



April 17, 2020

Anne S. Ferro
President & CEO
American Association of Motor Vehicle Administrators
4401 Wilson Boulevard
Suite 700
Arlington, VA 22203

Dear Ms. Ferro,

The National Automobile Dealers Association and the American Financial Services Association encourage the American Association of Motor Vehicle Administrators (AAMVA) to adopt the following best practices in order to address concerns about lien perfection and title fraud during the COVID-19 / Coronavirus crisis and to assist our organizations with the resolution of tension between the federal Bankruptcy Code and lien perfection during the pandemic.

As you know, the perfection of liens is absolutely essential to the automotive sales and finance industries, and thus the economy as a whole. The function your members serve is paramount to the healthy functioning of this system. We cannot overstate how critical it is that liens be processed and perfected on time. Lien perfection generally must occur within 30 days after a customer takes possession of a vehicle to protect a financial institution's security interest should a purchaser later declare bankruptcy.

In light of the pandemic's effects on DMV vehicle titling operations nationwide, and to protect financiers of vehicle purchases, selling dealers, and borrowers, we seek AAMVA's assistance and support with respect to the 30-day lien perfection exception from preference avoidance under the federal bankruptcy code.

We also ask that AAMVA issue a set of best practices to avoid fraud, because fraudsters never let a crisis go to waste. We are certain the criminal element will try to exploit COVID-19 wherever possible, and on the automotive lien and title side, your members are the front line in helping identify and prevent this type of fraud.

COVID-19 / CORONAVIRUS BEST PRACTICES

LIEN

- Encourage DMV title, lien and fraud employees be designated as essential by Governor;
- Provide a means to record liens on time;
- Have electronic lien and title in place, and if not available, provide for temporary electronic means to process liens;
- If DMV completely closes, have an individual in place to process liens on time;

- If DMV completely closes and nobody is in place to process liens on time, have someone take in mail daily and DATE STAMP received date to subsequently process as perfected ON RECEIVED DATE, state law permitting;
- If state law does not permit back-dating to received date, have some other process in place to mandate liens are processed on the day or within one day of date received;
- If state law sets a deadline for lien release after payoff of a loan, the DMV should have a process for receiving and processing lien releases from creditors similar to the process for recording liens.

FRAUD

- Encourage DMV title, lien and fraud employees be designated as essential by Governor;
- Cross-check for duplicate title requests on the same VIN, watching out for fraudsters;
- Scrutinize lien releases for potential fraud;
- Be on the lookout for any multiple activity on the same VIN as a possible indicator of fraudulent activity.

Please don't hesitate to contact NADA or AFSA if we can be of any assistance to you or your members. We appreciate your organization, and we view your members as critically important.

Sincerely,



Lauren Bailey
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National Automobile Dealers Association
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