



Ohio General Assembly
 Ohio Statehouse
 1 Capitol Square, 1st Floor
 Columbus, Ohio 43215

April 19, 2024

Dear Members of the General Assembly,

On behalf of the undersigned organizations and our members, we write to you to continue to raise your awareness of issues relative to automotive financing and titling arising from a change included in House Bill 23, the Transportation Budget. Respectfully, we urge you to repeal Section 4505.131 of the Ohio Revised Code and replace it with the attached language that has broad support and no opposition that we are aware of.

As enacted, the language, which was effective June 30th, 2023, presents several logistical challenges to comply with as well as raises overall policy concerns. The language of Section 4505.131 mandates that a secured party (i.e., a lender) must send a form to consumers who have fully repaid their loans, giving them the option to receive a physical certificate or an electronic certificate of title. However, this change presents multiple challenges and, while all parties are making their best effort to comply, the section continues to present logistical and legal challenges due to conflicting statutes. A few of the concerns include:

- The new process can cause significant delays in providing certificates of titles to consumers.
- There are no time parameters, so it is unclear what lien holders should do if a consumer fails to respond and elect their preference for a physical or electronic certificate of title. Arguably, lien holders could hold titles indefinitely if a consumer fails to respond.

- Not all lien holders possess electronic titles, and the legislation lacks clarity regarding the requirements in such cases.
- For companies participating in the Electronic Lien and Title (ELT) system and holding electronic titles, the current process of converting electronic titles to physical certificates under Section 4505.131 is inefficient and costly.
- Even though ORC Ann. 4505.13(B) permits the lien holder with an electronic title to request the clerk to issue a physical title at time of discharge, the current ELT system lacks a mechanism to do so. Each conversion incurs a \$15.00 title application fee to the County Clerk. This is not a lender fee.
- Since the new law prohibits charging consumers for choosing a paper title, these expenses will be spread across all Ohio borrowers, inevitably increasing borrowing costs statewide.
- This new requirement would negate the efficiencies realized by ELT processing which may cause lenders to transition away from ELT to ease compliance burdens. These new obligations will also likely deter additional lienholders from participating in the Ohio BMV's ELT Program and jeopardizing the state's shift to digital titling.

It is with the above-detailed concerns in mind that we respectfully ask you to repeal Section 4505.131 and replace it with the attached amendment language.

Sincerely,
Ohio Bankers League
Ohio Credit Union League
Ohio Financial Services Association
Community Bankers Association of Ohio
American Financial Services Association
DDI Technology, an IAA Company
Dealertrack Collateral Management Services
Ford Motor Company
PDP Group
Secure Title Administration, Inc.