

Electronic
Titling



Secretary of State
Bureau of Motor Vehicles

Annual Progress Report
on
Electronic Titling

To the Joint Standing Committee
on Transportation

February 2023



Bureau of Motor Vehicles

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1.0 Introduction and Background

Replacing paper-based transactions and services with electronic functionality is an essential part of modernizing the Department of the Secretary of State (SoS), Bureau of Motor Vehicles (BMV). This report specifically focuses on the issuance of vehicle titles, which has remained relatively unchanged for over 30 years. It is past time to use advances in technology to increase efficiencies and improve services to consumers and the business community.

During the first regular session of the 130th Maine Legislature, Resolve 40 (Appendix A) was enacted which directed the SoS, BMV to convene a working group to study electronic titling. The resolve identified SoS and BMV staff and numerous stakeholders as participants in the working group.

The working group was directed to:

- Explore efforts to develop a framework to clearly define electronic titling;
- Establish standards to support and adopt electronic titling;
- Examine the benefits and challenges related to a paperless electronic titling program;
- Examine security measures related to a paperless electronic titling program;
- Examine standard and systems developed by industry experts and explore ways in which the State can prepare to adopt such standards and systems; and
- Review and recommend improvements to the State's titling laws, rules and procedures with an emphasis on creating a streamlined titling system that is easy to use.

The resolve also directed the BMV to deliver annual reports to the joint standing committee of the Legislature having jurisdiction over transportation matters on the progress of the Working Group (membership list in Appendix B) through the 132nd Legislature. Upon delivering a final report in 2026, the working group will be dissolved at the time of adjournment of the Second Regular Session of the 132nd Legislature.

The working group, which was convened in November 2021, has worked diligently over the past year to familiarize itself with electronic titling programs, opportunities and options. Monthly, as well as ad hoc meetings were held with other states, service providers, industry representatives and the American Association of Motor Vehicle Administrators (AAMVA). These informational meetings were instrumental in advancing the work of the group.

Based on their findings described in the following pages, the working group developed a multi-year, phased approach for adopting and implementing electronic titling.

2.0 Findings

2.1 Fully Electronic Titling System

Currently, the vehicle description, ownership, and lienholder data are printed on secure paper and mailed to either the owner or to the lienholder if the vehicle is financed. A fully electronic, paperless title system to record the vehicle description, ownership, and lienholder information must include several elements of the titling process. These elements consist of a title application process, chain of ownership documentation, federally required odometer disclosure, perfecting and release of liens, and identity authentication. A national title record exchange system is also a desired element, considering vehicles are bought and sold interstate.

There are multiple benefits to establishing a fully electronic titling system. It has the potential to eliminate most paper processes, eliminate postal mailing time, improve data accuracy, improve efficiencies for the state and industry stakeholders, and enable vehicle sales to be conducted completely online, and carefully planned system security could mitigate opportunities for fraud.

However, there are also multiple challenges. The development of a fully electronic titling system takes time and resources; data standards must be developed to promote industry and national inter-operability, an identity authentication system to replace wet signatures must be incorporated, workflow and state computer systems must be modified and state laws will need to be revised and enacted by the legislature.

A number of states are in various stages of development; however, due to the challenges listed above, they are taking incremental steps forward. They have limited their initial electronic titling system to only include certain transactions within their state.

AAMVA is considering possibilities for a title record management system which will undoubtedly be very complex and will take several years to establish and develop. They are currently in the process of hiring a consultant to conduct a review and analysis of vehicle titling and vehicle record management legislations, processes, and systems to identify the necessary changes jurisdictions and other stakeholders, if applicable, need to implement to ensure that all vehicle titling and vehicle record management transactions can be done electronically without the need of a paper title.

Such a system would be very beneficial for states to exchange data and records. The working group will track AAMVA's progress closely and will use available information to advance E-titling in Maine.

2.2 Electronic Lien and Title (ELT)

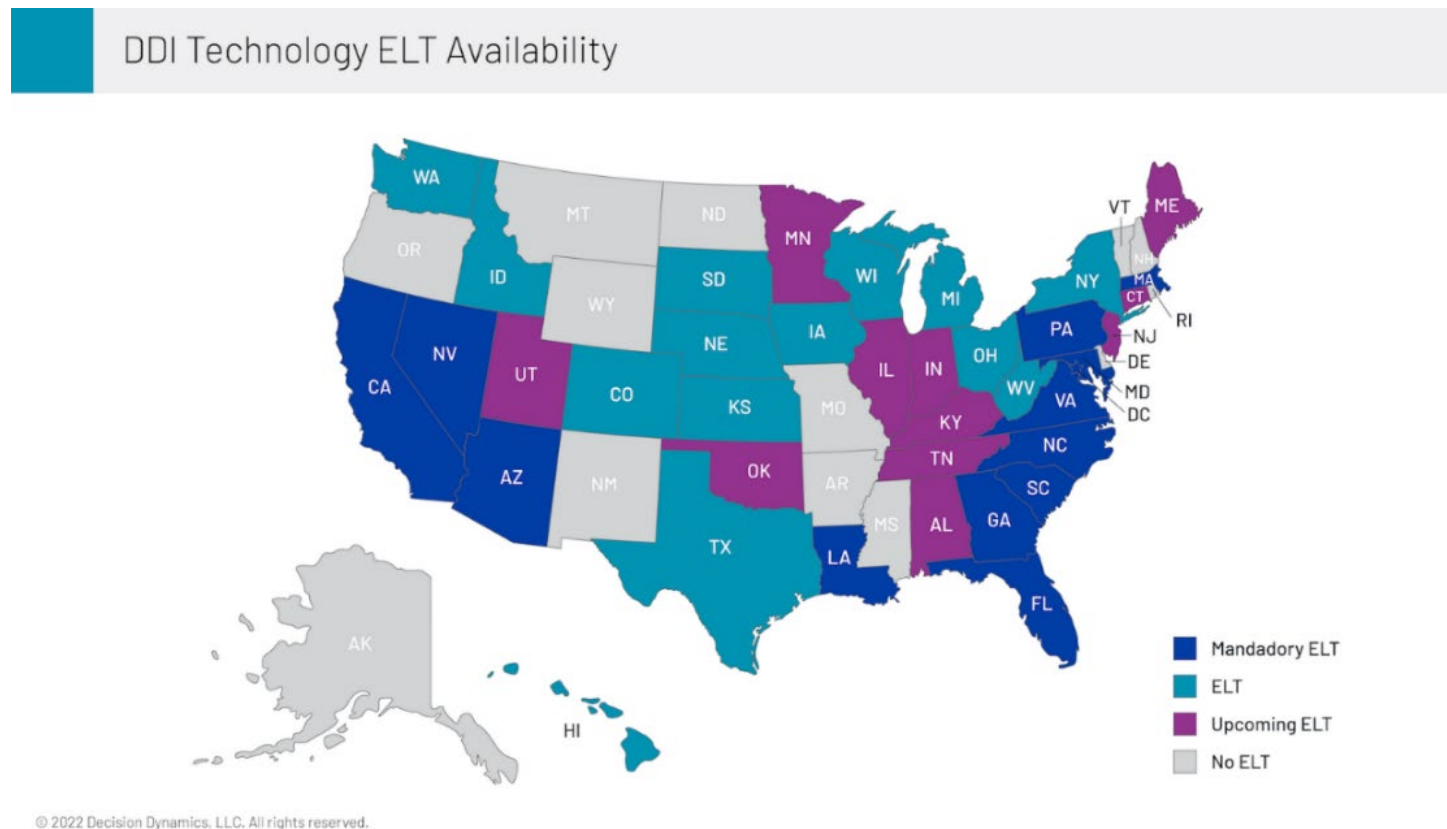
The working group found more than half the states have an active ELT program.

It provides the capability to electronically exchange lien and title information between a lienholder and the state's titling agency. The working group believes this is a good foundation for an eventual fully electronic titling system.

The benefits of ELT for the BMV include improved data accuracy resulting from the electronic exchange of data, improved timeliness of data exchange, improved data, and increased forms security. Lending institutions and vehicle dealers benefit from the resource reduction in areas associated with filing, retrieval and mailing of paper titles, reduction of storage space needed for filing and storing paper titles and the ease of quickly exchanging information electronically.

2.3 National Participation in ELT

The following map, provided by DDI Technology (an IAA company), indicates there are currently over 25 states with either an optional or mandatory ELT program and several other states are in development.



3.0 ELT Program Overview

3.1 ELT Enabling Legislation

After meeting with numerous states, ELT industry experts and AAMVA, the working group recommended that the BMV develop an ELT program in a phased approach. Therefore, BMV proposed enabling legislation, to the Second Regular Session of the 130th Legislature, which was passed and became law effective August 8, 2022.

Amendments were made to 29-A Maine Revised Statutes Amended (MRSA), (Appendix C) to define the “Electronic lien titling program”, to make it clear:

- it is an optional program; lienholders have a choice to participate,
- any requirements under law to mail paper titles were satisfied by an ELT program,
- if a lienholder chooses to participate in the ELT program, they must release their lien electronically; and
- a lienholder could request a paper copy if needed.

Unallocated language required the SoS, BMV to adopt routine technical rules to administer the program.

3.2 Options for an ELT Program

States have established their ELT program using various models. Some states exchange files directly with lienholders, some states exchange files with “Service Providers” and others contract with a “Hub Provider,” who exchanges files between the state and the service providers. Also, states may contract with a vendor to develop their system specifications and requirements. Other states employ their own IT agencies to develop the specifications and requirements and modify the state’s system to accept and transmit data.

The working group considered all options and determined the best approach for Maine was to exchange files directly with the service providers. This option requires BMV’s Information Services (IS) and the experts in the BMV, Title Division to develop specifications and requirements for exchanging the files. An ELT lienholder identification number (ID) format must be established which must be available to the service providers. It also requires IS to modify BMV’s computer system to accept and receive the files and track ELT lienholder ID numbers.

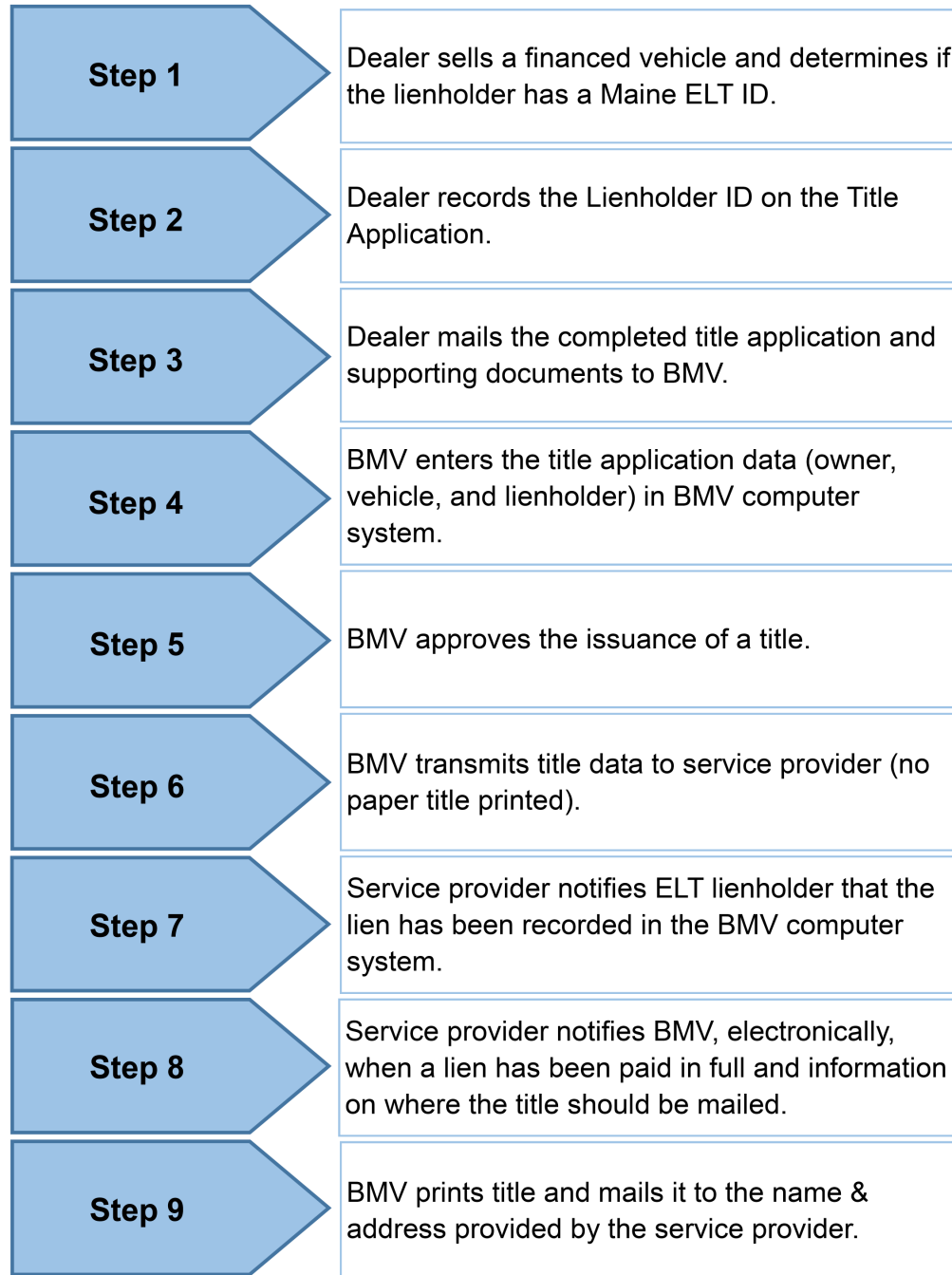
The service providers informed the working group that once they receive the specifications and requirements from BMV, they will need about six to nine months to develop, and additional time to test and pilot, their systems. This is about the same length of time needed to make the modifications to the BMV system.

This option does not require BMV to pay any direct costs for contracts with hub providers but it does require a substantial effort from the BMV business and IS teams. However, the advantage is BMV has more control over the program. It also leaves the door open for charging a small fee to the service providers for each transaction in the future which they pass onto to lienholders.

It should be noted the service providers (Appendix F) have been very helpful by working collaboratively with each other and with the working group.

3.3 ELT Program Phase 1 – Goal for completion January 31, 2024

The following is an illustration of the exchange of the title and lien data. The detailed list of specific transaction types that will be included in Phase 1 are in Appendix D.



3.4 ELT Program Phase 2 – Goal – start the planning process in the Spring 2024 - completion date to be determined

Phase 2 takes another step toward fully electronic titling. In this phase electronic titles can remain electronic after the lien is released. The title record remains in the BMV system. When that vehicle is resold by a dealer, the dealer submits an electronic title application to BMV along with the electronic transmittal of the associated fees. The title record is updated with the new owner's and lienholder's information. This would be very beneficial to dealers as it reduces the time a dealer must hold the vehicle while they wait to receive the paper copy of the previous owner's title from the lienholder. The benefits to BMV include a reduction in data entry, a reduction in purchasing secure title paper and the reduction in printing and mailing of title applications and titles.

More detail on the specific enhancements to be considered in this phase can be found in Appendix E.

3.5 ELT Program Phase 3 – Future Enhancements

Building upon Phase 1 and 2, Phase 3 is the next step to a transition to a fully electronic (paperless) title system. It will include several additional electronic elements such as an application process, the chain of ownership, odometer disclosure, identity authentication, and any other systems necessary to record the identity, ownership, lien and sale of vehicles. It may also become a real-time update process instead of a batch update. It will most likely begin with intrastate sales first and eventually expand to interstate sales.

4.0 Timeline - Phase 1

4.1 Communication and Business Process Plans – January 2022 – December 2023

- Continue to hold monthly calls, BMV bi-weekly internal meetings with Title Division experts and IS
- The BMV held the first webinar for licensed vehicle dealers and Maine lienholders to introduce the Maine ELT plans in December 2022. Attended by 200 people including dealers, lienholders and other interested parties, the working group's recommendations were well received.
- Hold quarterly webinars for lienholders and dealers to provide updates
- Draft and adopt routine technical rules
- Develop and sign a Memorandum of Understanding between the service providers and BMV

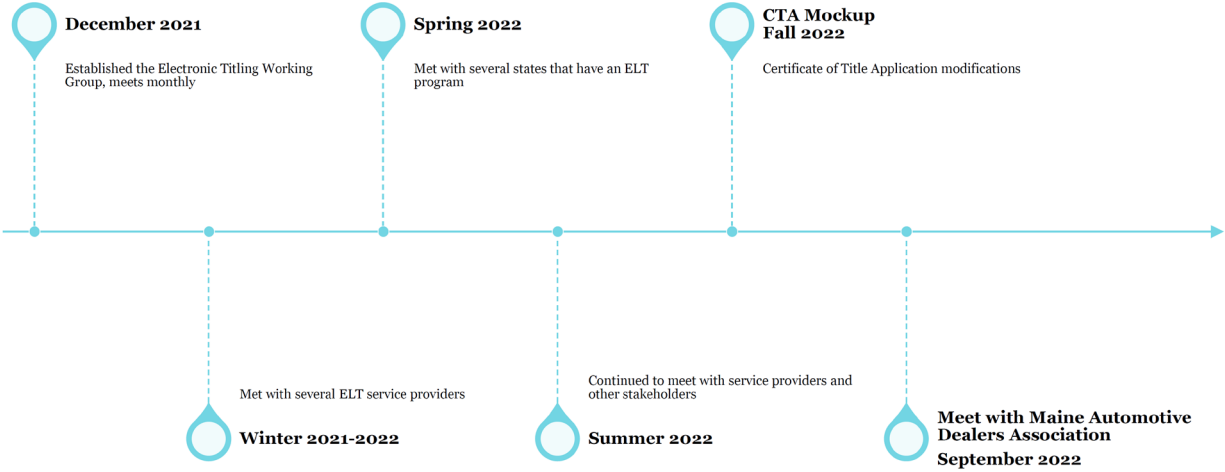
4.2 System Development Plans – October 2022 – January 2024

- BMV and IS internal meeting to define requirements to connect the BMV system to the service providers and to update BMV title system
- BMV and IS to write the system specifications
- BMV/IS to provide draft specifications to service providers
- Obtain feedback from service providers

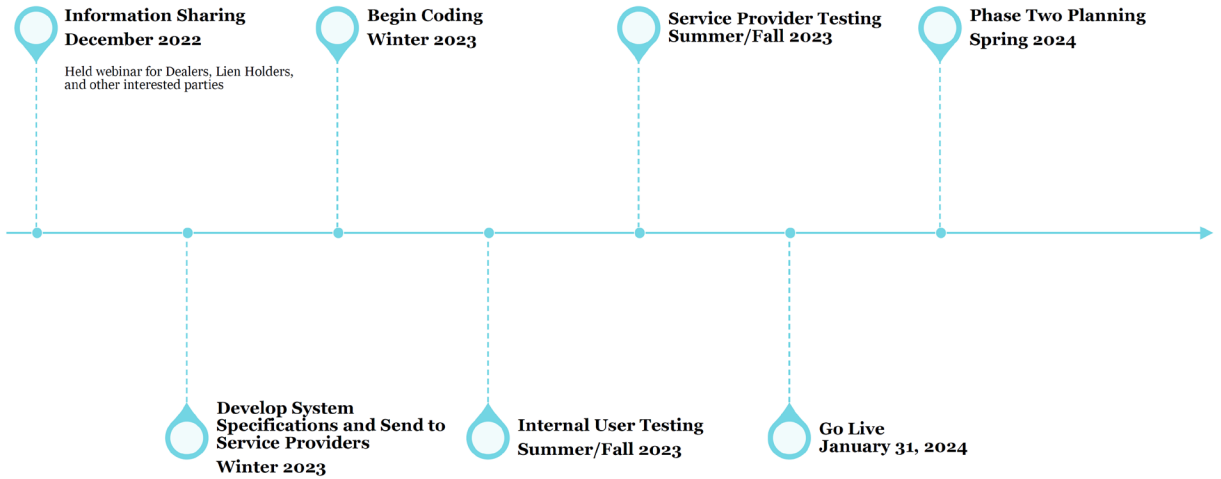
- Finalize specifications and send to service providers
- Service providers and BMV/IS develop their systems
- Internal BMV system testing
- Testing with each service provider
- Pilot with each service provider
- Implement additional lienholders with each service provider

5.0 ELT Project Plan Timeline

ELT Project Timeline – Phase One



ELT Project Timeline – Phase One



Appendix A - Resolve to Establish Electronic Titling Working Group

130th Maine Legislature
Resolve, To Create an Electronic Titling Work Group
L.D. 645

Resolve, To Create an Electronic Titling Work Group

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-ONE

—
H.P. 476 - L.D. 645

Resolve, To Create an Electronic Titling Work Group

Sec. 1. Electronic titling work group. Resolved: That the Department of the Secretary of State, Bureau of Motor Vehicles shall convene a work group to study electronic titling in accordance with this section, referred to in this section as "the work group."

1. The Secretary of State shall appoint to the work group:
 - A. Staff of the Bureau of Motor Vehicles;
 - B. A representative of the Secretary of State's computing and information services staff;
 - C. A representative of state credit unions;
 - D. A representative of state banks;
 - E. A representative of other financing entities;
 - F. A representative of a car dealership;
 - G. A representative of a car dealership primarily selling used cars; and
 - H. A representative of a statewide organization representing commercial motor carriers.

The Secretary of State or the Secretary of State's designee shall serve on the work group. Members of the work group may not be compensated for their work on the work group.

2. Duties of the work group include:
 - A. Exploring efforts to develop a framework to clearly define electronic titling;
 - B. Establishing standards to support and adopt electronic titling;
 - C. Examining the benefits and challenges related to a paperless electronic titling program;
 - D. Examining security measures related to a paperless electronic titling program;
 - E. Examining standards and systems developed by industry experts and exploring ways in which the State can prepare to adopt such standards and systems; and
 - F. Reviewing and recommending improvements to the State's titling laws, rules and procedures, with an emphasis on creating a streamlined titling system that is easy to use.

3. The Bureau of Motor Vehicles, at the direction of the chairs of the joint standing committee of the Legislature having jurisdiction over transportation matters, shall provide an annual report to the committee. The work group is dissolved on the adjournment of the Second Regular Session of the 132nd Legislature.

Appendix B – Working Group Members and Stakeholders

Internal Department Members

Shenna Bellows, Secretary of State

Cathie Curtis, Deputy Secretary of State for the Bureau of Motor Vehicles

Joann Bautista, Deputy Secretary of State, Policy Advisor

Valerie Grant, Director of Title Services, Bureau of Motor Vehicles

Debbey French, System Analyst, Secretary of State, Information Services

David Strohl, Planning and Research, Title Division

Jason Nein, Senior Detective

External Stakeholder Members

Josh Steirman, Director of Government Relations, Maine Bankers Association

Tom Brown, President, Maine Auto Dealers

Ellen Parent, Regulatory & Legislative Advocacy Coordinator, Maine Credit Union League

Brian Parke, President & CEO, Maine Motor Transport Association

Bruce Gerrity, Partner, Preti Flaherty

Jeanna Gustafson, Norm's Used Cars

Internal department subject matter experts (non-voting members)

Chris Johnson, Deputy Secretary of State - Information Services, Bureau of Motor Vehicles

Nikki Bachelder, Director of Vehicle Services, Bureau of Motor Vehicles

Jon Doody, Financial Analyst, Bureau of Motor Vehicles

Tina Corkum, Secretary Specialist, Bureau of Motor Vehicles

Andy Seaman, Auditor, Bureau of Motor Vehicles

Industry and Technical Advisors

Leslie Johnson, Secure Title Administration, Inc.

Michelle Dyer, Secure Title Administration, Inc.

Timothy Snyder, DDI Technology
Mary Hughey, Product Manager, DDI Technology
Todd Phillips, Director of Sales, DDI Technology
Ann Gunning, Vice President, Operations, DDI Technology
Jamie Thomason, Director of Business Operations, DDI Technology
Pam Fandel, Project Manager, DDI Technology
John Yarbrough, PDP Group, Inc.
Dante Giancola, Champ Titles
Jared Witte, Champ Titles
Sam Foster, Director of Operations, InforME
Dan Pullium, Senior Government Affairs Manager, Cox Automotive
Polly Penna, Cox Automotive
Sheetal Rathod, Cox Automotive added per Dan Pullium
Greg Halligan, ACI Worldwide
Tony Hall, Senior Manager, Modernization, Carvana
Kevin Park, Government Affairs, Insurance Auto Auctions, Inc.
Joyce Mover, ELT Program Manager, Mass DOT-RMV Division
Jennifer O'Leary, DOS, State of NH
Paul Steier, Director of Vehicle Programs, AAMVA
Marcy Coleman, Manager of Vehicle Programs, AAMVA

Appendix C – Enabling ELT Legislation

Amendments made to Motor Vehicle Law – 29-A MRSA
Effective - August 8, 2022

§602 sub-section 4-A. Electronic Lien Titling Program. “Electronic lien titling program” to mean a program that permits the creation and exchange of an electronic record for maintaining lien information.

§651-A. Require certificate of lien; certificate of title; certificate of salvage; electronic lien titling program

Notwithstanding any other provision of this Title, the Secretary of State may require a certificate of lien, certificate of title or certificate of salvage when necessary to perfect a lien. The Secretary of State may use, but may not require the use of, an electronic lien titling program for the purposes of this chapter. If a lienholder elects to participate in an electronic lien titling program used by the Secretary of State under this section:

- 1. Mail, delivery and surrender.** Any requirement to mail, deliver or surrender a certificate of title under this chapter may be satisfied by using the electronic lien titling program to provide an electronic record;
- 2. Notification of release or update.** The lienholder shall use the electronic lien titling program to notify the Secretary of State when a lien is released or updated; and
- 3. Paper copy.** The lienholder may request a paper copy of the certificate of title.

Unallocated language: If the Secretary of State uses an electronic lien titling program under this section, the Secretary of State shall adopt rules to administer the program. Rules adopted under this section must include, but are not limited to, rules governing the processes by which a lienholder elects to participate in and stop participating in the electronic lien titling program. Rules adopted under this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Appendix D - Phase 1 Detailed Transactions

- 1. Create a lienholder ID number with an optional suffix** – Provides an identification number assigned by BMV. Allows for a suffix for a lender to have multiple versions of their ELT ID numbers if needed for business reasons, even if the entities operate under the same FEIN. Number will be: ME-EIN-XX (2 digit suffix) example ME 123456789 001
- 2. ELT participants flagged** – A setting in the BMV system that will flag any ELT participant and generates only electronic titles unless otherwise requested.
- 3. Notification of lien** – BMV notifies the lienholder, through a service provider, that a lien has been recorded on a title and the title record has been created. The electronic title record will

include all the information currently printed on a paper title, including owners, lienholders, odometer, vehicle brands, and title number.

4. **Release, satisfy, or cancel a lien** – The lienholder informs BMV, through a service provider, they no longer have an interest in this vehicle. The lienholders can specify an alternate address for the paper title to be mailed.
5. **Request paper title** – The lienholder requests a paper title with their lien still noted. Used when a vehicle is repossessed, the owner has moved to a different state, etc.
6. **Notification to delete or correct a lien** – BMV notifies the lienholder that their lien has been removed or corrected.
7. **Restriction requiring electronic release of ELT** – Liens on an ELT can only be released with an electronic transaction to eliminate opportunities for fraudulently submitted paper lien release forms.
8. **Update or correction to title initiated by the lienholder** – lienholder notifies BMV, through a service provider that the owner has changed their name based on a paper application requesting the change.
9. **Update of a title initiated by BMV** – BMV notifies the service provider that a change has been made to the title data (i.e. name change, additional lien or vehicle brand added based on a paper application requesting the change).
10. **Change owner address** – BMV receives notification from the service provider that the lienholder is aware of an address change.

Appendix E - Phase 2 Potential Transactions

1. **E - Titles** – Allow titles to optionally remain electronic after the lien is released.
2. **Electronic title application** – Dealers and lienholders may submit title applications electronically. This is effective even if paperwork (owner signature for odometer disclosure, current title, etc.) is required to be submitted later since it should prevent another lien being placed on the title.
3. **Electronic payment** – Instead of a check accompanying each title application, lenders and dealers can provide an alternate method of payment with a title application. This assists lenders in reducing the time and effort required to prepare

numerous individual checks. Automated Clearing House (ACH) monthly payments if fees for change of name, change of address, release of lien. Lienholder would need to pay.

4. **Salvage Transactions with ELTs** – Transactions that give ELT participates that ability to apply for a salvage title (or other types of titles if needed).
5. **Reassignment** – The lienholder sends notification to BMV to release their lien and reassign the title to a dealer or insurance company.
6. **Convert from Paper** – A transaction allowing conversion of existing paper titles to electronic titles for lienholders when they are holding old paper titles.
7. **Lease assumptions** – convert previously issued paper title to electronic title.

Appendix F - ELT Service Providers in Alphabetical Order

- **Dealertrack Collateral Management Services, Inc. (CMS)** – a Cox Automotive, Inc. company (also listed as FDI Collateral Management in some states)
Contact: Daniel Pullium, Senior Government Affairs Manager
- **Decision Dynamics, Inc (DDI) Technology** – an IAA company
Contact: Mary Hughey, Product Manager
- **PDP Group, Inc. (PDP)**
Contact: John Yarbrough, AVP, Business Development & Legislative Affairs
- **Secure Title Administration, Inc. (STA, Secure TA)**
Contact: Michelle Dyer, Director of Operations
- **VINtek, Inc. (VTT)** – Dealertrack Entity
Contact: Daniel Pullium, Senior Government Affairs Manager

Appendix G - Support from service providers for Maine's ELT approach



860.271.7659 | dealertrack.com
Collateral Management Solutions
9750 Goethe Road, Suite 200 | Sacramento, CA 95827

December 2, 2022

Shenna Bellows, Maine Secretary of State
148 State House Station
Augusta, Maine 04333-0148

DELIVERED VIA E-MAIL: Shenna.Bellows@maine.gov

Dear Secretary Bellows:

On behalf of Dealertrack Collateral Management Services (CMS), a Cox Automotive company, I am respectfully sharing our support for the Electronic Titling Working Group's proposed actions regarding the implementation of an Electronic Lien & Title (ELT) program in the state of Maine. Implementing an ELT Program facilitates the electronic exchange of title information between lienholders and the state of Maine's Bureau of Motor Vehicles (BMV) and will provide immense benefits to both the state's citizens and lienholders.

Dealertrack CMS has been a provider of ELT solutions to state motor vehicle agencies since pioneering the technology in 1989 with the California Department of Motor Vehicles. Today, Dealertrack CMS is a business partner to twenty-five (25) ELT enabled jurisdictions. The Electronic Lien & Title program proposed by your agency has been well thought out, leverages the experience of ELT Service Providers, and recognizes lessons learned throughout the Country. In addition, the leadership of Deputy Secretary of State Cathie Curtis and her team's thoughtful and inclusive approach to ELT has laid the foundation for a successful ELT Program.

Dealertrack CMS has appreciated the opportunity to work with Ms. Curtis and her team and the opportunity to provide our experience as the nation's largest ELT Service Provider. Dealertrack CMS fully supports your agency's efforts and is confident that your approach will result in BMV efficiencies, improved customer service and satisfaction for Maine's citizens and welcome improvements for lenders in the State.

Please contact me with any questions or for more information.

Respectfully,

Daniel Pullium

Senior Government Affairs Manager

m: (860) 333-7028

cc: Catherine Curtis, Deputy Secretary of State (catherine.curtis@maine.gov)

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an IAA company

Decision Dynamics, LLC trading as DDI Technology
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PO Box 1337
Irmo, SC 29063
Office: (803) 808-0117
Fax: (803) 808-3780

Date: November 30, 2022

To: Maine Bureau of Motor Vehicles

Subject: DDI Technology Recommendation for Maine's E-Titling Solution

It is exciting to see the progress of the Maine E-Title Working Group and the elimination of paper-based processes from the titling process.

There are many advantages of electronic liens over paper-based liens. They can be placed in real-time or in batch processes nightly, increasing the program's efficiencies and overall security of the titles. When a lien is paid off, the lienholder electronically releases their lien to the state, notifying they no longer have a security interest in the title. From there, a state can continue to hold the title electronically on behalf of the owner or they can print a clear title to be mailed.

Electronic titling programs are live in 27 states, with two more onboarding in the next six months. There has been an increased need for Electronic Lien and Title (ELT) solutions due to the COVID-19 pandemic. We continue to see electronic titling solutions improve efficiencies for jurisdictions, dealers, lenders, and individuals. These programs reduce paper-based process backlogs significantly and are scalable for future enhancements.

It has been a privilege to serve on Maine's E-Titling Working Group. The due diligence this group has dedicated to identifying an electronic titling solution is impressive and way ahead of most other state implementations. It is our belief that Maine's E-Titling solution will be incredibly successful.

We look forward to the opportunity to partner with you as a potential ELT service provider.

Sincerely yours,

Ann Gunning

Vice President, General Manager
1 Wellness Blvd, Suite 201, Irmo SC 29063
C 803.440.7188 | O 803.808.4902 | ann.gunning@dditechnology.com

