. Any other inquirers must meet the same DPPA requirements to view e-title information as they would for paper title information.	temporary permits are not recorded electronically and are not available for query by law enforcement.	the DMV. Any documentation the e-lienholder may have for a subsequent e-transaction such as releasing the lien and recording the lien for a new e-lienholder is retained by the initiating e-lienholder.	
Illinois Dan McGath dmcgath@ilsos.net	No	Yes	Yes. Security agreement/Secure network.	Yes	Retained by DMV.	N/A
Indiana Julie Fletcher jufletcher@bmv.in.gov	No.					
Kansas Michael McLin Michael_McLin@kdor.state.ks.us	YES	Only NOSI, Secured Title Applications, and mortgage applications	No	Not at this time, however moving forward law enforcement will be able to query those plates issued by Licensed Auto Dealers and Lending Institutions.	Yes	Kansas requires all Lending and Dealer Institutions who file online to sign up and give their ABA number. If they do not submit the information electronically, the lender will then have to write separate checks for each NOSI filed.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Kentucky Willie Payton Willie.Payton@ky.gov	We don't do ELT but need to know about this study its keeps coming up in our new KAVIS system.					
Louisiana Doris Alexander Doris.Alexander@dps.la.gov	Yes.	Not at this time.	Not at this time.	Not at this time.	Some agents retain copies; however, all original documents required for title/registration of a vehicle are maintained by the Department.	EFT codes are provided by the financial office upon request. The code is entered when the file is processed and fees are drafted nightly.
Maine Garry Hinkley Garry.hinkley@maine.gov	No.	No.	Yes. Dealers must sign a usage agreement. They must have the customer's personal information in order to initiate a search. http://www.maine.gov/portal/help/using_services.htm	Maine dealers issue 14 temps. Temps cannot be queried by law enforcement.	n/a. All supporting documentation is maintained by ME BMV	Dealers are billed monthly for records checks, and pay by EFT.
Minnesota Vicki Albu Vicki.albu@state.mn.us	No. (We do have one very small pilot program that allows one credit union to RELEASE its liens electronically.)	No.	Yes, if data security agreements are on file.	No.	All documents are retained by DMV.	MN does not have an ELT system involving EFT.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Mississippi DOR Wayne Ray Wayne.Ray@dor.ms.gov	Yes, but only for title pawn type businesses	No.	Yes. Security is established by vendor. MDOR requires vendor to comply with DPPA.	n/a	Dealer maintains records.	n/a
Missouri Casey Garber Casey.Garber@dor.mo.gov	Missouri has an online electronic system to file a notice of lien by a lienholder or their designee. The department does not have an electronic means to release a lien due to notary requirements and also does not have a title program.	No.	Account holders of the Online Notice of Lien system can complete a record look up if they have an account. The account holder must annually self certify they are using the account for reasons that fall within DPPA regulations.	N/A in Missouri	The electronic filing serves as the notice of lien documentation.	The online notice of lien system utilizes the ACH process to collect the fees.
Montana Joann Loehr jloehr@mt.gov	No.					
Nebraska Betty Johnson Betty.Johnson@Nebraska.gov	Nebraska will be implementing ELT in October, 2010. Our system will allow liens to be released by lienholders.	No	We have built a standalone online title inquiry system that displays all title information about a particular vehicle with the exception of the owner name, address and title # (fields protected by DPPA).	No	The title application process is not changing – the supporting documents will still be presented to and retained by the DMV.	All funds are still paid at the point of title application. Our ELT system does not require a financial package.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Nevada Terri Carter tcarter@dmv.nv.gov	Nevada does not have an ELT system					
New Hampshire Pricilla Vaughan Priscilla.vaughan@dos.nh.gov	no					
New Mexico Mac Lewis mac.lewis@state.nm.us	No.					
Northwest Territories Kelley Merilees-Keppel kelley_merilees-keppel@gov.nt.ca	The NWT does not have an ELT program.					
Oregon Lori Bowman Lori.j.bowman@state.or.us	No. Oregon does not have an ELT program.					
Ontario Chris Edgar Chris.edgar@ontario.ca Taryn Henderson Taryn.Henderson@ontario.ca Note: <i>Ontario's Personal Property Security Registration system is a public database for the filing of registrations and conducting of</i>	Ontario does not have a titles-based registry system. It is a notice filing system where standardized notices or security interests, or claims for lien are registered.	Yes, but it is a notice filing system only.	The Registry can be searched by any member of the public, or the business community upon payment of the required fee. The information in the registry is deemed to be "public record" and not considered as personal information.	n/a Not familiar with "temporary registration tag"	As the Ontario Personal Property Security Registration System is a notice filing system only, all supporting documents such as chattel mortgages, lease agreements, etc., are retained by the secured party/lien holder.	Ontario does not allow payments by electronic funds transfer. Most of the regular users of the system maintain deposit account with the Registry. Payment to the deposit account must be made by cheque or money order. Payments to deposit accounts

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Ontario, <i>continued</i> <i>searches authorized under the Personal Property Security Act and the Repair and Storage Liens Act. These Acts support credit transactions to help individuals and businesses in Ontario.</i> <i>This database allows for enquiries, one transaction at a time, to be conducted against an individual debtor, a business debtor or a motor vehicle.</i>	Registration intake services are fully electronic, either through the Internet or through older technologies such as batch electronic registration to a mainframe application. Initial security interests/liens can also be renewed, amended, transferred, assigned or discharged electronically.		Most transactions have an electronic audit trail, however lien searches can be conducted over the phone or through the internet and paid for with a valid credit card. These searches are relatively anonymous. There is a continuous link between Ministry of Transportation (MTO) systems and the Registry. When a client requests a Used Vehicle Information Package (UVIP) from MTO, the Registry is searched and a condensed report of vehicle lien information is provided to MTO for the UVIP.			cannot be made by credit card. For individual transactions through the Internet, payments can be made from the user's Deposit account, or a major credit card. Information relating to the Ontario Personal Property Security Registration System can be found at: http://www.ontario.ca/en/services_for_business/access_now/STEL01_086165 (Please refer to various hyperlinks in the "Learn More" panel on left side of the home page)
Pennsylvania Craig Comp ccomp@state.pa.us	Pa's ELT system allows lienholders to release a lien,	No. Pa's Elt system allows the electronic transfer of lien	Only a segment of dealers and agents have the ability to view customer/vehicle	Information concerning temporary tags issued by dealers / agents is not electronically accessible by	Dealers and agents must maintain copies of all supporting	PA's ELT system does not allow for the electronic transfer of funds.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Pennsylvania, <i>continued</i>	but it does not allow them to add a lien. Only PennDOT can add or change a lien. In Pa, in order for lienholders to access the ELT system they must contract with one of four approved third party ELT integrators.	perfections, lien releases, and lien record maintenance. Title assignments are processed through a separate system and require a paper title and standard application documents.	information in PA's title and registration system, based on the type of on-line services contract they have with PennDOT (not related to ELT). All who have access must undergo background checks and sign confidentiality statements.	law enforcement.	documents for three years. PennDOT also maintains microfilm /images of the documents for 10 years.	
Québec Jacques Laurin jacques.laurin@saaq.gouv.qc.ca	No					
Rhode Island Chuck Hollis chollis@dmv.ri.gov	No.					
South Dakota sherri.miller@state.sd.us Sherri Miller	We do not currently have an ELT system but have plans to incorporate one in the future.					
Texas Monica Blackwell Monica.Blackwell@TxDMV.gov	The lienholder can only request the release of a lien electronically.	No.	Yes. They must sign a security agreement. Access is password protected requiring systematic password changes. There is a	Yes	The dealer retains supporting documents as well as the TxDMV.	No, the ELT system does not allow for electronic transfer of funds.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Texas, <i>continued</i>			cost for this type of access.			
Utah Allen Sudweeks asudweeks@utah.gov	Yes	No	Our ELT program is used only by lienholders. The lienholder is allowed to view the information contained on the title only if they are the recorded lienholder on the vehicle.	N/A	Lienholders retain the documents	N/A
Vermont Howard Deal Howard.Deal@state.vt.us	No	No	No	No	n/a	n/a
Virginia Karen Grim Karen.Grim@dmv.virginia.gov	Add electronic lien: When a title is established for a vehicle with an electronic lienholder, the system adds an electronic lien indicator to the DMV record. DMV transmits the vehicles identifying information from the VA record to the electronic lienholder's	Virginia does not currently process title sales electronically. Title applications must be submitted and processed at a DMV Customer Service Center, DMV Select franchise office, the Title Work Center at Headquarters, or by DMV	Online dealers can process titles and registrations and access only those customer records necessary to perform these functions. Online dealer tellers login to DMV's system with a User ID and assigned passcode via a vendor interface. All online dealer transaction documents are forwarded to DMV Headquarters for retention. A percentage of the documents are audited against the	A temporary tag issued from the Print-On-Demand system will allow a law enforcement official to query on the plate and obtain the vehicle owner's information. A cardboard temporary tag will only allow a law enforcement official to query on the plate and obtain information on the dealer who purchase the cardboard tag from the Department.	Online dealers forward all title transaction documents to DMV for audit and retention. Dealers usually keep copies of all their title work.	No electronic transfer of funds takes place.

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Virginia, <i>continued</i>	electronic mailbox. The lienholder's system matches the vehicle information against its customer records to verify the electronic lien has been processed. Remove electronic lien: Electronic lienholder system sends lien satisfied message to DMV. DMV's system locates the vehicle record, compares identifying information, removes the electronic lienholder from the title record and if no secondary lienholders	authorized online dealers. Certain license plates can be applied for and registration renewals by using DMV's Website, DMVNOW.com.	system record, and transactions are approved before being released. DMV Select Agents access only customer records required for processing allowed transactions via a secure link for processing titles, license plates and registration, placards, and permits. Select users must log into the system with a USER ID and assigned passcode using a FOB. There is a process in place to audit DMV Select transaction documents, including tracking plate/decal orders to inventory, quality checks of transaction documents against the system records, along with system security features. DMV Selects do not issue driver's licenses or ID cards.			

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Virginia, <i>continued</i>	exist, a title is printed and sent to appropriate recipient.					
West Virginia Glenn Pauley Glenn.O.Pauley@wv.gov	Not at this time.	Through our new VRS system the vehicle information and lien information is submitted electronically, but no title is issued until receipt of the actual paperwork	Through our new VRS system for dealers, they can inquire into our Vehicle system, have privacy contracts in place for the privacy issue.	Under our new VRS system this information will be immediately available for law enforcement as well as the division to review.	All title documents are submitted to DMV, dealer keeps copies	We are sweeping the dealers account every 14 days. Once title is processed we request the funds associated with that transaction from our vendor who oversees the program.
Wisconsin Christi Micks christi.micks@dot.wi.gov	Wisconsin does not have a standard ELT program, but our lienholders have the ability to add and release liens electronically using one of two vendor programs or a DMV-sponsored program. Liens may also be added as part	Wisconsin dealers are required to electronically process retail sale transactions for their customers. They may also opt to do title transfers and/or registration renewals for walk-in	Customer information is limited; in our e-MV11 and e-MV Agent systems, a user must enter an identifier (Social Security number, driver license number, or WI ID number) to see customer information. The only information displayed is name and address. Agents certify that any information accessed will only be used for legitimate	Yes, if the temporary plate has been issued electronically by a third party processing agent. Law enforcement may also inquire as to the issuer of the temporary plate.	For lien add transactions with no change of ownership, lienholders are required to hold the original title and any supporting documents for 60 days and then destroy the title. Titles and applications for replacement titles and changes of ownership,	DMV's e-MV Agent and e-MV11 programs require agents to have the funds necessary to cover the transaction fees in a designated savings or checking account at the time the transaction is completed. Each agent's total is transferred to DMV via ACH at the end

Jurisdiction Respondent Email address	Does your ELT system allow for liens to be added or released electronically by a lienholder?	Does your ELT system allow for applications for titles or registrations to be submitted electronically?	Can dealers/agents view customer information in your state's title and registration system via their electronic access and, if so, what security measures are in place to protect personal information?	If your dealers/agents issue a temporary registration tag, can the temporary tag information be queried by law enforcement like a normal license plate?	Are supporting documents retained by dealers/agents who perform electronic transactions or are they retained by the DMV?	If your ELT system allows for electronic transfer of funds, please describe the process used and its effectiveness.
Wisconsin, <i>continued</i>	of a title transfer, be it a dealer sale or private party transaction.	customers. Additional agent types that may contract to do titles and/or renewals include municipal offices, law enforcement agencies, grocery stores and convenience stores.	DMV business purposes.		including dealer sales, are mailed to DMV for imaging. Dealers are required to maintain copies of the title, as well as any supporting documents, in the deal jacket for five years.	of the business day. The three vendor systems that contract with DMV transfer a lump sum to DMV via ACH, and handle the transfers from their customers independently.

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Appendix “K”

Meeting Minutes of Working Group

SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Thursday, June 17, 2010, 9:00 – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

<u> x </u> Anderson, Bruce	<u> </u> Hansen, Robert	<u> x </u> Short, LaVonne
<u> x </u> Athey, Mike	<u> x </u> Hargis, Tina	<u> x </u> Steier, Paul
<u> x </u> Baird, Elizabeth	<u> </u> Hartwig, Bob	<u> </u> Sundstrum, Scott
<u> x </u> Bishop, Doug	<u> x </u> Johnson, Jody	<u> </u> Thomas, Gary
<u> x </u> Bishop, Tonya	<u> x </u> Lewis, Andrew	<u> </u> Walter, Wayne
<u> x </u> Brauch, Bill	<u> x </u> Livy, Douglas	<u> x </u> Weitzl, Peggy
<u> x </u> Covington, Debra	<u> x </u> Lowe, Mark	<u> </u> Whatley, Anne
<u> x </u> Daniels, Victoria	<u> x </u> Piazza, Jim	<u> x </u> Wilson, Judy
<u> x </u> Deerr, Cynthia	<u> </u> Presnall, Sharon	<u> x </u> Winterboer, Clay
<u> x </u> Goecke, Nancy		

MEETING MINUTES:

Tina Hargis provided an overview of Senate File 2273, which requires the Department of Transportation to conduct a study regarding implementation of electronic registration and titling of vehicles in Iowa.

Tina requested a target date of October 1, 2010, for having a draft study completed, with the final study due to the General Assembly by December 1, 2010.

Andy Lewis presented an overview of the current registration/titling system.

Clay Winterboer asked with current system, is it possible to establish ACH accounts? Andy said anything is possible.

Andy asked what type of internal software dealers use? CVR? What all is involved? Will we be dealing with one system or multiple systems?

Bruce Anderson said that among dealers, there are approximately six software vendors. The various software systems will test, check warranty, provide data base control, etc.

Andy Lewis asked if the software produces odometer statements or title applications.

Bruce Anderson stated that most of the vendors do not produce State forms, but they do generate purchase orders, purchase agreements, credit processing, retail installment contracts, and several state- and federal-mandated forms.

Judy Wilson said most of this type of software costs around \$400. The vendors ADP and Reynolds and Reynolds have much more sophisticated systems, but are more costly; would be too costly for most independent dealers.

Nancy Goecke asked if there is an electronic file of information within those software systems to provide us. Could we get a uniform one sent to us (DOT)? Or does the vendor provide? We would need one (the same) file format for various forms from all vendor applications. She stated that DOT would also need a file format for each required document.

Andy Lewis said an alternative system would be to add a new piece of software allowing a dealer to actively enter a VIN and DL, and electronically transfer the data to DOT, much like web renewals.

Paper forms vs. electronic. Attaching signatures and confirmation.

Mark Lowe asked about how other states handle this

Bruce Anderson said Virginia is the only state that has a waiver.

Doug Bishop stated that the vendor CVR basically has what we have. Our system was built for it, but we didn't go all the way.

Paul Steier asked how our recommendations are going to impact individual-to-individual transactions.

Electronic disclosure – what does the consumer see?

Goals for electronic registration and titling:

Judy Wilson suggested that each group represented at this meeting identify what their goals are to accomplish this study.

IIADA – Judy Wilson – Must be consumer, regulator and dealer friendly; least amount of cost to dealers (no additional software); dealers do not charge customer for service; and develop on-line forms, still must take paperwork to courthouse, still won't have paperless title, paperwork still there for that dealer. Goal is to get sole VIN into system so that the paper plate system is not misused. Government is becoming more business friendly, which is an asset to all. Make sure we please the consumer; help them do their paperwork.

Nancy Goecke – If a system creates files, they could be electronically sent so that no paperwork is necessary. But that would be Phase 2 of the project. Judy Wilson added that we should not shy away from performing the project in phases. Would like to see uniformity of information that the DOT system is to receive; transfer of money – we already do that – do not see that has a huge obstacle; uniformity of file transfer and how that information is integrated into ARTS. Must be cost effective and easy for ARTS users. Need to conduct more checks at dealership for stops and guard against fraud.

DOT IT – Deb Covington IT Security – The confidential PIN of the citizens of Iowa must be protected and secure from threats; transmission of financial information must be secure; and security standards, rules and regulations are followed.

MVE – Paul Steier – From a fraud standpoint, eliminate the Social Security Number (SSN) and require the DL number. New vehicle registration fees should be calculated in the system, set the fee based on fair market value (based on make and mileage). If this information is in the State system, this helps with

fraud, the existing lien gets paid off, and the new lien is noted right away so that dealers cannot issue three or four registrations for an individual car. MVE is also in favor of paperless titles. The end result is it would be harder to counterfeit information on a computer. The data would be electronically stored with history, unless someone hacks into the system; this will not change; stops outside threats.

Mark Lowe – We are moving toward paperless information. The system must be secure, accurate, flexible (leave options for improvement and be in a position to follow best practices), and efficient (works well in real time for dealers, county treasurers, DOT and consumers – would reduce staff hours).

MVE – Mike Athey – From When vehicle is sold, dealers floor planning inventory, need to know when inventory is sold. Mislead actual date of sale. That communication between floor planners and point of sale is important, as well as the use tax fee being an automatic fee (fair market value).

IADA – Bruce Anderson – Lose tax hype without losing the trade value. Andy Lewis added that he would like to see the list price be formula-based; this is something we already capture and is built into our system, without a tax increase.

Elizabeth Baird – A survey of dealers would be extremely helpful. Must determine who may want to use this system.

Doug Bishop – Must be customer based and maintain system integrity. Transition should be smooth for all involved.

Andy Lewis – Must be a uniform system. We should not bite off more than we can chew. Progress gradually toward paperless. Eliminate data entry and record keeping.

Tina Hargis – We need to come up with the best recommendations. How many possible entities will we be communicating with? The fewer points of contact, the better. Perception. Electronically driven. Our goal is to offer dealers with temporary tags. We are not in favor of putting permanent plates in dealerships. Some states have done this with CVR, but we have reservations about doing this. We must be supportive of a secure temporary tag. Tina explained that the DOT has a lot going on. Staff is dwindling; there is a 15 percent reduction in both Vehicle Services and Motor Carrier Services; a 12 percent overall division reduction. We need to resist more legislation. We have fewer resources to complete this current study; need to look forward and establish realistic goals.

Victoria Daniels – How does debt collection interplay with this project. Tina said that is another project using our system, and is on our table. It is programming. It is related as far as priorities of allocation of resources.

IADA – Bruce Anderson – System must be as efficient as possible; keep taxpayer information confidential; be available to answer any questions from legislature. We do not want hard plates in dealerships and we are not looking for a \$25 fee (price per transaction). Need to establish a cap, new car dealers are pushing for this. Also need uniformity and lien protection. Most dealers have excellent relationships with their county treasurers. Fair market value vs. purchase price. Customer satisfaction issue (i.e., people go on vacation that do not want paper plates on their vehicle).

Bill Brauch – Consumers are better off from whatever new system is put in place. Disclosure, cost, privacy, protecting the situations where dealers go out of business; can't title vehicles. Disclosure – odometer, title, salvage – as conspicuous and secure? will consumers pay more? Extra fee? Not deceive consumers and take away business from other dealers. Establish uniformity.

DISCUSSION:

Bruce Anderson – We need a competitive playing field for all dealers. Need to track floor plan of inventory.

Judy Wilson – Hopes that what we come up with for this system (whether or not it is in phases) that we keep in mind that the dollars spent are dollars spent in Iowa and jobs are retained in Iowa. All agreed.

Electronic perfection of liens – conflicts with lending institutions.

Electronic transfer of funds – all in favor; decide best way to do.

Issuance of secure temporary cards – look at cost and process in which to progress with that. Nancy Goecke asked if there is any additional information needed that is not there now? Andy Lewis stated we need to get an idea of what other states are doing – are they printing them on a secure document? Real time? Need to find out specifics. If dealers are allowed, what is involved with the security of the document? Keep an inventory. Plain paper vs. secure paper.

Deb Covington mentioned additional audit requirements needed.

Paul Steier – Track the serial number, time and date issued, user ID.

Judy Wilson – Arizona allocates those to dealers, and then establishes an audit. It makes them accountable. Our paper plates are abused by dealers.

Bruce Anderson – Due to so many vehicle trades, what appears to be a properly plated vehicle is not. Andy Lewis said having a real-time issuance of temporary cards would be good.

Paul Steier – How long does dealer have to get fees down to the treasurer? We must deal with this issue. Change the timeframe for this. Cannot print out paper plates until the money has been received by the county.

Judy Wilson – Lessen the amount of time a dealer has for this transaction.

Paul Steier – This will help the dealers and consumers.

Estimated cost benefit to stake holders – have subgroup assignments; share a template of how to report back to committee; key elements.

Best practices by other states – definitely want other state feedback. Line up a conference call with other states; have someone come from other states; have preset questions to ask; Kansas offered to do a webinar.

Impact to private information and security – first issue; securing protected information. Once we have recommendations, we can progress further.

Bill Brauch – Elimination of SSN – make sure it complies with DL requirements.

Andy Lewis – What if person does not have a DL but can still own a car.

Paul Steier – Passport number, out-of-state DL number, exception process.

Mark Lowe – Older people that still have a car, but do not drive.

Nancy Goecke – Customer number in arts is unique (system-generated number)

Andy Lewis – We should not use the exception process.

Mark Lowe – Security – not having paperwork sitting around; that is why electronic paperwork works well. Eliminates risk of moving paper documents around.

Bruce Anderson – The high volume dealerships have safeguard policies in place, but most do not have policies.

Deb Covington – DOT is looking at software that will mask/scramble data during the testing phase so developers and vendors will not see the true information that match that individual.

Legislative changes required – work in progress.

Tina Hargis – Seek more information. Create working groups.

working groups

- Dealer Poll (by dealer number) – how many dealers interested in this – opt in or mandatory participation by all dealers? What kind of buy-in do we expect? Nancy Goecke said to check to see if a file is created. Casual sales vs. dealer sales; also other dealers (Nancy Goecke, Jody Johnson, IADA, IIADA, MVE)
- Contact/summary on dealer software vendors – what do vendors have? How many? Files created? (same group as dealer poll) (Nancy Goecke)
- Other states that have implemented ELT&R – other states; counties; what are other states requiring for proof of identity (Treasurers, DOT).
- Supporting paperwork options – listing out the documents available; how to deal with the different documents (Bill Brauch, MVE, Treasurers, Andy Lewis, Nancy Goecke)
- Investigating temporary tags – what is available? What value does it have? Cost? (DOT, Counties)
- Have a specific format to follow so key information is collected – specific numbers.
- Fair market value/track floor planners inventory sold (MVE, DOR, Andy Lewis, Bill Brauch).
- Consider impact on casual-to-casual sales – consider with each recommendation.

Mark mentioned a cost/benefit analysis for each group.

ACTION ITEMS:

- Have dealer poll/survey ready for review at next meeting.
- More information on temp tags.

- Mark – DOT has a lot of core information – figure out what we have and what we can get.
- Subgroup assignments.
- Have projected meeting times.

NEXT MEETING:

Thursday, July 8, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Monday, July 19, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Thursday, July 8, 2010, 9:00 – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

<u> x </u>	Anderson, Bruce	<u> x </u>	Goecke, Nancy	<u> x </u>	Short, LaVonne
<u> x </u>	Athey, Mike	<u> </u>	Hansen, Robert	<u> x </u>	Steier, Paul
<u> </u>	Baird, Elizabeth	<u> x </u>	Hargis, Tina	<u> </u>	Sundstrom, Scott
<u> x </u>	Baarda, Darin	<u> x </u>	Hartwig, Bob	<u> x </u>	Thomas, Gary
<u> x </u>	Bishop, Doug	<u> x </u>	Johnson, Jody	<u> x </u>	Walter, Wayne
<u> x </u>	Bishop, Tonya	<u> x </u>	Lewis, Andrew	<u> x </u>	Weitl, Peggy
<u> x </u>	Brauch, Bill	<u> </u>	Livy, Douglas	<u> </u>	Whatley, Anne
<u> x </u>	Covington, Debra	<u> </u>	Lowe, Mark	<u> x </u>	Wilson, Judy
<u> </u>	Daniels, Victoria	<u> </u>	Piazza, Jim	<u> x </u>	Winterboer, Clay
<u> x </u>	Deerr, Cynthia	<u> </u>	Presnall, Sharon		

Wisconsin Conference Call

The committee participated in a conference call with Wisconsin DMV in which Wisconsin presented their experiences with Electronic Titling. Chuck, Chief of Dealer Section, stated they regulate all car dealers. They also have a third party agent program (agencies that renew vehicle registrations and titles).

Wisconsin has centralized titling; issuance is from the central office or a DMV field station. Titles are applied for electronically. In 1997, they began using CVR as a pilot program. Title application went through CVR, and plates were provided at dealerships. This was a voluntary program. In 1999 triVIN competed with CVR.

The CVR/ triVIN program was very successful, but only 35 to 40 percent of all dealer transactions were done electronically. A 2005 legislative mandate required dealers to apply for titles electronically. They were given two years to comply (July 2007 deadline). The WI DMV built EMV 11, an electronic titling application. It is free, available on the Internet and has built-in securities. Dealers that sell less than 48 vehicles per year are exempt (required by rule).

Costs associated with CVR/Trivin: CVR charges the dealers. It varies by volume; it is an arrangement between CVR/Trivin and dealers, cost is \$8 to \$10. Dealers are allowed to charge the customer up to a \$19.50 processing fee; half of the fee the dealer retains; the other half goes to CVR/Trivin. In 2010 WI DMV followed the same pattern as in 2005 and 2007. Legislation required lenders to process documentation on-line to add and release liens. Lenders with 48 or fewer loans, are exempt from this law and do not have to process electronically. Wisconsin now has over 85 percent of the dealers processing transactions electronically.

Backlogs: A major conversion of the WI VRT system was completed in 2005. They were experiencing a six- to eight-week backlog. Officials involved the dealer community, which made a difference. One-third are done by third party agents, a third are done at the DMV Central Office in Madison, and a third are done at DMV field stations.

A customer can apply for a title with a dealer, although that particular dealer did not sell the car.

Legislation – The electronic Wisconsin title is the official record on file at the DMV, not the piece of paper. They do not print titles when there is a lien on the vehicle.

In 2009 WI applied for an exemption for paper odometer disclosures to NHTSA; the exemption was granted six months ago. They have not built the system yet, but have designed the concept for an electronic odometer system. Their IT department will build the system. This will follow a parallel track with electronic titling; it will enable them to capture dealer reassignments with the title.

EMV Public. This allows private parties to sell titles on-line; it is more complicated and is years away. WI is open to giving access to the system.

EMV Inquiry. This application comes with security, access and roles as to who can do what. Fees are paid electronically through EFT, not credit cards or checks. Agents are reimbursed by customers. They only pay the processing fee; get directly from the customer.

CVR and Trivin supply plates at the dealership.

Electronic titling saved 23 processing positions, and the dealers saw the benefits. The system allows them access to the DMV system. Each individual dealer has their own password. There are 3,000 to 4,000 dealers that use the system; four to five users per dealership. The dealership is responsible for sending the DMV an application for a new user of the system; the dealer must also let the DMV know when a user leaves the dealership.

The normal backlog is currently two to three weeks (currently are working on June 7 work).

Temporary plates are issued. Dealers are educated; random audits are conducted.

Training by DMV and dealer association staff is also conducted (four sessions this summer).

Types of information dealers are completing on the system: VIN or WI title number; new owner's identifier (SSN, DL#); this information then populates additional fields. If a title is being transferred, the transfer information is entered. Edits are in place to prevent errors. Color has been added. Many plate types issued; lien information (secured party information); search is available. The DMV system calculates all fees, and that information is displayed to the user.

Judy Wilson asked if a WI dealer is required to complete the electronic transfer on the date of sale. Chuck stated they allow up to seven business days.

Bill Brauch had several questions.

1. Is there is a process for backing out if the transaction cannot be completed (spot delivery, conditional financing)? WI stated that if the transaction is not completed on DMV's end, the consumer can back out within seven days, even if metal plate has been given out. A change can be made if one lender was to be used for financing, and then they find better financing elsewhere.
2. If the customer backs out after seven days, does the title transfer back to the dealership? WI has a rescinded sales policy, applied on an individual basis; there are ways to do this, it is very rare and not advertised. However, this process must be done through DMV, not electronically.

3. Has the Buyer's Guide, which is more detailed, been affected? Chuck said no, except in a positive way. Dealers have more vehicle information (Car Fax, NMVTIS) available to them.
4. Are signatures required on the Buyer's Guide? WI said yes, by both parties; this documentation is stored in the dealer's files for five years (paper or electronic).
5. Is the dealer service fee (dollar amount) regulated by the state? WI said it is regulated by the DMV. Administrative Code prescribes administrative service fees. There is no cap on it, but required to be reasonable as law or rule. The fee is \$95 to \$125. This information is disclosed on the buyer's guide on the purchase contract.
6. Have there been any problems with stalking, or any other problems with agents or dealers, using these electronic records? Chuck said very few. The records cannot be used for marketing purposes. Gas stations were using the system when people drive away without paying for gas; the DMV said they cannot do that.

Andy Lewis asked if there is a fee to dealers for temporary tags; and does the State provide printers? WI said the DMV sends the cardboard temporary plates to the dealers, with no fee to the dealer. The dealer is given a supply of plates, which are tracked by audit numbers on the plates. Most abuse occurred by customers switching to a different vehicle.

Andy Lewis also asked if there is an edit for checking liens. WI said they would only find out if the lien holder complained.

The subsidiary FDI does a lot of lien holder applications.

Tina Hargis asked about the level of effort. WI worked with both CVR and Trivin to establish business rules. The process was a lot of work. Chuck suggested starting small, use pilots.

Nancy Goecke questioned when the system shows information coming from all three systems, can the difference in the system be identified (who is sending)? WI said they each have their own user ID, so they can tell which one is sending information.

Bruce Anderson mentioned out-of-state residents. WI has a few out-of-state dealers that can process title applications. Otherwise, they are mailed into the DMV.

Andy Lewis will collect any more questions committee members may have by July 13. Email them to Andy and he will submit to Wisconsin. Responses from WI will be available at the July 19 meeting.

MEETING MINUTES:

Corrections were made to pages 1 and 3 of the June 17, 2010 minutes, per Bruce Anderson's and Judy Wilson's request. Final copies will be emailed to all committee members.

DISCUSSION:

Bill Brauch explained his research handout (email) on contacts with Texas and Virginia.

Tina Hargis said AAMVA is looking at allowing states to obtain a waiver for electronic signatures.

Iowa Code section 321.20 is enabling legislation that already allows for, in a general way, electronic transfers and documents, but includes nothing specific in odometer disclosure.

Draft dealer survey questions, prepared by Nancy Goecke, were handed out. Preliminary dealer questions were also prepared by Judy Wilson and Bruce Anderson. Nancy Goecke said she was under the impression to get rid of paper transfer from dealerships. Some of her questions may be for Phase 2 when we do not want the paper anymore.

Judy Wilson distributed a list of DMS service providers, noting that the list includes only a few of the software providers in Iowa. Bruce Anderson said we can survey the vendors and find out who their vendors are. Eighty percent of new franchised car dealers are going through Reynolds and Reynolds. Judy Wilson asked if the survey should be disseminated through Treasurers' offices. Tina Hargis asked if we mail them out. LaVonne Short said Vehicle Services has mailing addresses of all dealers.

Wayne Walter said the Treasurer's Association would be happy to contact the dealers. Committee must decide which ones to contact (worth getting an opinion from). Should the dealers be separated into categories? Anyone with a dealer's license should be able to complete survey. Divide the questions by types of dealer. Break into categories according to how many cars the dealer sells.

Judy Wilson encouraged the treasurers to conduct the survey, but to make sure we include representatives from larger new car and larger used car dealers, etc. Treasurers are the best judge of that. Having the treasurers be instrumental is the validity to this survey.

Wayne Walter stated that a weakness is people in a position to help are never informed of the dealer's problem.

Bob Hartwig stated he would check to see if there are any conflicts with the law codified in Chapter 12 five or six years ago. The Bankers Association is in favor of ELT.

Wayne Walter said lien releases have become an issue. ELT could be a major benefit for this.

Bob Hartwig stated that most complaints are from community banks. They cannot get the lien in time.

Doug Bishop mentioned funding of this study. As part of survey, we need to have full grasp to take to legislature. Is it worth the effort if there is only a select number of dealers participating. Andy Lewis said it could be mandatory which could be a burden for smaller dealers.

Gary Thomas stated that most dealers in general are asking why they cannot transmit electronically from the dealership to the county treasurer. There are advantages of this. After the transaction goes from the dealer to the county treasurer, the dealers are not concerned. Their only concern is that the information/transaction goes forward. Let the system do its job. Help dealers figure out how to electronically transmit documents. Want to move to next era.

Judy Wilson stated CVR's home page refers to talking with 26 different states. There is a hodgepodge of information out there. WI and FL have sophisticated systems. FL has 12,000 or 16,000 dealers, 600 to 700 users. One thing that may be worthwhile is to contact all CVR and Trivin states to see what degree of system they have. This would provide us with additional information.

Gary Thomas stated that what CVR or other vendors would say is that every state is different.

Judy Wilson said many states are not where we are (i.e., ARTS). This is a tremendous job. We should complete the process in phases. It is important that the treasurers come forward with the dealer survey. They deal with the dealers every day.

Gary Thomas stated that when electronic titling happens in Iowa, IADA is willing to make the huge effort to train dealers. Errors will be eliminated; information will flow back and forth; everyone will be aware; it is a win-win situation.

Tina Hargis mentioned that the State of Minnesota will be visiting Iowa on July 20 to learn about Iowa's experience with the new ARTS system.

Wayne Walter said Bob Hagge, formerly of Sioux County, would have a perspective on what Florida does.

Nancy Goecke asked when surveys should be sent out and returned. Tina Hargis suggested having the final survey ready for committee approval at the July 19 meeting; then send out surveys the following week, and request them to be returned by the first week in August. Results would be ready to review by mid-August.

ACTION ITEMS:

- At July 19 meeting, there will be a 1.5 hour webinar hosted by the state of Kansas.
- Have final Dealer Survey ready for review and approval at the July 19 meeting.
- Mail out Dealer Survey the following week; request return of Survey by first week in August.
- Discuss results of Survey in mid-August.
- Cindy Deerr is developing a reporting format and cost estimate for committee members to use.

NEXT MEETINGS:

Monday, July 19, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

August 2, 3, 4, 5 or 6, 9:00 a.m. – 12:00 p.m., date and location to be determined

Monday, August 16, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Tuesday, September 7, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Monday, September 13, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Monday, September 20, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

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SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Thursday, July 19, 2010, 9:00 – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

<u> x </u>	Anderson, Bruce	<u> x </u>	Goecke, Nancy	<u> </u>	Presnall, Sharon
<u> x </u>	Athey, Mike	<u> x </u>	Hansen, Robert	<u> x </u>	Short, LaVonne
<u> x </u>	Baird, Elizabeth	<u> x </u>	Hargis, Tina	<u> </u>	Steier, Paul
<u> x </u>	Baarda, Darin	<u> </u>	Hartwig, Bob	<u> x </u>	Sundstrom, Scott
<u> x </u>	Bishop, Doug	<u> x </u>	Johnson, Jody	<u> </u>	Thomas, Gary
<u> x </u>	Bishop, Tonya	<u> x </u>	Kielhorn, Kristi	<u> x </u>	Walter, Wayne
<u> x </u>	Brauch, Bill	<u> </u>	Lewis, Andrew	<u> x </u>	Weitl, Peggy
<u> x </u>	Covington, Debra	<u> </u>	Livy, Douglas	<u> </u>	Whatley, Anne
<u> </u>	Daniels, Victoria	<u> </u>	Lowe, Mark	<u> x </u>	Wilson, Judy
<u> x </u>	Deerr, Cynthia	<u> </u>	Piazza, Jim	<u> </u>	Winterboer, Clay

Kansas Webinar

The Kansas modernization project originated in 2003 in cooperation with various bankers' associations and the auto dealers association. In 2003 Kansas had a simple program. File notice of security interest online. March 17, 2009, changes were made; they added secure titles, refinanced titles, duplicate titles and lien releases online.

Amanda McCall discussed the Kansas ELien system. Users log in; up to five owners can be added to screen.

Title applications. Secured title application (already owned by a person—not a newly acquired vehicle) and financed title applications. Titles held electronically if there is a lien on a vehicle.

Secured title option – electronic signature that securing a lien on vehicle and paying a fee for that.

The system will error out if proper information is not supplied.

Refinanced title application – no title document, no lien release, and present lender is awaiting payment from previous lender. With a couple exceptions, only one lien is allowed.

Central office issue for titles. Counties initiate paperwork, send to central office for edits. Z titles are filed electronically, X titles printed immediately, and R titles are printed through batch overnight. There are 1.5 FTEs that enter security interests in the central office on an annual basis.

Programming in 2006, when filing for security interest, payment must be made within 24 hours.

No fee to release security interests.

All transactions completed through ELien are moved via batch to mainframe overnight.

Nancy Goecke – Is release lien and create title application both batched at night? Yes, all transactions that are done on ELien are moved to the mainframe through batch process at night. If no errors occur, documents are printed next day. Moving towards real time.

Bruce Anderson – What percentage of lenders are using electronic vs. paper? Two-thirds. Are releases coming in at the same rate? The majority come in via paper; 500 to 600 per day, not counting the county offices. Have marketed this.

Deadline for lien release? Legislation passed gives lending institutions from 3 to 10 days to release the liens. Out-of-state lending institutions have complained (Wells Fargo, Ford Motor Credit Corp). Legislation similar to Massachusetts.

Tina Hargis – Who is the vendor for larger companies? Batch Lien early program internally. Have not had chance to market it yet and do not have the dedicated staff yet. This is in the plans, but don't have yet. Is developed in-house.

Tina Hargis – Direct connection with FMCC? No vendor in between? Yes, that is what we'd like to do. Vendors have not been willing to follow the Kansas process. Vendors want them to change their lien release system. Vendors systems are out of date; state does not want to move backwards.

Electronic titling – vendor specific issues – dealer role – customer's responsibility to go to local county treasurer to complete title application. Dealer can sign up for ELien to process title applications.

Do dealers have plate inventory? Yes. Inventory of 30-day plates only. Counties may opt to send permanent plate either directly to the dealer or customer.

Wayne Walter – Do the 30-day plates have control numbers? Yes, control numbers are assigned to the plates. Dealers order inventory from the State and is sent out. State keeps track of control numbers. Print on demand 30-day plates is available. Reengineering dealer system to be online. Interface with 3M; populates real time process for law enforcement.

Tina Hargis – What is the timeframe for dealers to complete transactions and submit money? Dealers have 30 days from date of sale to complete the title application or transfer. Bruce Anderson asked if tax is collected at that time. No, there is no way to collect tax right now; is not linked to system yet. Can do once they go live in future. Is there a fee for a temporary tag? Yes, \$3.00.

Bruce Anderson asked if the temporary tags are renewable if there is a lag in processing? No. Only allow one temporary tag to be completed. Temporary/courtesy registration.

Tina Hargis – Of the financial institutions participating electronically, is there a secure sign on – by individual? Processed through VeriSign. Needs a digital certificate which is tied to IP address of computer. Cost is \$45 annually. VeriSign gets all of this fee money. KS is currently looking at a different process. Administrative side and test side.

Tina Hargis – Is participation mandatory? No, right now it is optional, but we are pushing for legislation to make it mandatory. Get funding for DMV project. Did not want a controversial topic in legislature.

Tina Hargis – How often is recertification/DPPA? Renew annually for \$45, but don't have to fill out all the information unless revoked. Two separate forms – memo of understanding from lending institution and user agreement requiring two forms of identification.

LaVonne Short – Is this Kansas citizens only? No, but they must be in the United States legally. Documentation, green card, etc. required. But they do not have to be a US citizen.

Tina Hargis – Is the agreement with the state of Kansas or VeriSign? State of Kansas, but must meet VeriSign's requirements.

Bill Brauch – If no lien is involved, is any part of the title application process done electronically? No, not the initial application. Titles are held in the system for 35 days from date of purchase if the financial institution requests security interest, so a title is not printed within 35 days of date of purchase. The only way they hold a title past 35 days is if a lien or security interest has been received.

Administrative side – Have a secured title process when there is already an acquired vehicle. Approval process. Can scan image in. Employee reviews images.

Wayne Walter – Can the scanned document be something with a signature? The title application has an electronic signature box that the dealer can check. On the dealer end, they may keep documents with customer signatures. This acknowledges their customer is aware and a lien has been secured.

Bill Brauch – Is the odometer application part of the process? Is this always done on paper? All original applications go through county offices.

Nancy Goecke – Temporary tags control number – is this part of the create-a-secure-title application? No. They already have a current plate for that.

Deb Covington – Application after development, are any IT security scans run for risks or vulnerabilities? Yes, done yearly, with all systems. Since 2003, no security breaches have occurred.

MEETING MINUTES:

Corrections were made to page 2 of the July 8, 2010, minutes, per Bill Brauch. Final copies will be emailed to all committee members.

DISCUSSION:

The Dealer Survey was distributed to committee members. Bruce Anderson discussed the survey questions. Peg Weitzl asked if a cover memo will be included with the survey. Nancy Goecke said we need to discuss that.

Wayne Walter asked what the major impediment to our titling process is; what is broken or not working in the current system? Add a question like this to the survey. Nancy Goecke – which part of your current system needs more improvements, with all the choices listed. Wayne Walter wants an idea of what the weakest link is in the currently system. Nancy Goecke would like prewritten choices, no open-ended questions on the survey.

Wayne suggested having a disclaimer in the survey that there will be no dealer retribution for their answers.

Elizabeth Baird – on #6 of the survey, could we add a less biased option? Space for “please explain.”

Bruce Anderson – Use with current system? Elizabeth said yes. Bruce suggested a 3-way question, DMS interface, internet interface or current system? Ask the question that way so it is not open-ended.

Elizabeth Baird – We should spell out DMS (dealer management system).

Scott Sundstrom – Should we break down #6 as “Do you prefer a., b., c.?”

Wayne Walter mentioned access to documents.

Bruce Anderson questioned the method of survey delivery; used dealers are not joiners as much as new dealers are.

Tina Hargis – We can distribute the survey with the DOT dealer newsletter. (If you received this electronically from a dealer association, complete only once.)

Bruce Anderson asked if anyone objected to the Association pushing this survey. The open rate of opening association newsletter is 43 percent.

Judy Wilson wants the treasurers to do this. We would get more results. Dealers do not read the newsletters.

Nancy Goecke – Mention that this is a state-sponsored project required by the legislature.

Elizabeth Baird – What if the DOT sent the survey and stated that it is being done by DOT, treasurers IADA, and IIADA. Have everyone’s name attached to mailing. IIADA would alert dealers of upcoming survey.

Send out by DOT with dealer newsletter, having everyone’s name on it. Explain the legislation and the committee’s responsibilities.

Tina Hargis – Subgroup will make changes, get finalized copy to all committee members, along with an instruction sheet, for final approval.

Tina Hargis distributed and reviewed the reporting format and cost estimate worksheet prepared by Cindy Deerr.

Bruce Anderson – asked if financial institutions, lenders should be included. Tina Hargis mentioned law enforcement as well.

Darin Baarda – Add hardware and more software needed to purchase. Nancy Goecke – add third-party software purchases.

Elizabeth Baird – Add privacy concerns.

Deb Covington – Add to security concerns: auditing requirements, privacy (DPPA).

Nancy Goecke – In ARTS you have a customer number. A person is identified by the customer number, not SSN.

Darin Baarda – Do we not want to see the SSN if one is entered, or not have in the system at all? What do you want the system to do? Not display SSN? Last four digits only?

Vendor Presentations

Tina Hargis asked what we would like to see from vendors. Two-fold; one to visit with Tina’s counterpart in Florida and someone to visit with Bob Hagge who is now down in Florida. Trivin or Vintek, CVR, Iowa Interactive, various other entities. Who would committee members like to see to gather information? 30 minutes for four different entities?

Nancy Goecke – Interested in CVR. Elizabeth Baird suggested having an ARTS presentation; this was done at the first meeting.

Darin Baarda asked what was done in the Alabama e-cast?

Tina Hargis – FDI, PVP, CVR, Alabama's system, Iowa Interactive, 3M, Trivin, Florida.

Bruce Anderson – Trivin and CVR are the industry leaders.

Wayne Walter asked if there is an electronic version of what Wisconsin has (EMV public) that we view as a group.

Tina Hargis – What are we setting for criteria? Allow a 30-minute limit? Nancy Goecke asked how many vendors we are asking.

Tina Hargis suggested having the vendor presentations/webinars at the August 16 meeting, from 9 am to 3 pm.

Bruce Anderson – Interested in what a vendor can bring to our project.

LaVonne Short suggested having 3M present to see if they have something to interface with our current system.

Wayne Walter – In general, would vendors add value to the entire equation rather than internally. So we could do this by bringing in around three vendors. LaVonne Short said we should give them general guidelines of what we are looking for.

Bruce Anderson suggested giving the vendors the legislation and tell them this is what we have been charged with. What can you do for us?

Elizabeth Baird – Look at web pages and asking questions in advance, so information is known before presentations.

Bill Brauch – Ask the vendors to look at serving a pilot project or a full-blown statewide effort? That may change how they present.

Tina Hargis – Wisconsin's advice was to start slow, pilot project. From her perspective, would lean towards a pilot project. Bruce said to note the January 1, 2012, go-live date.

Nancy Goecke – When you say pilot, you're saying it is not mandatory? Tina Hargis said yes.

Tina Hargis – Should we have preassigned questions for expectations? If you have a question, submit to LaVonne Short. We can include a pre-questionnaire sheet to the vendors.

Nancy Goecke – Vendors should present their current system functionality.

Tina Hargis – Current timeframe is very aggressive; vendor may already have a package put together, but programming still needs to be done on our end to interface with the software.

LaVonne Short – Can the vendor meet the January 1, 2012, date? Can we?

Tina Hargis – What else should we get on the calendar for consideration as we progress on? Any burning issues? Anyone else to schedule for our meetings to gather information?

Wayne Walter – There would have to be significant changes in the kinds of signatures on those forms, how they are kept. Identify Code changes to damage disclosure statements, odometer statements, etc. We are not changing any of the paper process.

Tina Hargis – Currently it is the treasurers' responsibility to have the paperwork needed. How many actual Code changes would be necessary?

In the final report recommendation, we would identify required elements requiring legislation to implement ELT.

LaVonne Short – By the time legislation is signed, an RFP has gone out, and completing the entire process, the January 1, 2012, timeframe is not realistic.

Tina Hargis – Interim committee – if they decide to do something, staffers will help identify that.

ACTION ITEMS:

- Florida information will be reviewed at the next meeting.
- DOT will:
 - Develop cover letter for dealer survey.
 - Finalize dealer survey with suggested changes (will be sent to committee members for feedback and approval before being mailed out with dealer newsletter). (Discuss results of survey in mid-August.)
 - Present timeline flow for how long it takes to do an RFP.
 - Contact vendors to present at 8/16 meeting (CVR, Iowa Interactive and Trivin, Vintek, FDI).
 - Make suggested changes to reporting/cost estimates worksheet for committee member use.

NEXT MEETINGS:

Monday, August 2, 9:00 a.m. – 12:00 p.m., Iowa Bankers Association, 8800 NW 62nd Avenue, Johnston
Monday, August 16, 9:00 a.m. – 3:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Tuesday, September 7, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 13, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 20, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Monday, August 2, 2010, 9:00 – Noon

LOCATION: Iowa Bankers Association, 8800 NW 62nd Avenue, Johnston

ATTENDEES:

<u> x </u> Anderson, Bruce	<u> x </u> Hansen, Robert	<u> </u> Presnall, Sharon
<u> x </u> Athey, Mike	<u> </u> Hargis, Tina	<u> x </u> Short, LaVonne
<u> x </u> Baird, Elizabeth	<u> </u> Hartwig, Bob	<u> x </u> Steier, Paul
<u> x </u> Baarda, Darin	<u> x </u> Helgesen, Joshua	<u> x </u> Sundstrom, Scott
<u> x </u> Bishop, Doug	<u> </u> Johnson, Jody	<u> </u> Thomas, Gary
<u> x </u> Bishop, Tonya	<u> </u> Kielhorn, Kristi	<u> x </u> Walter, Wayne
<u> </u> Brauch, Bill	<u> x </u> Lewis, Andrew	<u> x </u> Weitzl, Peggy
<u> x </u> Covington, Debra	<u> x </u> Livy, Douglas	<u> </u> Whatley, Anne
<u> </u> Daniels, Victoria	<u> x </u> Lowe, Mark	<u> x </u> Wilson, Judy
<u> </u> Deerr, Cynthia	<u> </u> Piazza, Jim	<u> </u> Winterboer, Clay
<u> x </u> Goecke, Nancy		

MEETING MINUTES:

No corrections were made to the July 19, 2010, minutes.

AAMVA Presentation on ELT Best Practices – Keith Kiser

Keith is Director of Vehicle Programs at AAMVA. Thirteen states have successfully implemented ELT. It makes good sense to not have paper records or the cost of mailing out documents. Cost saving measures. North Dakota looked at vendors that provide an interface between lenders and DMV; set up electronic links with intermediary service providers.

True electronic titles – not issuing paper titles in general. Four states (Virginia, Wisconsin, Texas and South Dakota) are looking at this now. E-titling is different than ELT. ELT is specifically just lenders, except lenders do not get titles. No paper title is ever generated with e-title. Some sort of electronic mechanism is used through a website, using a PIN or unique ID number. DMV would not issue a paper title. The only reason to print a title is if a person moves to a different state that requires a paper title. No one gets title.

NHTSA administers federal odometer law. Open to looking at other methods of odometer disclosure as long as it is secure.

Andy Lewis asked what states use electronic funds transfer. Keith did not know of specific states but mentioned that Minnesota uses CVR in their more metropolitan areas.

Keith mentioned the AAMVA working group is having its first conference call this week. The intent is to be proactive and ahead of the curve in establishing best practices for states implementing e-titling.

Andy – Security standards for personal information – are vendors an intermediary in transferring DMV records to states? Keith said all are adhering to DPPA.

Nancy Goecke – Is there a uniform standard for issuance of temporary plates by dealers? Keith stated that AAMVA sells a product for temporary tags, which can be purchased in bulk in advance. There are no specific standards at this time. Have generic information. Nancy asked if any other states are doing anything with temporary tags. Keith said no, but there are some states implementing an electronic temporary tax process (Arizona, Montana and Florida). Most states are not charging a fee for this. If so, it is very minimal (\$2 to \$3).

Keith was asked if the best practices group would be meeting at the AAMVA International conference. This was discussed informally, but Keith is not sure.

Discussion followed on secure temporary tags. Paul Steier stated we need to find a way to allow access to the electronic document on private sales. Security of system (using system without paying); whether law enforcement can tell who they are pulling over (proper documentation).

Bruce Anderson asked if officer safety is an issue if a vehicle does not have tags or has switched plates. Robert Hansen said yes.

Mark Lowe – Highway safety, get proper road use funds. We do not know what we do not collect.

Wayne Walter said there are three sides to this issue: rightful ownership, collection of fees and consumer protection (odometers and damage disclosures). Do we want to continue making consumer protection an integral part of this process?

Paul said the selling point is money being exchanged within the 30-day window.

Bruce – title brands – buyers don't see title until lien is paid off.

Andy – individuals providing registration applied for between individuals on a casual sale. Seller could electronically notify the DMV that they have sold their vehicle.

Doug Livy suggested compiling a packet of forms/information for private sales and sell the package to the consumer.

Andy asked if anyone knows of any states with a temporary tag program. Bruce said Wisconsin has a temporary tag program.

The committee also discussed Iowans buying from out-of-state dealers.

Florida Titling/Registration System Presentation – Boyd Walden, Titles/Registration Bureau Chief

Electronic lien system was not let for procurement. There were several vendors provided a list of specifications on how to interface with vendors for ELT. Title where lien is electronic. A dealership sells a vehicle; the lien holder is one of the ELT participants. The participant must sign a contract with Department (general contract language). The tax assessor's office enters the transaction into system. At the lien holder section of the transaction, the system shows they are a lien holder participant. At night no title is printed; the dealer receives electronic notification (transaction) that the lien has been perfected.

If someone pays off a vehicle to the lien holder, the system electronically sends a satisfaction notice to the DMV. Standardized specifications. Use a mailbox system through AAMVA, also setting up an FTP, not necessarily real time.

The lien holder sends the lien satisfaction through the lender and is electronically submitted to the DMV. The title is held electronically until the customer needs the title. The customer can go to the tax assessor's office for \$10.00 or on a website. Law passed in 2009 that requires a \$2.00 fee for a title to be printed.

Florida is looking at doing repossessions in the near future. Andy asked if this process is for only those ELT participants and would it be electronic. Boyd said yes; participants would have to meet state requirements.

There is also a \$1 million performance bond for vendors requiring them to pay any fees due; funds are used from the lien holder. There are currently five vendors in their system. Vendors on the website include VinTek, FDI and PDP Group.

Florida title transfer fee is \$75.

Bruce asked what percent of liens are electronic. Twenty percent are electronic right now. Every new lien that is added to the system is electronic, so approximately 40 percent of all liens added are electronic.

Judy asked if lien holders are reluctant. Boyd said the reluctance has to do with the back-end process, completely electronic title.

Judy asked if the lien holder works through the vendor. Boyd stated they can be their own vendor if they have their own programming staff. Vendors must meet all of the requirements. Do the vendors charge the lenders money? Yes, but no idea how that happens. Are the fees that the vendor charges limiting participation? Boyd has not received any feedback on this.

Wayne stated that a high percentage of vehicles traded in before they are paid off is the bigger impediment for dealers.

The lien holder receives notification of their lien a little quicker and the dealer gets their money quicker. Whenever dealers send in payment for payoff, in a paper world, the lien holder holds the money for awhile. In the electronic world, in one day the lien is satisfied on the system.

Florida is also trying to make the casual sale transaction a paperless title. The secure document is the same as used in the tax assessor's office.

Florida is also going more to an on-line banking type environment, but that is way down the road.

The only hurdle is the NHTSA odometer requirement. Are currently looking at requests for variances.

Electronic titling – work with CVR and Titletek – the process is not completely electronic; not at that level yet. Paperwork still must end up at the assessor's office.

There are 14,000 dealers in Florida; 450 users of the system; 10 percent title transactions annually.

Amount it costs the dealer to have the vendor is an impediment; costs must be passed on to customers. The main problem is vendors do not sign up the dealers. Due to training in the new system. It is not cost effective for a vendor to sign up a dealer with limited transactions.

An electronic temporary tag system was implemented in the last two years. Smaller dealers participate. It is mandatory that all dealers participate. At the point of sale, a temporary tag must be issued and updated on the system. This is done through an interface. Seven to eight vendors have that system.

Wayne asked if this applies to casual sales? Boyd said there is no access at this point for casual sales. They must go to the tax assessor's office to get it done. Bruce asked if the answer would be the same if a Florida resident buys from a non-Florida dealer. Boyd said yes.

The electronic temporary tags system has a few boxes for dates. Vendor pays DMV fees, and then charge the dealers. The temporary tags are printed at the dealer's location. There is a backup system. Have preprinted plates. Have to go out and update.

There have been no security issues. Only issues are with toll booths; counterfeit plates. This was going on before, but now it can be detected. The system has gone very well; dealers and law enforcement like it.

Florida Titling/Registration System Presentation – Bob Hagey

The system works well. Not printing a paper title; can print one if customer requests one; there is a \$2.50 fee. If they want it the same day, the fee is \$10.00. Titles are generally printed if it is a casual sale.

Very similar to Iowa's. 67 tax collectors are set up. Florida has private tag agencies (Miami); agencies outside of DMV and tax assessors. There are a lot of problems with those private agencies. These agencies participate in ELT. Andy asked if there are any training issues on the use of ELT. Vendors provide training.

It is mostly the new car dealers using e-title. Major dealers are on e-title. Wayne asked if the private companies submit everything to the vendor, then the vendor sends to tax assessor's office. Yes, it goes through the vendor. A big vendor is CVR. Problems occur often enough that it becomes frustrating. Andy suggested this may be a training issue. Bob Hagey thought that was probably the reason. State training is provided every eight to ten months.

Judy Wilson – if there is paperwork going to the tax assessor's office, even through a vendor, how long does the tax assessor's office have to keep the paperwork? Is there a records retention issue? Who retains the paperwork? Applications for title and odometer statements, after entered onto the system and a title is issued, those documents are physically sent up to the Tallahassee office and are scanned into their system. Backup documents are retained (bills for sale, etc.), things not required to be sent to Tallahassee, and scanned in their system.

Title number and VIN number will never change. Owner name and address may change, but title and VIN number will not change in Florida.

Judy asked how long ago Florida started the ELT system and the availability of electronic titling system. Bob said the system was implemented in August of 2007.

Why was the decision made not to do it internally through DMV but to give access to vendors of DMV and tax assessor's records? Bob thought it was political. There was a lot of pressure on the county base in the Miami area.

Background on why vendors were chosen? In 2000. Were there budget restraints? Was it more economical to go through vendors? That is information to get from the state of Florida.

Can Florida residents go from county to county? Bob said customers can title anywhere in the state. That is where the outside vendors have some of their latitude. They can travel around the state to any tax assessor's office.

The county gets the revenue in the county the tax is collected.

The county of residence sends out renewal notices. All 67 Florida counties send out courtesy reminders. On the renewal notice you must have current insurance on the vehicle to renew. The insurance company sends a notice to the customer saying they have to pay the county before they can renew.

Any county can do a title transfer. See more cross county traffic?

The state provides the Samsung title printers; otherwise, counties replace everything on their own.

Elizabeth Baird asked if there are any problems with maintaining a dual system (manual and electronic). Bob said no.

Bob discussed title fees in Florida. \$77.75 electronic from MSO; leased \$56.75; original elect out-of-state \$85; transfer of replacement \$75.75; first-time titled in Florida (brand new, no plate, no trade-in) \$225. The state retains all of the fees. Plates are on a ten-year cycle. Every year with renewal, pay \$2.80 into an "escrow" account; at the end of the ten-year cycle, your new plate is sent to you (\$28).

What does the vendor retain? Vendors charge the dealership a fee for the vendor to do their title work for them. Fee is indirectly passed on to the customer (built into the document fee). No statutory limit.

Dealer Survey Review

Andy asked if we should send to recyclers. Add to #2, what is your Iowa license number (D/R).

#4 - Does your dealership utilize a dealer management software (DMS) system? If so, what is the brand name?

#5 – Change to #4 and vice versa.

Discussion followed on #6 and 7. Andy will make all suggested changes.

RFP Timeline Flow

LaVonne Short explained the timeline distributed to committee members.

Mark said we would first have to go through DAS Enterprise approval process.

Nancy asked what a more realistic implementation date is. Will know more after speaking to vendors.

ACTION ITEMS:

DOT will finalize dealer survey with suggested changes and mail out with dealer newsletter. (Discuss results of survey in mid-August.)

NEXT MEETINGS:

Monday, August 16, 9:00 a.m. – 3:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Tuesday, September 7, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 13, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 20, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Monday, August 16, 2010, 9:00 a.m. – 4:00 p.m.

LOCATION: Iowa Bankers Association, 8800 NW 62nd Avenue, Johnston

ATTENDEES:

<u> x </u>	Anderson, Bruce	<u> </u>	Hansen, Robert	<u> x </u>	Presnall, Sharon
<u> x </u>	Athey, Mike	<u> </u>	Hargis, Tina	<u> x </u>	Short, LaVonne
<u> x </u>	Baird, Elizabeth	<u> x </u>	Hartwig, Bob	<u> x </u>	Steier, Paul
<u> x </u>	Baarda, Darin	<u> </u>	Johnson, Jody	<u> </u>	Sundstrom, Scott
<u> x </u>	Bishop, Doug	<u> </u>	Kielhorn, Kristi	<u> x </u>	Thomas, Gary
<u> x </u>	Bishop, Tonya	<u> x </u>	Lewis, Andrew	<u> x </u>	Walter, Wayne
<u> x </u>	Brauch, Bill	<u> </u>	Livy, Douglas	<u> x </u>	Weitl, Peggy
<u> </u>	Covington, Debra	<u> </u>	Lowe, Mark	<u> </u>	Whatley, Anne
<u> </u>	Daniels, Victoria	<u> x </u>	Maloney, Mary	<u> x </u>	Wilson, Judy
<u> </u>	Deerr, Cynthia	<u> </u>	Piazza, Jim	<u> </u>	Winterboer, Clay
<u> x </u>	Goecke, Nancy	<u> </u>		<u> </u>	

Vendor Presentations

PDP Group, Inc. – John Yarbrough

Elizabeth Baird asked what the service provider does that the DOT cannot do. John explained that the service provider establishes an interface with all lenders in the country which relieves the burden from the DOT and places it on the provider. If the state of Iowa contracts with PDP, PDP then connects with all other providers. It is a batch process, utilizing one large file, with multiple users in that one file (points of contact).

Doug Bishop sees the elimination of employees; more efficient process. John stated ELT cuts down on the time period of getting titles to the state. All funds are transferred electronically.

Wayne Walter questioned why Arizona has experienced problems. John said Arizona's system was not prepared for the high volume of work.

Judy Wilson asked if PDP provides any hardware or software. John said PDP provides the software connection with the DMV and lien holder.

Bruce Anderson asked who pays the fees. John said the lien holder pays PDP. If PDP is the host, the DMV would pay. Bruce then asked if the money goes through PDP. John said yes. The lien holder pays the service provider. The main source of funds is from the lien holders.

VINtek – Larry Highbloom

Utah will not be using ELT. Nebraska will mandate ELT October 4, 2010.

Received award from Ford Motor Credit for Top Ten service provider.

Focused on ELT, not registration and titling.

Bruce Anderson asked if any states have tracking of floor plan liens – is dealer inventory immediately tracked? Larry stated that in several mandated ELT states, if the floor plan vendor requires the dealer to require the lien on the title, that would go into the process. If no lien is required, the dealer holds on to title. If the title remains with the dealer and a lien is not recorded with the DMV, it would not be tracked via the ELT program because there would not be a lien recorded.

Andy Lewis – Where does your money come from; what is the revenue stream? Larry said the process is funded by lien holders for software and transactions they support. Lien holders are charged by VINtek and that is who pays VINtek's bills because they are providing their services to the lien holders. There are ways that a state can use outside contractors to operate an ELT system. Built upon foundation – the cost to the lien holder community for VINtek services, including work for a state, is still much lower than the internal cost of handling a paper title; the lien holder still holds a very significant cost benefit analysis.

Elizabeth Baird asked what states VINtek operates in. VINtek is in all operable 50 states.

Judy Wilson – Florida has temporary tags and ELT; if a dealer were to use VINtek as their provider, do you provide software for the dealer, and if so, what cost is involved? Larry stated a dealer would use VINtek software to receive the ELTs issued by the DMV after the vehicle is registered and a lien is identified. There is no charge for the software. Charges are based on the volume of ELTs coming into the software. If a lien holder is selling cars and not recording liens, they would not use VINtek. VINtek is valuable and present if a dealer records a lien in a buy-here, pay-here entity. Larry would not discuss pricing on this conference call. It is based on the volume of titles, with very small minimums.

Elizabeth – Does VINtek work in states that also work with CVR on registration and titling? Larry said yes, because those are two separate processes. CVR does not do ELT; VINtek does not do registration and titling. CVR and VINtek have different products.

Andy – In a state with CVR, is there a seamless connection to be made with a dealer management system? Larry said currently no, because no state has yet introduced the processing specifications that would require that connection.

Bruce Anderson – Do some dealers have both products? Larry said yes, but no one has combined these two products so that dealers could buy it off the shelf.

CVR (Computerized Vehicle Registration) – Ken Mehall

CVR, headquartered in Los Angeles, works in 25 states, with additional states under development; each state is unique, with different complexities, policies and procedures. CVR does not have a solution or package sitting on a shelf. Every situation is unique. CVR currently has 100 employees in Iowa.

Co-owned by ADP Dealer Services and Reynolds and Reynolds, both are in dealer management systems, processing 95 percent of the volume in the nation.

CVR uses ADP for moving money (network of funds transfer). CVR is the only company with a certified interface capability to bring all information electronically.

CVR processes over 830,000 transactions per month.

All states using CVR meet DPPA requirements.

Judy Wilson said CVR explains on its website about dealer compensation. Our goal is to keep jobs and money in Iowa and be of benefit to regulators, dealers and consumers. Ken stated CVR is a for-profit organization. Some states have a cap on fees. CVR provides a tangible value for the consumer.

Elizabeth – Are the states you work with using both paper and electronic? Ken said no. There are a number of states CVR is not in that have an ELT solution. CVR takes a labor-intensive process and automates it.

CVR does not deal in casual sales because they add no value to that process.

Judy – In existing states, how many have all systems? Ken said Florida, Virginia and Illinois. But none of these did everything all at one time.

Transaction type depends on what a state wants. Transactions must be certified by the state before going out to a testing environment. Through the entire process, the state has control. Process can be batched or real time, web interface; money transfers; just depends on what the state wants.

Bruce asked about central issuance states vs. county treasurers (tax collectors, etc.). Ken stated that central issue is a lot easier and straight forward. County infrastructure depends on their function with the state. CVR wants to bring the county into the solution; provide value to the county for their participation. Central issue states do things more efficiently. There are substantial savings in productivity and a very low error rate.

CVR temporary tag solutions – In Florida, temporary tags are printed at the dealership on demand.

CVR does not ask states to change what they are doing, but provides access to key people; what is needed, where it needs to go, and when it needs to get there – they provide the end product needed. CVR does everything else. Paid for by dealer transactions.

Andy asked how you get dealer participation (smaller dealerships/used dealers). CVR can interface with a dealer's current system.

Judy asked if any states charge CVR. Ken said yes. CVR calls it a conveyance fee. CVR conveys the information and pay the state.

Benefits to State: less strain on field offices, shorter lines, quicker turnaround; rapid, accurate collection of fees; smoother central processing; reduced error rates; better service to the industry; better customer service; reduced key entry; and enables law enforcement to identify vehicles.

Benefits to Dealers: Improved customer service; increased profitability with dealer compensation; reduced errors; EFT; direct interface with dealer management systems; issue plates and stickers directly to customer; and the dealer controls the registration and titling process.

Judy asked if CVR can sell software and hardware to the dealer. Ken said if a dealer had an ADP or Reynolds and Reynolds system, that might be a little less expensive to adapt to your system. Judy also asked if I were a dealer not having ADP, does CVR have a program that adapts to other DMS providers. Ken said yes. More often than not, dealers will have hardware. A computer is all that is needed. \$15 to \$20 per transaction; \$50 monthly maintenance fee. Software cannot be purchased outright.

Gary Thomas – No cost to state, aside from working with IT staff (time and resources)? What is the cost to counties to implement the system? What do you see in other jurisdictions? Reference the county treasurers,

Ken said it depends on what role they play. Not communicating with lenders. There is a cost in time and resource. Once the system is built, CVR leaves you with program standards.

Elizabeth – What is the cap on a per transaction fee? Ken said the highest is \$28, the lowest is \$24. The fee is usually split. Some are done by administrative rule, some legislatively.

Bill Brauch asked if there are other fees. Ken said yes because the electronic filing transaction fee is an optional fee.

Gary asked how many states are issuing plates from dealerships. Ken said 18 states.

Gary also questioned how does the dealer sell this. Ken stated that the dealer delineates the value – consumer can pay \$24 for electronic or wait.

Darin Baarda – Is this a process improvement or does it replace a paper system? Ken said states looked initially at paper replacement and ultimately found process improvement.

Iowa Interactive – Tracy Smith, Wayne Middleton and Pete Fairhurst

Iowa Interactive is a subsidiary of NIC, a publicly-traded company, providing e-government services.

Pete Fairhurst, NIC, explained the vehicle registration system implemented in West Virginia.

West Virginia is now in the process of interfacing with AAMVA to access NMVTIS.

NIC has an electronic insurance verification program.

- Very detailed reporting system
- 24-hour fax support system
- No monthly fee
- Flat transaction fee (\$2.00 in WV)
- No other sources of revenue, just transaction fee
- Manage access to DL records
- Dealer manages who has access to their accounts

TriVIN – Beverly DeVine (Webinar)

Temporary tag inventory control – Some states choose to house a temporary tag database; there is also the option of TriVIN housing the database. It is within controlled environment, managed by the state or by an agency on behalf of the dealer.

It is paid for by stakeholders using them (almost all are per transaction – varies based on transaction). Permanent registration transaction is \$10; a temporary tag transaction is \$4 to \$5 per transaction. TriVIN spends between \$750,000 to \$1 million per state on setting up a system.

Decision Dynamics, Inc. (DDI) – Ann Gunning

Elizabeth – Does DDI interface with DMS systems? Ann said yes, if an output file can be provided (extract files) (doing in PA).

DDI charges the lien holders, not the state. DDI is only ELT.

DISCUSSION:

Nancy Goecke said we still have not established a goal for this study group. Darin said we are not to the step of identifying all the things we need; then we need to get certification of steps.

Nancy said there are five elements: ELT, temporary tags, paperless titles, electronic submission, and electronic funds transfer (goes with temporary tags and electronic submission).

ACTION ITEMS:

- Discuss vendor presentations (if anyone has any additional questions for vendors, get them to Andy).
- IT staff discuss how ARTS can be integrated into ELT.
- Need to determine the scope of this study. Need to break down specifics. Establish priorities. Electronic liens would be a priority. Look at five elements and our structure.

NEXT MEETINGS:

Tuesday, September 7, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 13, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Monday, September 20, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny
Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

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SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Tuesday, September 7, 2010, 9:00 a.m. – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

<u> x </u>	Anderson, Bruce	<u> </u>	Hansen, Robert	<u> </u>	Piazza, Jim
<u> </u>	Athey, Mike	<u> x </u>	Hargis, Tina	<u> </u>	Presnall, Sharon
<u> </u>	Baird, Elizabeth	<u> </u>	Hartwig, Bob	<u> x </u>	Short, LaVonne
<u> x </u>	Baarda, Darin	<u> x </u>	Hyatt-Crozier, Anna	<u> </u>	Steier, Paul
<u> x </u>	Bishop, Doug	<u> </u>	Johnson, Jody	<u> x </u>	Sundstrom, Scott
<u> x </u>	Bishop, Tonya	<u> </u>	Kielhorn, Kristi	<u> </u>	Thomas, Gary
<u> x </u>	Brauch, Bill	<u> x </u>	Lewis, Andrew	<u> x </u>	Walter, Wayne
<u> </u>	Covington, Debra	<u> </u>	Livy, Douglas	<u> x </u>	Weitl, Peggy
<u> </u>	Daniels, Victoria	<u> x </u>	Lowe, Mark	<u> </u>	Whately, Anne
<u> x </u>	Deerr, Cynthia	<u> x </u>	Maloney, Mary	<u> x </u>	Wilson, Judy
<u> x </u>	Goecke, Nancy	<u> x </u>	Pregon, Jim	<u> x </u>	Winterboer, Clay

IT Presentation (Darin Baarda):

At the August 16 meeting, Nancy Goecke suggested establishing a goal for this study group by identifying all the elements of the study; then we must determine certification of the process. Nancy sees five elements: ELT, temporary tags, paperless titles, electronic submission, and electronic funds transfer (goes with temporary tags and electronic submission).

DOT Motor Vehicle Support Team developed programming hours for this process. Darin Baarda distributed a handout on the IT presentation.

1. Phase 1 – Paperless Titles
2. Phase 2 – Lien Queries
 - a. TPA – Trusted Party Access
3. Phase 3 – ELT
 - a. How much do we want to do with SI? Needs researched.
 - b. Bruce Anderson stated that he thinks adding SI functionality is required for this project; need more programming hours for this.
4. Phase 4 – Temporary Plates
 - a. 3M makes a bagging product for temporary plates
 - b. Transfer of metal plates to paper plates
 - c. Not printing owner's name on registration – Andy mentioned this is a privacy issue
5. Phase 5 – Auto T&R – How do we do business, and then how do we certify it?
 - a. WRR Process is the web registration renewal – online renewal. Collected by one of two entities; payment made via credit cards, e-checks, debit cards. With EFT, it is not clear how companies will process (transfer funds to DOT, or e-pay from dealers, or credit card companies). This will be another step in the EFT process to figure out.

Total estimated programming hours for ELT, including testing, is 1,212 (excluding add SI functionality). This assumes outside participation only for T&R phase (would involve a vendor to develop a certification process for doing business, file format, etc.).

Tina Hargis asked what this adds to ongoing software maintenance for future IT staff – add another FTE?

Wayne Walter – Provide link between our database and pool of vendors. Code we use would not allow them to access that. Darin said it would be web accessed into the database. This would be another programming hours estimate. How does the DOT return information to the vendor?

Nancy asked if a time estimate is required in ARTS to receive a batch file from companies.

Mark Lowe – Discussed AAMVA International meeting topic of Electronic Titling nationally. NMVTIS (National Motor Vehicle Titling Information System) could be the vehicle for a true electronic titling system from state to state. Before using NMVTIS, we must receive certification from manufacturers. Mark did not hear any manufacturer resistance. States with electronic signature (WI, TX, VA, SD) have all submitted applications (template for electronic signature). There is a nationwide push for electronic titling. We want to do this without tearing down and rebuilding. The larger question is how. Andy said SD has offered to give Iowa a demonstration. SD currently has a web-based process which allows access to the state's titling system to create an electronic application for title. Electronic submission of title applications is now mandatory for dealers selling more than 15 vehicles a year. SD is working on a process to allow for acceptance of an electronic title application directly from a participating dealer's DMS (dealer management system) software in addition to the web application that is currently in place. SD will require participating vendors to provide titling data from a DMS system in a batch file using one, uniform file layout.

Andy asked what is included in vendor certification. Darin said accuracy of VINs, owner information, costs, sales tax, registration costs, security, how often recertification occurs, etc.

Tina mentioned the need for realistic implementation dates. We must be very accurate on hours to reach implementation.

Wayne – vendors already certified.

Nancy – adding SI functionality and batch process for those companies, ELT would surpass temporary plates for hours. Darin agreed.

Ongoing maintenance (bank name changes, mergers, FEIN numbers). Andy mentioned having legislation clarify language on this.

Clay – Asked how the estimated hours translate into costs. Andy said for fiscal notes we take the number of hours times the hourly pay of an FTE. Tina stated we also need to consider training hours and user acceptance testing hours.

Mark asked about the RFP process. Preferable having any vendor that is qualified. Flexibility with doing business with DOT electronically.

Nancy – ELT – batch process. We would need vendor interaction with ELT and Auto T&R phases of the project.

Bill Brauch asked if EFT is part of Auto T&R. Nancy said yes.

Andy – ELT – We have a county-based registration system today. Should a new system continue this way?
Darin said not sure how vendors want to transfer money. It is very hard to guess on how we transfer money.

Wayne said for the lien portion, no money would be transferred between locations. No fee for the counties.

Tina said something to consider is what path EFT follows. Where and how will money flow; we need to research options.

Vendor Presentation Discussion:

Wayne said PDP actually stores the lien for the lien holder.

Doug Bishop – lien perfection and temporary tags (law enforcement).

Bruce – Typical financial transaction is between the customer and the dealer. Potential breakdown is at lien perfection, when the dealer goes to the financial institution.

Wayne – Electronic titling and temporary tags would be easiest part of this process. There are so many different licensing fees.

Doug – At our first meeting, we took a shotgun approach, with a huge scope. We do not need to reinvent the whole system. A system is in place for lien perfection and temporary tags. Bruce disagrees. Local dealers have great relationships with counties. Frictions occur when a person from one county goes to a different county dealer.

Andy asked if the friction is the different interpretations of the paper documents. Bruce said it is a cumbersome process. Andy asked what process would alleviate this friction. Bruce said if we eliminate the lien issue; skip the registration and titling processing. Wayne said the point of all this is the legislation did not specify completed damage disclosure statements or electronic systems.

Judy Wilson – Potential vendors stated they are doing business in several states.

Bill Brauch stated there is no state that has electronic odometer statements.

Wayne – If we are still going to have damage disclosure statements and odometer statements, where is the improvement?

Nancy said this information entered will populate the application.

Mark said this is a fundamental scope issue. How much can the dealer get done? Electronic titling/registration and submitting funds electronically; if there has to be a follow-up, what would we be accomplishing? We cannot eliminate everything. Andy said there are issues with fees being different; a frustrating issue. County offices may be rejecting certain documents; there are still have training issues. The same goes for dealers. Even if we had a tie-in with the dealer, there are still going to be issues. Fee calculations are incorrect. Electronic fee calculators may alleviate this issue.

Mark said the state set the specification. Build a portal, any company can access, but must meet our specifications. Bruce said one piece must be a bonding piece.

Andy said we need one file format and vendors willing to use that format. How do you address this for having or not having an RFP?

Andy asked how we match fees. Vendors charge different amounts for same fee? Charge to the dealer. Would need legislation.

Bill Brauch – there should be a cap on fees.

Andy asked, reference casual sales, should consideration be given to that design? Wayne said there should be some accommodation for that. Who would have access to the database? Too many users.

DISCUSSION:

Tina stated we must summarize where we are at. What are we recommending for our interim report? LaVonne said we should focus on what Iowa wants and how we want our process to function. Mark said after hearing from a number of vendors, should we recommend a certain vendor? Darin said it would be easier to certify one vendor at a time. Test one at a time. Choose one vendor to test the system.

Nancy asked if we can go back to the vendors who did not provide costs and ask the cost. DOT purchasing said not to ask for cost.

Wayne – if we go through the process of incorporating a vendor, there will be a lot of state time and effort to make it possible for the vendor to do business with us. Will this be valuable for dealers? For the citizens? Or just the vendor and dealership? How much are we allowed to spend? Darin mentioned what it would cost today, compared with in the future.

Nancy said – what are we trying to fix?

LaVonne said issues are easier to deal with electronically, regardless of the issue.

Judy – Tina, Mark and Andy prepared great presentations and helped her understand things. Any type of electronic system would make the dealers' life easier, but it is not necessary. Like to see committee, if majority agrees, need one of the five elements (electronic liens, ELT, electronic title application), need to start making those decisions. Our legislators were sold a concept that neither the buyer or seller understood. Goal should be how Iowa regulators can incorporate this process. Prioritize what state can do, identify funds to do this, type of legislation to do this (laws that need changed), and the cost it entails.

Andy asked what is the most important element of this study? Electronic liens would be the most important.

Scott S. said an important issue is uniformity. There are so many different interpretations. Uniformity drives efficiency. Efficiency drives cost. The format for the information to flow to the state from the dealership should be more accurate, better for consumer. All layers should benefit.

Wayne – The issue with uniformity among counties – the “problem” counties are not enforcing rules, because they are not the ones not following rules. Problem is with counties that are willing to accept looser standards.

Nancy said ARTS took away some of those uniformity issues.

Scott said this would help minimize mistakes. Think about the system; the goal is how can we make it more efficient and uniform for everyone involved. Costs will vary. Include parameters about cost to customers. Programming and set-up time is key. Put statutory parameters on vendors.

Mark – cost to state. It is more of a lost opportunity cost. If you look at our programmers as finite resources, is this the highest priority for the programmers' use? Justify adding additional staff? This would be an ongoing cost to the state? We cannot just produce the system and then leave it. It will require ongoing maintenance. Should we break down traditional transactions and steps taken? Things we do now and things we do later? Come up with a "box" of things we want to do now, and a list of things to accomplish later. Electronic titling is on the forefront of all states' minds. The question is what are we doing now that is making things easier for dealers and consumers. What is everything that has to be submitted right now?

Scott – Electronic lien perfection is an issue that lenders have. Day-to-day issues is the registration piece. Most vendors focus on only one piece; some overlap.

Wayne said if law enforcement were in this meeting, they would say the most important issue is temporary tags.

Mark said that is a big deal to the State also.

Bill Brauch – We should not have a several-county test case. Pilot project cost is still the same as statewide. Include this in report.

Wayne – Most people have access to a computer that would alleviate the problem with casual sales.

Nancy – What is more important – releasing SI's rather than adding SI's. Mark said the perfection part is the most important part. Mark said in protecting public interest, the State cares as much as the lenders do about lien releases. Do lien release first, then add SI next.

Mark – We must start drafting this report. Responsibility falls on the DOT to begin drafting report.

LaVonne asked if we have heard anything from the banking industry, other than they are in favor of the project. The committee has not heard anything else.

ACTION ITEMS:

- DOT will begin compiling a draft report; detailed outline where we are going; review dealer surveys received. Determine the best approach.

NEXT MEETINGS:

Monday, September 20, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

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SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Tuesday, September 20, 2010, 9:00 a.m. – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

_____ Anderson, Bruce	_____ Hansen, Robert	_____ Piazza, Jim
_____ Athey, Mike	<u> x </u> Hargis, Tina	_____ Presnall, Sharon
<u> x </u> Baird, Elizabeth	_____ Hartwig, Bob	<u> x </u> Short, LaVonne
<u> x </u> Baarda, Darin	<u> x </u> Hyatt-Crozier, Anna	<u> x </u> Steier, Paul
<u> x </u> Bishop, Doug	_____ Johnson, Jody	<u> x </u> Sundstrom, Scott
<u> x </u> Bishop, Tonya	<u> x </u> Kielhorn, Kristi	<u> x </u> Thomas, Gary
<u> x </u> Brauch, Bill	<u> x </u> Lewis, Andrew	<u> x </u> Walter, Wayne
<u> x </u> Covington, Debra	<u> x </u> Livy, Douglas	<u> x </u> Weitzl, Peggy
_____ Daniels, Victoria	_____ Lowe, Mark	_____ Whatley, Anne
<u> x </u> Deerr, Cynthia	<u> x </u> Maloney, Mary	<u> x </u> Wilson, Judy
<u> x </u> Goecke, Nancy	<u> x </u> Pregon, Jim	_____ Winterboer, Clay

APPROVAL OF 9/7/10 MEETING MINUTES:

Bill Brauch noted changes to his comments on page 4, “We should not have a ~~small~~ several county test case.” These two changes will be made to the September 7 meeting minutes.

IT PRESENTATION (Darin Baarda) – ADDITIONAL INFORMATION:

Phase 3 – ELT Option 2 – Batch mode 500 hours (must have outside vendor; batch process or Web service not both).

Summary:

- ▶ Paperless Titles 20 hours
- ▶ Lien Queries 16 hours
- ▶ ELT – Web 236 hours
- ▶ ELT – Batch Mode 500 hours
- ▶ Temporary Plates 160 hours
- ▶ Auto T&R 980 hours
- ▶ Estimate Total 1,412 hours w/ Option 1
- ▶ Estimate Total 1,676 hours w/ Option 2

Hour estimates do not include ongoing maintenance to support for ELT, vendor hours, outside training, or UAT. These estimates are only for DOT work done, not vendor work.

Wayne Walter asked if our system is more sophisticated and harder for outside entities to work with. Darin said yes.

Darin estimates that it would take him two and one-half to three years to implement this (write code, etc.) with all other priorities he has. Tina suggested requesting this timeframe to the legislature for project implementation, and to be cautious with other projects we ask for.

DEALER SURVEY RESULTS:

Andy Lewis reviewed the preliminary results of surveys received to date which will be sent out to all committee members.

Tina said we need to correlate these figures to the number of vehicle sales and dealer size.

Gary Thomas said the lack of response is probably confusion, an educational process. Phone calls IADA received were from dealers who wanted to know what exactly the survey will do for them.

The question was brought up as to whether the confusion was prompted by the survey being faxed out to dealers by IADA prior to the DOT sending out the survey.

Gary said there were over 200,000 new vehicles sold in Iowa in 2009.

Discussion followed on weighting the survey data based on sales volume of dealers.

New franchised dealers sell at least twice the amount of used vehicles as new vehicles.

Nancy Goecke – Can we multiply the number of casual sales in August by 12 to determine the number of casual sales. The remainder of sales would be dealer sales. Nancy said they could run that amount for an entire year. Paul Steier suggested removing salvage sales out of that count. Nancy will run a report showing the total amount of casual sales, minus salvage sales, for the past year.

Doug Bishop asked how counties proceed when documents come in without signatures or correct information. Darin said that is what we have to determine.

Transactions occur at the dealer. Paperwork is submitted and goes through established business rules and validations, then comes back to the dealer as to whether the information submitted is correct, or if something needs to be corrected. Darin said this process must either be batched or real time. Nancy said there could be a web service for validation of data accuracy.

Darin said we first need to decide WHAT we need to do with the system. This is what we need the T&R to do. Identify what the system will do, and how much work are we going to do for a particular size customer base.

Nancy asked whether or not we make the system mandatory. Andy said Wisconsin's system is mandatory for dealers selling 48 or more vehicles.

LaVonne Short said we need to identify what the priorities are.

REVIEW OF REQUEST FOR E-TITLING:

Anna Hyatt-Crozier said there are going to be a lot of legislators who do not know all the steps involved in the process along the way and the problems within each step.

Judy Wilson emphasized that the final committee report be shared with the entire General Assembly. Need to determine as a committee whether this process needs done in phases.

Elizabeth Baird agrees that the legislature did not know what this process entails. If we want to move forward, we need to inform them of all five parts of the process and timeframes for all.

Andy discussed the legislative request the committee is charged with.

Wayne Walter – electronic liens – from a banking/credit union perspective, they are already working with electronic lien states. Iowa would just be an add-on.

Elizabeth stated we should prioritize phases by the greatest benefit and least number of hours to produce.

Security Interest/Electronic Liens (SI/EL) – Bill Brauch said lien releases (the entire lien process) is first priority from a consumer protection and benefit standpoint. The counties and used car dealers agree. IADA agrees. Scott Sundstrom said it sounds like an easy first step, but does not want it to be the end. Consensus of the committee is they all agree that SI/EL should be first priority.

Scott said the legislature is probably only concerned about the cost, hours, etc. and not the drilling down to the details.

Nancy wondered if paperless titles should be a part of SI/EL.

Judy asked Bill Brauch if we should change the timeframe in which a lien is perfected and/or payoff time. He would have to think about that.

There were no objections to include paperless titles with SI/EL.

In Phase I, there would only be a paperless title when there is a lien on the vehicle. For casual sales with no lien involved, a paperless title would be optional. Committee consensus was to not include casual sales; still issue a paper title for casual sales.

Judy has reservations about paperless titles and wholesale auto auctions. If vehicles are taken to auction that are not paid off or have not received the title yet.

For paperless title, we would need a federal exemption for the odometer statement.

Paperless title for both dealer and casual sales. Default the system to paperless.

Things not included in Phase 1 - temporary plates, auto T&R, electronic transfer of data, cost to transfer money from lien holder.

Option 2 for Phase 1 – use vendor for SI/EL, including EFT. Deb Covington said Iowa Interactive currently has a system like this.

ACTION ITEMS:

- Discuss next Phase (2) of process (auto T&R and temporary plates)
- DOT will estimate cost for Phase 1 discussed at 9/20 meeting.
- DOT will establish future meeting dates.

NEXT MEETINGS:

Friday, October 1, 9:00 a.m. – 12:00 p.m., Motor Vehicle Division Training Room B-102, Ankeny

SF 2273 – STUDY ON IMPLEMENTATION OF ELECTRONIC REGISTRATION/TITLING MEETING

DATE: Friday, October 1, 2010, 9:00 a.m. – Noon

LOCATION: Motor Vehicle Division Training Room B-102, Ankeny

ATTENDEES:

<u> x </u> Anderson, Bruce	<u> </u> Hansen, Robert	<u> </u> Piazza, Jim
<u> </u> Athey, Mike	<u> x </u> Hargis, Tina	<u> </u> Presnall, Sharon
<u> x </u> Baird, Elizabeth	<u> </u> Hartwig, Bob	<u> x </u> Short, LaVonne
<u> x </u> Baarda, Darin	<u> x </u> Hyatt-Crozier, Anna	<u> </u> Steier, Paul
<u> x </u> Bishop, Doug	<u> x </u> Johnson, Jody	<u> </u> Sundstrom, Scott
<u> x </u> Bishop, Tonya	<u> </u> Kielhorn, Kristi	<u> </u> Thomas, Gary
<u> x </u> Brauch, Bill	<u> x </u> Lewis, Andrew	<u> x </u> Walter, Wayne
<u> x </u> Covington, Debra	<u> </u> Livy, Douglas	<u> </u> Weitzl, Peggy
<u> </u> Daniels, Victoria	<u> x </u> Lowe, Mark	<u> </u> Whatley, Anne
<u> x </u> Deerr, Cynthia	<u> x </u> Maloney, Mary	<u> </u> Wilson, Judy
<u> x </u> Goecke, Nancy	<u> </u> Pregon, Jim	<u> x </u> Winterboer, Clay

Anna Gardner?? Iowa legislative services

Review of Dealer Survey Results

Andy Lewis reviewed the current dealer survey results.

T&R services are being provided by 92% of franchised dealers with 26-50 sales volume.

ADP was the largest DMS provider for dealers using a provider (17%). Reynolds and Reynolds was second with 11%.

Wayne Walter asked if this is based on a flat monthly fee or based on volume. Clay Winterboer says he has annual service fee which includes all services with Frazer. But some companies do charge for every module. Andy asked if IADA and IIADA could check into what the cost to the dealer would be if the DMS provider provides upgrades to modules; prepare figures to incorporate into Study Report.

Darin Baarda presented information on casual sales. The monthly average number of casual sales is 18,894. The August figure was multiplied by 12 for a total 226,728 casual sales. Does not include salvage vehicles.

Bruce Anderson said there are approximately 100,000 to 140,000 MSO transactions to first-time registrants in Iowa. (10 million national sales)

Tina Hargis – What do we want to recommend as the next priority? At the last meeting we discussed SI/EL. Wayne asked what the cost benefit would be. Tina asked if there is a value statement we want to equate to. Wayne said there is significant benefit to having electronic lien. For the 20% of dealers eager to do this, how much cost will be involved? Bruce Anderson said the savings will be different from county to county.

Bill Brauch – Have a closer breakdown of cost and benefits for each Phase. Wayne said the benefits would be to the consumer. Bill said the primary consumer benefit is Phase 1.

If there is not the transfer of \$10 from SI holder to county, then there is no lien perfection.

Andy – What do we want in the Phases of the process as it is related to the legislative charge?

Wayne – Paperless titles seems to be the biggest benefit at this time.

Bill – Phase 1.

Nancy Goecke – Phase 2 – Transfer of funds for add SI portion.

Phase 3 – Remaining portions – temp tags and T&R.

Bill – All EFT comes in phase 2

If phase 2 is EFT, that will make a lot of other things easier. Once you are able to transfer the money.

Nancy – Temp plates can be done at any time; separate piece outside of EFT. Certain pieces do not all have to fit together. Could have five phases. IT has all the different pieces; just need to break out differently.

Consensus of group was to have phase 2 be EFT. Start with liens, phase other items in.

Phase 3 – Auto T&R (electronic registrations).

Mark Lowe – Phase 2 EFT – electronic signature. Verification of documents. There are concepts in place elsewhere.

Elizabeth Baird asked about signatures on DLs and credit cards. We would need the hardware for these.

Mark said what the federal solution for odometer disclosure has an effect on how we proceed.

Tina Hargis discussed next steps. No future meetings needed. Prepare report and distribute to committee members. Comment on report. Specific information is needed from some committee members (Deb Covington and Paul Steier). The difficult part is the cost aspect.

\$226,000 casual sales per year based on January through August transactions (non-junk or salvage). Total \$660,360 (35%) all vehicle transactions by dealership and casual sales January through August ,not including junk or salvage. 2010 vehicle titles are 119,000.

Target date is November 1 to get to Nancy Richardson. Required to be to legislature by December 1.

Phase 1 – SI/EL

Phase 2 - EFT

Phase 3 – Wayne said it is a moving target based on national movement. Speculation. Not worthy of investing a lot of time into it. Mark said to provide a solution, but mention that a national model is being developed, so we need to keep open minds.

Tina – For Phase 1 - EL/SI – larger lenders go with a vendor; we would have to build in time for RFP to get a vendor.

Also need to balance other MVST work with this project.

Clay asked if systems will be mandatory or voluntary – will there be anything in the report about this?

Andy said we've discussed, but not decided. We may want to establish thresholds further in the process.

Nancy. Somehow it has to pay for itself. You have to get some participation to make it worthwhile, so establishing thresholds may be necessary.

Andy asked what that magic number would be.

Clay mentioned some of the small dealers do not even want a computer.

Mark mentioned the same thing when he spoke to the dealers meeting earlier this year. Would the new dealers have the biggest buy-in. Do we want to pilot with them first and make it mandatory?

Clay said the buy-here, pay-here group would be in favor of that.

Deb Covington asked what percentage that would be. Clay said maybe 2,000 used car dealers (half of those are small; and half of those are hobby dealers).

Get buy-in from the people that would receive the most benefit from it.

Mark – making this mandatory, but would first need to establish it is beneficial. If we think there is a big enough group to get adoption.

Bruce said mandatory participation would be a tough sell to the small dealers.

Wisconsin's mandatory requirement was phased in later in the process. In 1997 they made it optional with franchised dealers. In 2005 legislation was passed mandating electronic participation.

Andy – cost and benefits to counties. There would be no cost to counties, only benefits.

Mark said the benefit to the counties may be neutral. Tina stated the counties have limited staff.

ACTION ITEMS:

- DOT will develop draft report and distribute to committee members for review; goal is to send out by October 15.
- IIADA and IADA will research the cost to dealers for DMS provider upgrades and provide to committee members.
- Counties come up with the benefits for their county based on volume, and develop an aggregate list.

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Appendix “L”

Survey of County Treasurers

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Adair	No		No	
Adams	No		No	
Allamakee	No		No	
Appanoose	No		No	
Audubon	No		No	
Benton	No	No Limit daily, just how many they put on one check.	No	
Black Hawk	No		No	
Boone	No		No	
Bremer	No		Yes	Backlog- working on June 7th mail and dealer walk in transfers We had one person retire in March and just replaced her this week. We receive an average of 10 transfers in the mail and 8 transfers over the counter from dealers daily along with 25 to 30 renewals and the rest of the stuff. Plus the customer walk ins
Buchanan	Yes	2	No	
Buena Vista	No		No	
Butler	No		No	
Calhoun	No		No	
Carrol	No		No	
Cedar	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Cerro Gordo	No	If the dealer waits at the counter for their work, we do limit them to three transfers. If they drop the work off, it is first come first serve. And there is always an exception to the rule in certain circumstances.	No	
Cherokee	No		No	
Chickasaw	No		Yes	We have two transactions we are holding up on due to incorrect paperwork from dealers. We will complete the same day as soon as paperwork is properly submitted.
Clarke	No		No	
Clay	No		No	We very seldom have a backlog, maybe 2-3 days during tax season, with the new system the process is much more efficient and completion time is very fast.
Clayton	No	1. We do not limit the number of titles a dealer can bring in at one time. If we are extremely busy, we may tell them we won't get everything completed the same day it arrives.	No	2. We do not have a back log as of 6/11/10. If we do have a backlog, it's never for more than a day or two.
Clinton	No		No	
Crawford	No		No	
Dallas	No	But our local dealers know that if they have several transfers, they will drop them & pick them up the next day.	No	
Davis	No		No	
Decatur	No		No	
Delaware	No		No	
Des Moines	No		No	
Dickinson	No		No	
Dubuque	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Emmet	No		No	
Fayette	No		No	
Floyd	No		No	
Fremont	No		No	
Greene	No		No	
Grundy	No		No	
Guthrie	No		No	
Hamilton	Yes	We will do 2 titles while a dealer is here. Otherwise we ask them to leave them unless they have a need.	No	
Hancock	No		No	
Hardin	No		Yes	We are working on June 10th mail. We are 1 person down in the office so not totally up to date but don't feel we are backlogged.
Harrison	No		Yes	1-day backlog at this time due to abasnce of two MV personnel this week.
Henry	No		No	
Howard	No		No	
Humboldt	No		No	
Ida	No		No	
Iowa	No		No	
Jackson	No		No	
Jasper	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Jefferson	No		No	
Johnson	Yes	Dealers are allowed to wait for three transfers daily that they need immediately. On slower business days we will accommodate more. Dealers are not limited on the number of transaction dropped off that are to be mailed to the customer or they want to pick up later.	No	
Jones	No		No	
Keokuk	No		No	
Kossuth	No	But we ask the dealership to leave a check for each transaction when having multiple title transfers.	Yes	We are about 3 days backlogged due mainly to people gone for sick leave/vacation and busy at the counter/phone.
Lee	No		No	
Linn	Yes	Two transfers. Can also do replacements, lien releases, etc., without limit. I just wanted you to be clear that we allow each dealership two transfers at the window but do many more through the mail each day.		Depending on your definition of backlog, we are processing titles received as of June 7 and renewals received as of June 10.
Louisa	No		No	
Lucas	No		No	
Lyon	No		No	
Madison	No	We do not limit the number of dealer transactions in a day at this point---not really a concern for us.	No	
Mahaska	No		No	
Marshall	Yes	They can do one while they wait.	No	We are caught up every night.
Mills	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Mitchell	No		No	
Monona	No		No	
Monroe	No		Yes	Due to being short staffed (vacations, counter traffic and numerous drive exams this week)
Montgomery	No		No	
Muscatine	No		No	
O'Brien	No		Yes	Due to people taking time off because of vacations or other reasons.
Osceola	No		No	
Page	No		No	
Palo Alto	No		No	
Plymouth	No		No	
Pocahontas	No		No	
Polk	Yes	For the walk-in dealers we limit the number of title transactions to 4 per day due to the number of dealers that walk in every day. We average about 60-70 new and used car dealers per day. There is no limit on how many title transactions we could do in the back office since there is no limit in the back office.	Yes	As of 06.11.2010 we are backlogged 503 title transfers. System performance has a direct effect on our backlog.
Pottawattamie	Yes		No	
Poweshiek	No		No	We do not have a backlog as of today, but we were running 2 days behind at one point this month due to staff shortage because of illness and vacations.
Ringgold	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Sac	No	We only have three new car dealers in Sac County.	No	If we were at a month-end for July-January and really backed up, we would probably ask the dealer which were the most urgent and process only those and hold the rest for the next day.
Scott	No		Yes	Vacations; sick employees or family members & slow response time on ARTS.
Shelby	No		No	
Sioux	No		No	
Story	No		No	
Tama	No		No	We always finish all daily work on the day that we receive it, either by mail or the counter.
Taylor	No		No	
Union	No		No	
Van Buren	No		No	
Wapello	Yes	Wapello County limits dealer's to one title "Over the counter" each day. They can leave as many as they have for us to process when we have time.	No	
Warren	No		No	
Washington	No		No	
Wayne	No		No	
Webster	No		Yes	May 11th - Started dealers. We are short handed 2 people due to a budget crunch.
Winnebago	NO		No	
Woodbury	No		No	

Office of Vehicle Services
Survey of County Treasurers
June 14, 2010

Questions:

1. Does your county office limit the number of dealer transactions on a daily basis? If yes, how many?
2. Does your office have a backlog as of June 11? If yes, please explain why.

County	Daily Limit?	If yes, how many?	Bcklog as of June 11?	If yes, explain.
Wright	No		No	

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Appendix “M”

Dealer Survey Results

As discussed in the main body of the report, the working group constructed and the DOT conducted a survey that was submitted to all Iowa licensed motor vehicle dealers in August, 2010. The survey’s primary intent was to determine the interest in the dealer community in performing title and registration transactions with the county and state via an electronic interface. The working group also wanted to determine common problems experienced by Iowa dealers that might be mitigated through the use of electronic transactions, and to determine the types of dealer management software (DMS) systems used by dealers and dealers’ preferences in using either an internet-based or DMS-based ERT system. (Again, DMS systems are software programs, usually provided by a third party vendor, that assist dealerships in areas such as inventory management, credit checks, finance, parts and service invoicing and form printing.)

The survey asked dealers to provide a “yes” or “no” response to the following questions:

1. Does your dealership assist customers with titling and registration services?
2. Does your dealership currently use the Iowa Department of Transportation online registration fee calculator system located at: <https://tpa.iamvd.com?>
3. Does your dealership use a DMS system?
4. Would your dealership be interested in submitting title applications, lien notations, and fee payments to all 99 county treasurers through an electronic interface?

Dealers were also asked to:

1. List their preference, if any, for a single DMS-compatible interface or single internet-based interface.
2. Disclose the name of their DMS provider, if any.
3. Indicate whether sales, title clerk, or finance/insurance services were available at the dealership on Saturdays.
4. Disclose how many title transactions the dealership processes in an average month.

Finally, the dealers were asked to provide a rating of the current titling, registration, and lien preservation processes. Using a rating of 1 (significant difficulty), 2 (minor difficulty) or 3 (no difficulty), dealers were asked to rate the following:

1. Lack of consistency and uniformity among county treasurer offices.
2. Delays in processing title and lien applications.
3. Errors in annual registration fee calculations.
4. Daily limits on “walk in” transactions.

A copy of the survey form submitted to dealers follows this narrative.¹

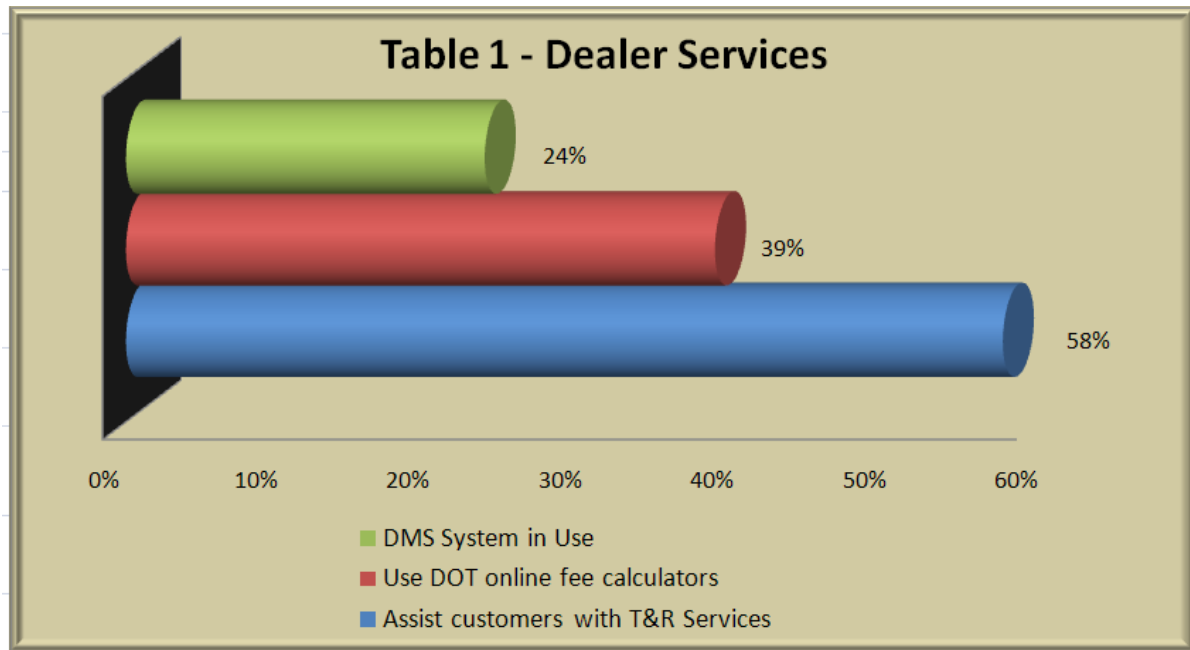
One thousand seven hundred and nineteen (1,719) licensed dealers² out of four thousand three hundred and eight (4,308) total licensed dealers in Iowa responded to the survey. Twenty-six

¹ See page M-8.

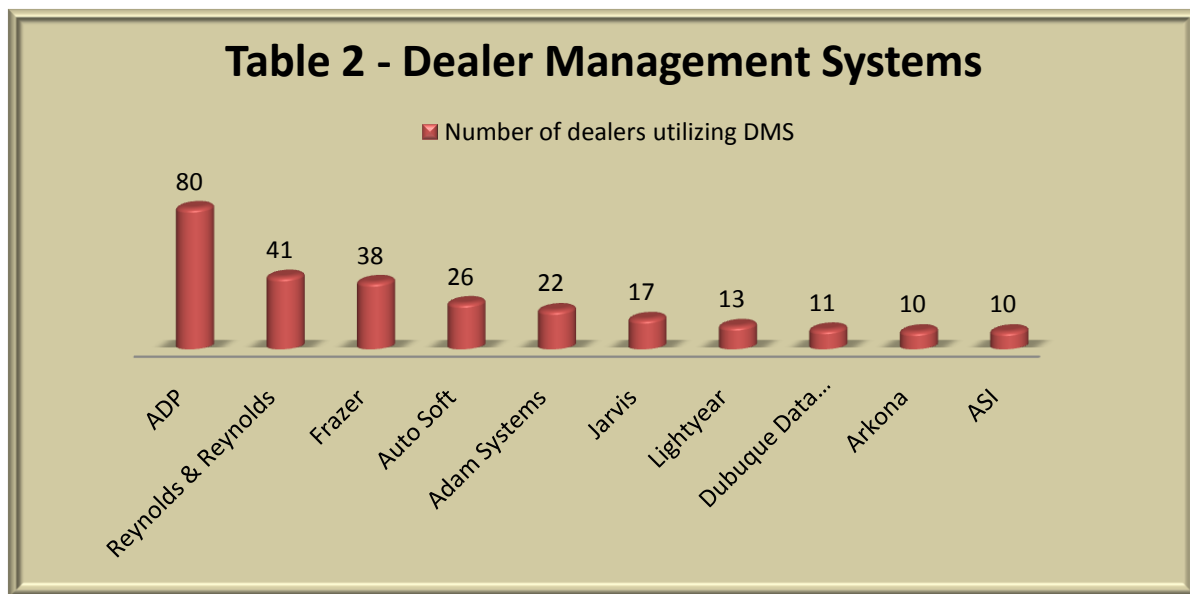
² A very small number of licensed recyclers were included in the survey. Recyclers also title salvage vehicles. For the purpose of this discussion they are included as licensed dealers.

percent (26%) of the respondents were licensed to sell new motor vehicles and 76% were licensed to sell only used motor vehicles. Table “1” shows the percentage of respondents who:

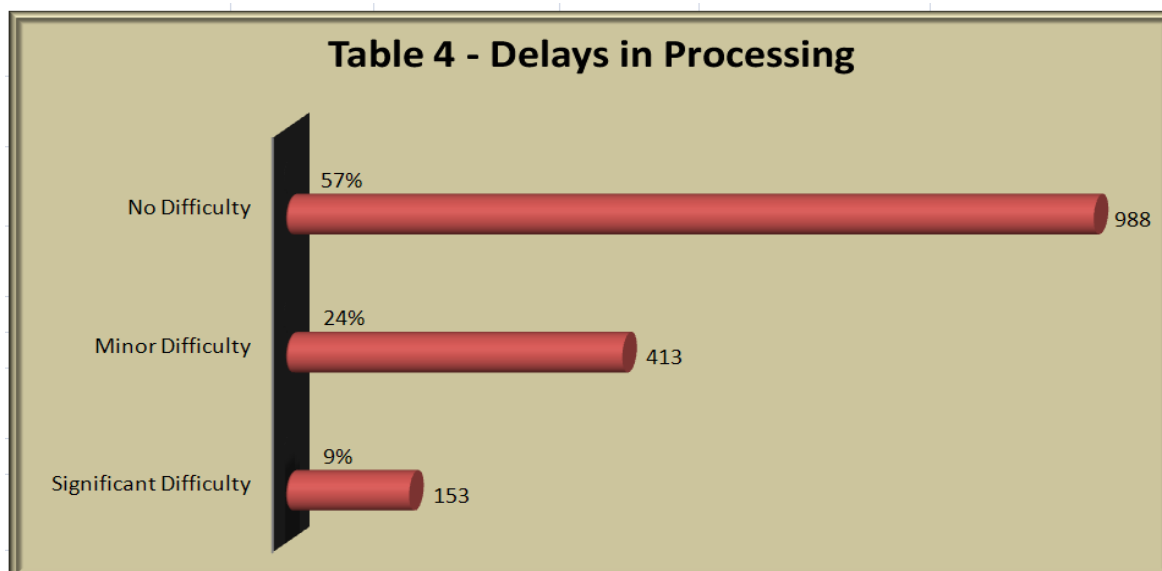
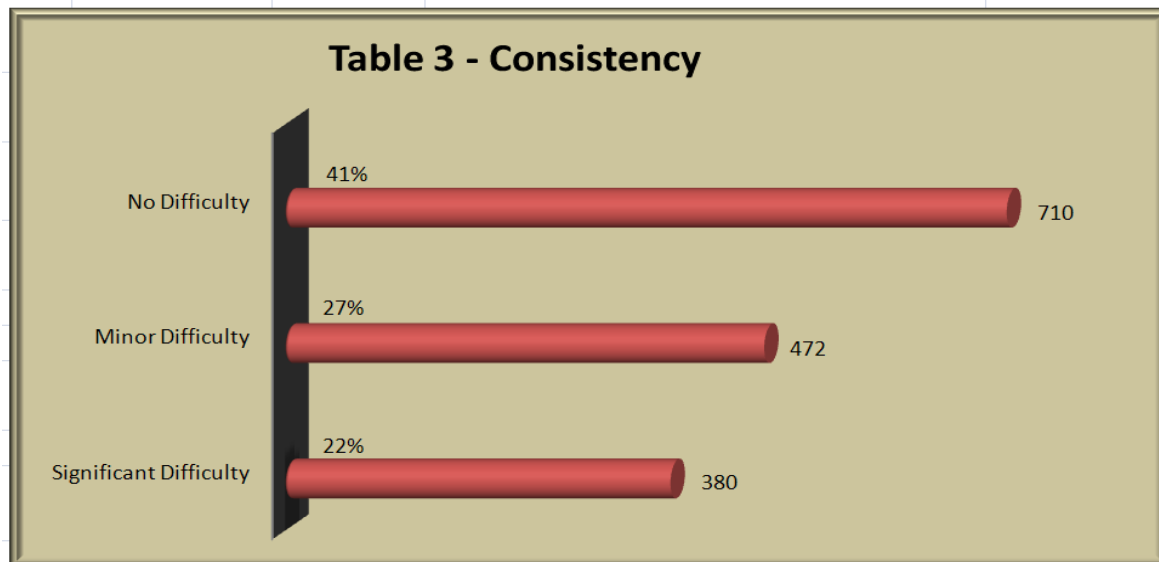
1. Use a DMS system (DMS);
2. Use the DOT’s online registration fee calculators; and
3. Assist customers with title and registration services.



As shown in Table “1,” 24% of the respondents (399 dealers) reported using a DMS system. The majority of respondents (76%, 1,320 dealers) do not use a DMS system. Table “2” lists the top ten DMS systems in use, as identified by Iowa dealers who responded to the survey.



The survey results regarding perceived difficulties, if any, with County Treasurer services are shown in Tables “3” through “6.” Ten percent (10%) of the respondents did not respond to these questions.



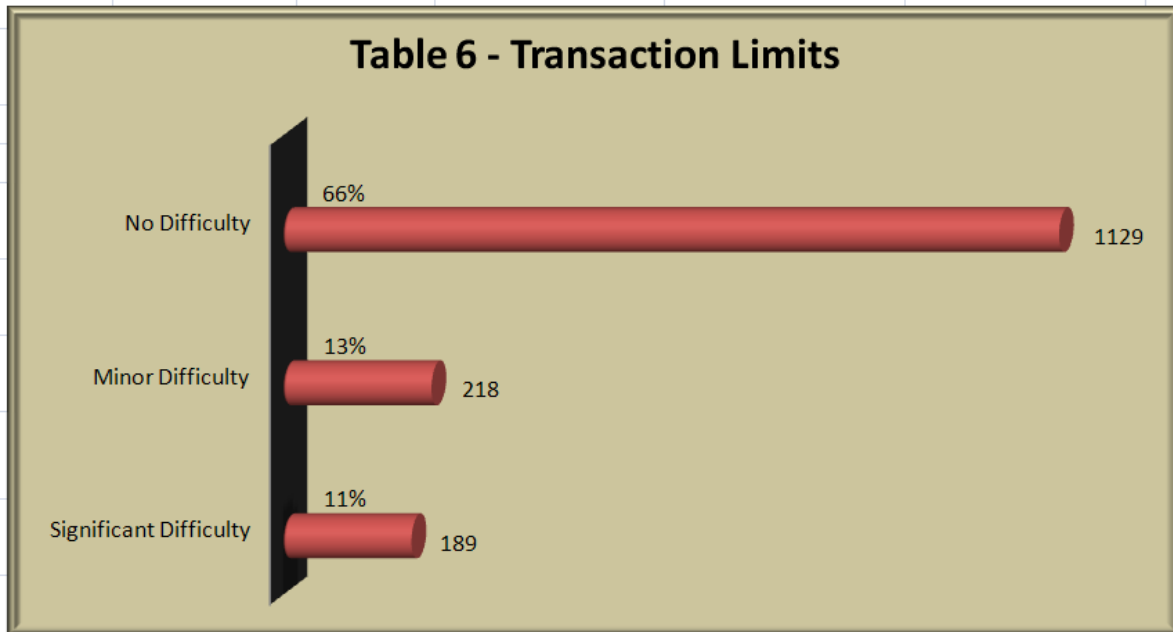
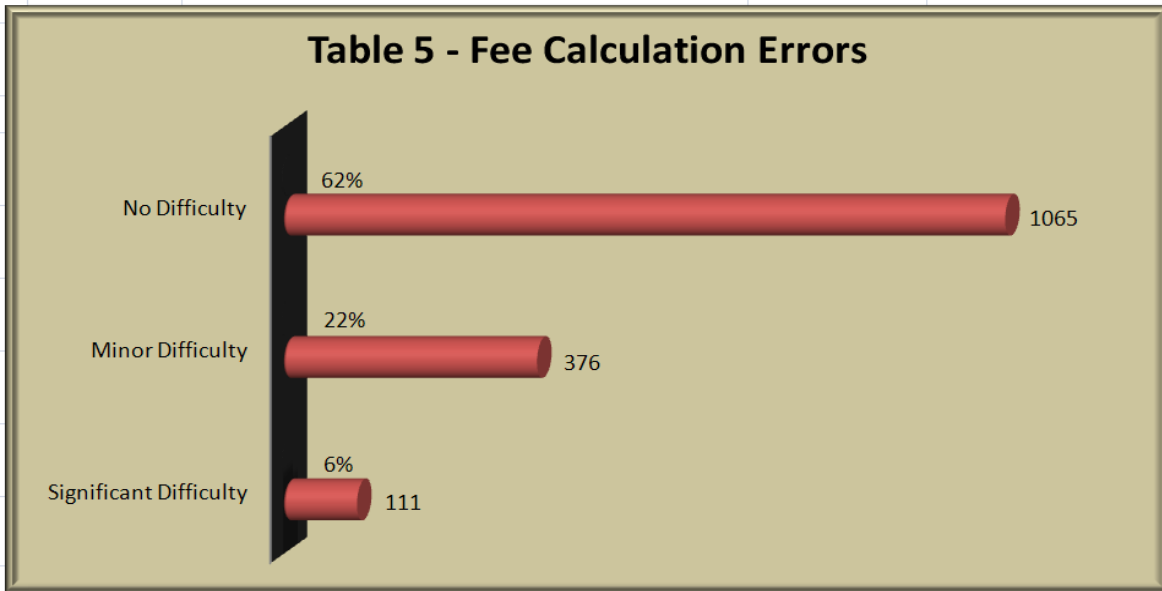


Table “7” shows dealers’ responses regarding monthly vehicle sales volume.



As shown in Table “7,” the majority of respondents, over 75%, indicated they sold 25 or fewer vehicles per month, with the majority selling fewer than five vehicles per month. Conversely, almost 20% of the respondents indicated that they sell at least 26 vehicles per month, with more than half of these indicating sales of over 50 vehicles per month. Not surprisingly, these figures indicate that a relatively small number of dealers account for a large proportion of sales, but that a large majority of Iowa licensed dealers are relatively small-volume dealerships.

Table “8” shows respondents’ interest in using an electronic interface to submit title applications, lien notations, and fee payments, according to designation as “new” or “used” dealers.

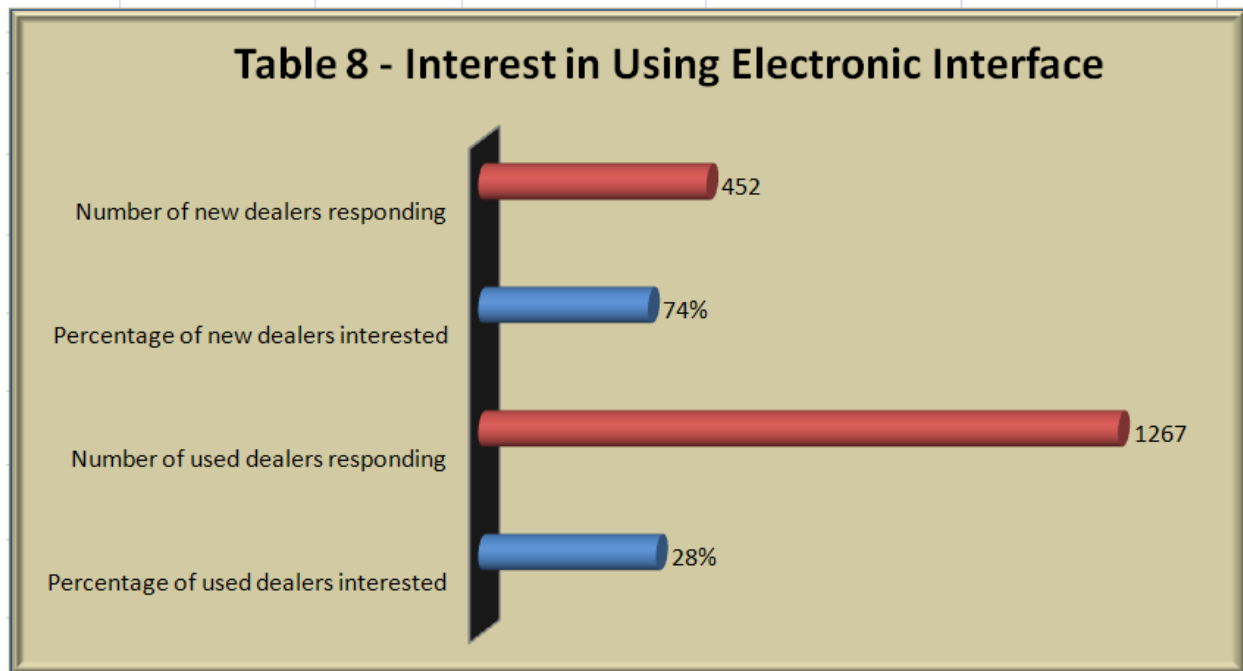
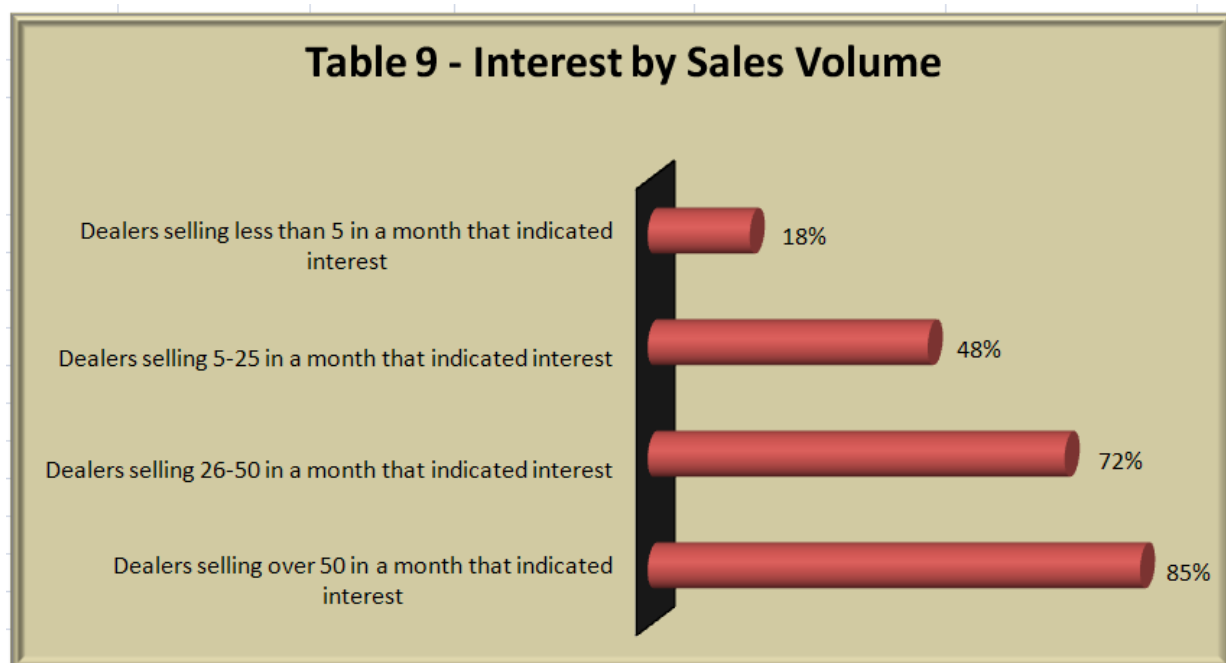


Table “9” represents respondents’ interest in using an electronic interface according to reported sales volume. The percentages listed represent the number of respondents in each sales volume category who favor ERT.



Forty percent (40%) of all respondents indicated an interest in using an electronic interface. Fifty seven percent (57%) of all respondents indicated that they were not interested in using an electronic interface. Three percent failed to respond to this question.

The differences among new and used dealers are clear. Although franchised “new” dealers only represent 26% of the 1,719 respondents, nearly 75% of those respondents indicated an interest in using an electronic interface, whereas only 28% of respondents that were used dealers indicated an interest.³

The difference among high and low-volume dealerships is also clear. More than 70% of respondents selling 26 to 50 vehicles a month and more than 80% of respondents selling more than 50 vehicles a month indicated an interest in using an electronic interface, while less than half of respondents selling 5 to 25 vehicles a month and less than 20% of respondents selling less than five vehicles a month indicated an interest.

The responses indicate that implementation of electronic transactions for vehicle registration and titling is perceived as providing a greater benefit to dealers authorized to sell new vehicles and high volume dealers. Conversely, the responses suggest that used and low volume dealers perceive fewer benefits from electronic transactions. Written comments received on some dealer surveys were clear in their opposition to the idea of moving toward electronic transactions. Some dealers noted the expense of purchasing computers or the expense of obtaining a DMS system as reason for opposition to the use of an electronic interface. (A table of comments provided by survey respondents is included in Appendix “N.”)

³ It is important to note that the “new” dealers include dealers that are franchised to sell any make of new vehicle and are not limited to those who sell major line auto makes such as Ford, GM, Toyota, Honda, etc., and include dealers of other motor vehicles, such as motorcycles, scooters, and mopeds. Note also that new dealers are also authorized to sell used vehicles. IADA representatives on the working group indicated their association members were very interested in electronic transactions.

Survey – Electronic Registration and Titling

1. Dealership name: _____
2. What is your DOT license number (dealer or recycler number)? _____
3. Does your dealership assist customers with titling and registration services?
☐ YES ☐ NO
4. Does your dealership currently use the Iowa Department of Transportation online ARTS (registration fee calculator) system at <https://tpa.iamvd.com>?
☐ YES ☐ NO
5. Does your dealership use a dealer management software (DMS) system?
☐ YES ☐ NO
If yes, list the brand name of your DMS system.

6. Would your dealership be interested in submitting title applications, lien notations, and fee payments to all 99 county treasurers through an electronic interface?
☐ YES ☐ NO
If yes, I prefer (check one):
☐ Single DMS compatible interface ☐ Single internet based interface
☐ No preference
7. If your dealership has experienced any of the following difficulties with the current titling, registration or lien preservation processes, please rate the experience as: **1** = Significant **2** = Minor **3** = none

Lack of consistency and uniformity among County Treasurer offices:	1	2	3
Delays in processing title and lien applications:	1	2	3
Errors in annual registration fee calculations	1	2	3
Daily limits on “walk in” transactions	1	2	3

Other: _____

(describe)
8. Which of the following departments/services are open on Saturday at your dealership?
☐ Sales ☐ F&I ☐ Title Clerk
9. How many title transactions does your dealership process in an average month?
☐ fewer than 5 ☐ 5-25 ☐ 26-50 ☐ over 50

Appendix “N”

Dealer Comments to Survey

License Type	County	Comments
New Dealer	Benton	Why limit only [two] transfers per visit, if you leave them they [won't] fill check out.
New Dealer	Black Hawk	Frustration from county to county.
Used Dealer	Black Hawk	Have to call each county to see what they need, everyone is different.
Used Dealer	Black Hawk	County staff reduced and it takes forever to get help.
New Dealer	Black Hawk	Helpful and quick.
New Dealer	Bremer	We do not want to do more and more of the [counties'] or [state's] jobs.
Used Dealer	Carroll	My county [treasurer's] people are very helpful and the DOT ARTS is wonderful!!
New Dealer	Cedar	Great service from Johnson & Cedar County offices.
New Dealer	Cerro Gordo	Cerro Gordo is great. It is with other counties.
Used Dealer	Cerro Gordo	If you go to electronic title you should also leave us the option to use the current method.
Used Dealer	Cerro Gordo	Hancock and Winnebago are the worst for making their own rules.
Used Dealer	Cherokee	The ladies in Cherokee Auto Dept. do a very good job!!
Used Dealer	Cedar	We don't own a computer or DMS and we can't afford to buy one.
Used Dealer	Chickasaw	Much in favor of Internet Based.
Used Dealer	Clarke	Clarke Co. does great job.
New Dealer	Clay	Would like to have all our transitions done in county where we are located regardless of where customer lives.
Used Dealer	Clay	I believe this would cause even greater delays on problem titles.
Used Dealer	Clayton	I feel the cost of transferring a title is [too] high now. So if this goes into effect what will it cost?
Recycler	Clayton	I don't see a cost estimate on this survey.
Used Dealer	Clinton	My title clerks would like more specifics on how the electronic interface would work before they would make any decisions.
Used Dealer	Clinton	Clinton County has been very good with any of the paperwork.
Used Dealer	Clinton	I have never had any problems with the local treasurer['s] office.
Used Dealer	Crawford	We have a good system in place for smaller dealers who have limited staffs.
New Dealer	Des Moines	Would be much better if we could do online at our desk and retain copies etc.

Used Dealer	Des Moines	Very Good-No problems.
Used Dealer	Des Moines	I do not own a computer.
Used Dealer	Fayette	We have great [t]reasurer's offices very friendly and helpful.
New Dealer	Fayette	Lack of consistency is very frustrating. Changes in laws need to be communicated to the dealers.
Used Dealer	Franklin	Inconsistencies on lien release information.
New Dealer	Guthrie	Beneficial to our business to send all title work to same place instead of each individual county. We are in [two] different counties and sometimes sales gets wrong county.
Used Dealer	Guthrie	My court house is great to work with.
New Dealer	Hancock	Common sense would trump rules[.] [F]or instance writing incorrect year on a title shouldn't require a huge inconvenience and notary should it?
Used Dealer	Hardin	Some county treasurers play God. Very inconsistent on what they accept and for [whom].
New Dealer	Henry	Terrific staff and have never put any restrictions on our dealership on any titling.
New Dealer	Howard	Our county office does a great job! We don't want to have to wait 6-8 weeks to get titles like other states such as Minnesota!
New Dealer	Ida	Treasurer will just send the application and money back without calling first and just asking over the phone what we want to do with the error.
Used Dealer	Jackson	It would save a trip and time as we live 20 miles away from office. Lines cause delays.
New Dealer	Jasper	Lots of counties make EXTRA work it costs for all of us because they [won't] take a [minute] and call to clarify the [question] or problem, very frustrating.
New Dealer	Jasper	This process would cause another step in our already busy schedule. We would still have to send titles, [power of attorney,] etc. so this would not really make any sense.
Used Dealer	Jefferson	I would love to see this happen-it would be a great help to me as a small dealer
New Dealer	Johnson	Unable to identify [no –Iowa-title-needed] titles and registrations/changes in company's FEIN when their status changes.
Used Dealer	Johnson	I rely on the ability to ask our treasurer titling questions on a regular basis to make sure we do transfers correctly.
New Dealer	Jones	Treasurer's office is too picky on minor mistakes and mark-overs.
Used Dealer	Keokuk	All of this [information] will be less safe and may be stolen like ATM problems.

Used Dealer	Keokuk	I do not have a computer, I don't want one.
Used Dealer	Keokuk	Keokuk County is on the ball and a great reference and does a great job. Benton county is a constant problem.
Used Dealer	Kossuth	It's difficult to find time to go to court house, would be nice to do everything over internet.
Used Dealer	Linn	In general most counties good to deal with but Linn county is different story!
Used Dealer	Linn	They will only do [two] transactions a day and it's 45 [minutes] away.
New Dealer	Linn	Linn is always an issue with used car/truck titles. No place to add lien-holder-creates major issues.
Used Dealer	Linn	Time it takes to get titles back to us.
New Dealer	Linn	Lack of consistency in county office when they switch people monthly.
Used Dealer	Linn	The attitude of each county is different.
New Dealer	Linn	Dealer should not have to pay \$25 to fix a VIN on title, it should be free.
Used Dealer	Marion	Marion County Courthouse is excellent with titles [and] license
Used Dealer	Marshall	Marshall limit is one dealer title per day. I was barred from entry for 1.5 years because I told manager what I thought of that stupid rule.
New Dealer	Marshall	Our county employees are so rude that most customers dread going into that office.
Used Dealer	Marshall	Some County Treasurers play God, very inconsistent on what they accept and for [whom].
Used Dealer	Montgomery	There is a marked difference in attitudes within our county office which is frustrating. Do not use either Kansas or California as a guide both are dysfunctional waited from May to August for title in Kansas.
Used Dealer	Muscatine	My dealings with local and area [treasurers'] offices are excellent.
Used Dealer	Muscatine	They are very good in Muscatine county.
New Dealer	Muscatine	Documentation required to process vehicle [registration] and titles varies from county to county.
New Dealer	O'Brien	It seems like they never answer the phone!
New Dealer	Page	Excellent service and great cooperation.
New Dealer	Page	Very knowledgeable staff[.] [G]reat to work with on the many odd transactions we bring them!
New Dealer	Plymouth	Some of our customers feel they are not treated nice at certain county offices.
Used Dealer	Plymouth	Lines at the [t]reasurer's office.

New Dealer	Polk	I used this process in Michigan and customer satisfaction was overwhelming. All #1's for Polk (lack of consistency, delays in processing, errors in annual [registration] fees and daily limits on walk ins).
Used Dealer	Polk	Dallas county is very bad about not processing titles if the buyer needs proof of [insurance]. Months may pass, some counties require birth month for tags and some do not.
Used Dealer	Polk	The overall attitude of the CSRS should be more helpful as we send the agents or representatives a lot of the time.
Used Dealer	Polk	Overall in Iowa all county [treasurers'] offices are very good and personable. I enjoy working with them.
Used Dealer	Polk	Lots of time to get [four] titles on a walk in.
Used Dealer	Polk	Ever think it is perfect the way it is, if [it's] not broke don't fix it.
Used Dealer	Polk	It needs to be more consistent.
Used Dealer	Polk	We have had to deal with other states that use electronic titling and usually found it time consuming and inefficient. Suggest all 50 states use same system and title.
Used Dealer	Polk	Current system works fine.
Used Dealer	Polk	The counties are great to work with.
New Dealer	Polk	The hassle of having to take a title back!!
Used Dealer	Polk	Where a clerk finds an error, returns it to dealer the problem is there may be another error. If they would take the time to look everything over the first time it would help with lengthy delays.
Used Dealer	Polk	The customer service at the county [treasurer's] offices is a #3.
Used Dealer	Pottawattamie	Have to wait 1 to 15 days to get title made into dealers name
New Dealer	Pottawattamie	We are not allowed to wait for walk-ins without permission.
New Dealer	Poweshiek	Errors what auto system lists for credit vs. what county treasurer allows.
New Dealer	Poweshiek	Liens are not reflected quickly enough, [lose] deals because long delay with lien-holder returning a title, need to streamline system! Need to move to on-line system, save dealer [and] taxpayers money.
Used Dealer	Scott	Delay in getting lien released and titles back.
New Dealer	Scott	Not knowing which deals were not complete until a packet comes back from the treasurer's office.
New Dealer	Scott	No [issue] with Scott county but it seems there is a lack of training in some counties especially with truck tractors.
Used Dealer	Scott	Scott County could use a dealer window like they used to have.

Used Dealer	Tama	Some county treasurers play God. Very inconsistent on what they accept and for [whom].
New Dealer	Tama	Would like to be able to go online to calculate fees without additional cost of program.
New Dealer	Union	Been in states with electronic process and it was terrible.
Used Dealer	Wapello	Need trade-in registrations for accurate fees.
New Dealer	Wapello	Wapello county and [s]urrounding areas do a great job.
New Dealer	Warren	Consistency from county office to county office.
Used Dealer	Webster	Experiencing walk in issues with our own courthouse, they are currently only open [three] days a week now also.
Used Dealer	Webster	Not open enough, because of budget cuts.
New Dealer	Winnebago	Local treasures do a great job, less mistakes if they handle the titles, they are more qualified.
New Dealer	Woodbury	Major difference between counties for requirements.
Used Dealer	Woodbury	Most of the trouble with lack of consistency and uniformity among county treasurer offices is attitude!
Used Dealer	Webster	Counties need to process titles the same in ALL counties not based on one [person's] opinion.
New Dealer	Winnebago	I love our county motor vehicle [department]. they are very helpful!
Anonymous		Help Get Rid of Obama, [p]ay attention to what you are trying to do or you will kill honest independent dealers. We believe this will take out even more independents. This will leave only large dealers for consumers to buy from. Have you seen the prices at the large dealerships they ask thousands over actual price!!!!!!

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Appendix “O”

Model ELT State Process

National Titles Solution Forum

Model ELT State Process

Overview

The National Title Solutions Forum (NTSF) is a group of lenders and service providers who share a common interest in the vehicle titling process. Our membership includes lenders such as Nissan Motor Acceptance Corp (NMAC), Chase Bank, GMAC, Ford Credit, Bank of America, and CitiGroup, and service providers including VINtek, FDI, SGS, Assurant, and PAR North America. Our common interest is in the accurate and timely recordation of titles and liens, and our customers are also your customers.

Based on lender feedback on ELT requirements and transactions, this document serves as a template for the Model ELT State Process. This information can be used as a guideline for the jurisdiction to ensure the ELT programs being developed will meet the needs of the lending sources doing business in their jurisdiction.

General Requirements

- The DMV should assign an ELT code, ID, or Account Number that directly ties to the lienholder's name and address to identify the lienholder.
- Prior to introducing ELT a state should consolidate all variations of lienholder names or codes extant in the state database so that there is only one listing for a lienholder.
- Transactions should be exchanged in files through a secure file transfer process. ELT transactions should NOT be invoked interactively unless they are exception processing inquiries deserving of immediate response. ELT transactions should not be sent "one at a time" or via a webservice. ELT transactions should be accumulated and sent in files of data.
- States should identify lienholders to their ELT service providers.
- States should accumulate transactions via ELT service provider and supply to the ELT service provider all transactions for each lienholder supported by an ELT service provider.
- States should NOT require separate communications facilities (or electronic mailboxes) for each lienholder. States should accumulate transactions and supply them to a single mailbox maintained by an ELT service provider to enable the service provider to distribute the data to its customers.
- The ELT solution should support an emergency (defined as same day or next business day) paper title request if a paper title is required.

National Titles Solution Forum

Model ELT State Process

- The ELT solution should support multiple lienholder IDs under a lender holding company to support multiple Doing Business As (DBA) lienholder names and should permit changes to lien ID or lienholder legal name going forward.
- Transactions in an ELT environment should be limited to the state and lienholder and only via the secure file transfer process mentioned above. Release or transfers requested via paper documentation should be prohibited to prevent fraud. Third party access to websites or other systems such as dealer registration systems should not be permitted to invoke or cancel ELT transactions. ELT should be "locked down" to give complete control and visibility to the lienholder.
- The ELT record should be the legal proof of record. Some title processes still require the printing of a paper title (Bankruptcy, Repossession). The existing ELT record with the state should suffice as proof of ownership.
- All transactions issued by a lienholder to a state should be confirmed or rejected systemically by the state. Error codes should be supplied with any rejection message.

Suggested Transactions

The following transactions should be incorporated to ensure an ELT program handles the variety of state and lender needs:

- Notification of lien to the participating ELT lender. (State to Lienholder)
- Notification of a change to any data element in the State database subsequent to issuance of a lien notification. This would include corrections made to data in the state database as well as changes initiated by the owner of record on a title subject to lien. (State to lienholder)
- Ability to electronically release financial interest as follows: (Lienholder to State)
 - Release to Registered Owner with the ability to mail the title to an alternate address.
 - Released to a Third Party with the ability to mail the title to an address as specified.
 - Assignment of lien to an ELT participating lienholder – at no charge.
 - Ability to reject a lien notification received in error in cases where the ELT participating lender is not the correct lienholder.

National Titles Solution Forum

Model ELT State Process

- Issuance of a paper title without removing the lien: (Lienholder to State)
 - Issue paper title with lien and mail to lienholder address absent forwarding instructions
 - Issue paper title with lien and mail to address identify by lienholder (forwarding instructions)
 - Issue paper title and hold for emergency pickup by lienholder or a permitted third party
- Bulk conversion of paper titles to electronic (without title number). (Lienholder to State)
- Individual conversion of paper title to electronic (without title number). (Lienholder to State)
- Ability to record a lien against a title record via issuance of an ELT lien recordation transaction. (Lienholder to State)

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Appendix “P”

South Dakota Electronic Registration and Titling System

The state of South Dakota, which was not heard by the working group, has implemented an on-line system for verifying vehicle ownership and recording changes to vehicle ownership that amounts to an electronic transaction. All licensed dealers, unless otherwise exempted, are required to access and use this on-line system to record vehicle transfers. The only dealers exempted are those who sell fewer than 15 vehicles per year.

The system was developed in-house by the state of South Dakota in the VB.NET programming language. Through a state Administrative Rule, a transaction fee of \$.25 per transaction is assessed for each on-line transfer. When 200 transactions have been completed, the dealer is charged \$50 (200 x \$.25).

The system includes four main features: 1) a dealer message board that the state uses to communicate important information to all dealers; 2) a dealer lookup function that allows a dealer to lookup information on the status of their dealer license; 3) a user manual; 4) the electronic application for title/vehicle transfer. Following is an example of the main menu screen that a participating dealer will see after signing in to the system:

Main Menu		Dealer Lookup	
Titles		Manual	
Main Menu			
Logged In User:	SDDEPD213		
Viewable Dealer Licenses:	SD DEPT OF REV DIV MOTOR VEHICLES (D213)		
Current Time:	1:09:56 PM		
Application Level	Test		
Please select an action on the menu bar			
Messages:			
Date	Message		
9/15/2008	This is a test message.		

When a dealer begins an electronic application for title/vehicle transfer, they enter the vehicle title number or VIN. If the vehicle is already in the state vehicle titling system’s database, called the South Dakota Customized Automated Registration System (SDCARS), the complete vehicle profile is pulled into the dealer’s transaction. If the vehicle is not in SDCARS, the system will pre-populate most of the vehicle information, only requiring the dealer to add the vehicle color. The dealer can continue the transaction by entering the customer’s SSN or South Dakota license number. If the customer is already in the SDCARS system, the customer information will be automatically pre-populated into the dealer’s transaction. If the customer data is not in SDCARS, the dealer adds all the customer data to their transaction. After this addition, the customer is updated in the SDCARS database where it can be used for future transactions without the need to manually key in the information.

Like Iowa, South Dakota has a requirement to disclose vehicle damage via a damage disclosure statement (DDS). The DDS data, like the vehicle and customer information, is also added by the dealer in the E-Title transaction. Vehicle purchase price, vehicle trade-in information, and security interest data are also automated in the dealer transaction. Dealers have the option to create their own preferred lien-holder list for lien-holders they regularly use.

Once the data is entered, a printed title application is generated from the transaction and a copy is given to the vehicle buyer. From the data entered, a temporary registration document can also be automatically generated and provided to the buyer at the same time the title application is printed. Unlike Iowa, South Dakota dealers do not have the authority to collect vehicle titling and registration fees. The payment of these fees is the responsibility of the vehicle buyer. Consequently, there is no EFT functionality in the South Dakota system. Note that the transaction is not completed until the buyer appears at an appropriate office to present the paper application and pay the necessary fees.

Deb Hillmer, Director of the Division of Motor Vehicles in South Dakota, described the new system as a big success from a dealer, consumer, and state perspective. Because the state of South Dakota created their own system without utilizing an outside vendor, they own the source code (programming) for the system. Ms. Hillmer has offered to provide, at no charge, the source code for their system to any state that wishes to utilize it. The Iowa Department of Transportation's Information Technology Division is in the process of obtaining the source code from South Dakota to determine if elements of this source code can be utilized by Iowa.