

February 25, 2020

Tracy Brazil, Regulations Analyst
Department of Motor Vehicles
Legal Affairs Division
PO Box 932382, MS C-244
Sacramento, CA 94232-3820

Re: Title 13 of the California Code of Regulations, related to the Electronic Lien and Title Program to implement provisions relating to section 4450.5 of the Vehicle Code.

Dear Ms. Brazil:

On behalf of the National Title Solutions Forum (NTSF) of the American Financial Services Association (AFSA),¹ thank you for the opportunity to provide written comments related to the California Department of Motor Vehicles Electronic Lien and Title (ELT) Program. The NTSF provides a platform for vehicle finance companies (lienholders) to raise issues and/or concerns regarding title processing and to effect positive change to the vehicle title process with the long-term goal of replacing many of the paper processes with electronic lien and titling. Many, if not all, of the companies involved in NTSF are already enrolled in California's ELT Program. With the proposed ELT Regulations, California would join a growing number of states who have sought to maximize the benefits of ELT by compelling lienholder participation.

§153.22 Lienholder's Permit Application

NTSF members share the DMV's commitment to protecting sensitive consumer data against unauthorized disclosure. In fact, many lienholders are financial institutions that comply with extensive existing privacy laws—including the federal Gramm-Leach Bliley Act and the California Financial Information Privacy Act—and complete annual Information Security Awareness training, emphasizing the importance of the proper handling and disclosure of customer information and are subject to other policies and procedures governing employee handling of sensitive customer data. Several of the proposals, notably Section 153.22(a)(4), create new requirements for lienholders in the area of Information Security and Disclosure. Form REG 677 ensures the user, or designated employee is aware of their responsibilities for the handling and protection of CA DMV data.

Specific to 153.22 (a)(4), we request the DMV consider this requirement or consider additional language to clarify the intent to be consistent with other DMV programs. A requirement that as part of the lienholder's permit application lienholders must *submit*—rather than *maintain for presentation upon request*—a completed and signed REG 677 for each of their designated employees would create a significant administrative burden for lienholders to manage and

¹ Founded in 1916, the American Financial Services Association (AFSA), based in Washington, D.C., is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

require support of another paper-based process. Many lienholders have several hundred, if not more than one thousand, users who could potentially meet the definition of designated employee, which would mean a significant administrative compliance burden in terms of the time and cost it would take to submit the required form for users. Unfortunately, these new burdens could ultimately mean higher costs for consumers.

Accordingly, NTSF proposes the underlined addition below as alternative language for Section 153.22 (a)(4):

(a) A Lienholder shall submit the following to the department:

(4) For each of their designated employees, a completed and signed Electronic Lien and Title (ELT) Program Information Security and Disclosure Statement Service Provider/Lienholder Employee form, REG 677 (NEW 1/2019) to be maintained by the lienholder and presented to the department upon request.

This proposed change would lessen the compliance burden but preserve the DMV's ability to review a lienholder's forms as needed.

Additionally, to further ease the administrative burden imposed by the requirement of an additional form, we request that the regulations authorize the use of an electronic signature on the REG 677 and all other forms required to participate in ELT.

NTSF supports the expansion of ELT in California and believes the electronic processing of motor vehicle title records and documents creates internal efficiencies, enhances customer service, and reduces fraud. However, we encourage the DMV to consider the additional compliance burden that the proposed requirements place on lienholders doing business in the state.

Thank you in advance for your consideration of our comments. If you have any questions or would like to discuss this further, please do not hesitate to contact me at 202-469-3181 or mkownacki@afsamail.org.

Sincerely,



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