Salvage and Junk Vehicle
Best Practice

Recommendations for Jurisdictions on Branding and Handling Salvage, Rebuilt Salvage, Junk, and Flood-Damaged Vehicles

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Contents

Executive Summary ................................................................. 3

Chapter One  Brands and Designations ........................................ 5

Chapter Two  Recommended Definitions ...................................... 6
  Salvage ............................................................ 6
  Junk or Non-repairable .................................................. 6
  Flood or Water Damaged ................................................ 6
  Rebuilt or Prior Salvage .................................................. 7
  For Export Only ............................................................ 7
  Exclusions to Definitions .................................................. 7

Chapter Three  Impact of NMVTIS Definitions ............................. 8
  NMVTIS Regulations ...................................................... 8
  NMVTIS Specifications Document ...................................... 8

Chapter Four  Best Practice Recommendations ............................ 10
  Honoring Brands and Designations ..................................... 10
  Designate Flood or Water-Damaged Vehicles as Junk or Salvage 11
  Prohibit Retitling of Junk Vehicles for On-Road Use ............... 12
  Use of Parts from Junk Vehicles ....................................... 12
  Insured and Uninsured Vehicles ....................................... 13
  Using the “Rebuilt Salvage” Designation ............................. 14
  Rebuilt Salvage Vehicle Safety and Theft Inspections ............ 15
  Apply Permanent Label on Rebuilt Salvage Vehicles .............. 16
  Rebuilt Salvage Vehicle Documentation Requirements .......... 16
  State-Assigned Vehicle Identification Numbers .................... 17
  Salvage and Junk Vehicles Sold for Export ......................... 18
Executive Summary

Through years of input and discussion with members and stakeholders, the Vehicle Standing Committee of the American Association of Motor Vehicle Administrators (AAMVA) identified inconsistencies across US jurisdictions in the way vehicles are identified and branded as salvage or junk. The broad variances in the current jurisdictional laws and rules may create opportunities for unsafe vehicles to be titled, rebuilt, or repaired in jurisdictions with fewer requirements. As a result, these vehicles can go unbranded in accordance with one jurisdiction’s laws and may or may not be properly repaired or rebuilt in accordance with another jurisdiction’s laws. As such, these vehicles may be susceptible to safety risks and fraud. Furthermore, financial repercussions may impact consumers and financial institutions when title brands do not properly get carried forward, are removed, or not honored when a vehicle moves to a new jurisdiction. In response, AAMVA empowered a working group of jurisdiction members to develop a best practice for the titling and branding of damaged, wrecked, and totaled vehicles in an effort to support and encourage consistency in this process, thereby deterring and impeding consumer fraud and deceptive practices while enhancing roadway safety. Consistent titling and branding of damaged, wrecked, and total loss vehicles can lead to a reduced risk for consumers. Vehicle purchasers may encounter fewer unexpected safety or fraud risks when jurisdictions have implemented the standards for consistent titling and branding of these vehicles outlined in this best practice. The best practice document that follows has been developed to provide consistent and standard terminology beginning with recommended definitions, which are a foundational component of the best practice. It is important to note that this best practice was developed to be adopted as a whole, not in part. Adopting individual recommendations may have unintended consequences and prior to doing so should be carefully analyzed.

During the development of this best practice the drafting authors, who are members of the National Motor Vehicle Title Information System (NMVTIS) State Program Subcommittee (Subcommittee), took into consideration the vehicle branding practices set forth in the Canadian Council of Motor Transport Administrators (CCMTA) Canadian Vehicle Status Management Program, which establishes the Canadian standard for maintaining a complete vehicle history. There are many similarities between the Canadian Vehicle Status Management Program, the AAMVA Best Practices for Title and Registration of Rebuilt and Specially Constructed Vehicles, and the recommendations included in the following best practice. Because CCMTA has already established the standard for Canada, the recommendations included in this best practice are intended for US jurisdictions, including all states and US territories.

The Subcommittee recognized the complexity and importance of vehicle brands and the vehicle history in developing the recommendations within the best practice. These recommendations are intended to
enhance existing laws and rules or to assist with creating laws and rules for use by jurisdictions. Full participation in NMVTIS is encouraged and may foster creative solutions to capture vehicle damage history information from other sources when vehicles are uninsured, self-insured, or covered by liability-only insurance. The objectives of this best practice include:

- Establish consistent salvage, junk, flood-damaged, and rebuilt salvage definitions.
- Gain consistency with the terminology used for salvage, junk, flood damage, and rebuilt salvage vehicles by all jurisdictions and the vehicle industry.
- Encourage the appropriate branding of vehicles as salvage (repairable) or junk (non-repairable).
- Increase consumer protection and awareness.
- Increase the safety of repaired and rebuilt salvage vehicles through adequate inspections.
- Increase the detection of stolen vehicles and stolen parts in repaired and rebuilt salvage vehicles.
- Promote the use of NMVTIS.
- Promote the use of consistent branding and reporting practices across jurisdictions and industries.
- Encourage jurisdictions to discontinue allowing junk (non-repairable) vehicles to be repaired for on-road use.

Implementing the recommendations included in this best practice will help jurisdictions consistently and uniformly brand vehicles that may pose a safety risk to the motoring public, thus achieving a comprehensive vehicle history and ultimately improving consumer protection and public safety.

Furthermore, the definitions and recommendations should be applied to all vehicles whether insured, uninsured, or self-insured. This is necessary to achieve the highest degree of cohesion among jurisdictions and provide the best possible consumer protection.

It is recognized that jurisdictions may partially implement the recommendations based on their governing laws or regulations. Jurisdictions are encouraged to utilize this document to the fullest extent possible within the boundaries of their authority and to share with the Subcommittee any new studies that advance guidance on this important safety topic.

While developing this document, steps were taken to gain input from stakeholders, including subject matter experts representing the insurance, salvage pool, dealer, auction, and law enforcement communities, through conference calls, meetings, and reviews of the draft best practice. Although a consensus was not reached on every topic, all comments provided were considered, and modifications were made when the feedback aligned with the Subcommittee’s charge. Topics not included, such as scrapping vehicles, were referred to the Vehicle Standing Committee for future consideration. The driving forces behind the recommendations are highway safety and consumer protection consistent with the mission and vision of AAMVA.

Appreciation is extended to everyone who contributed to the discussions, research, and debate that were key to formulating this best practice, in particular, Subcommittee members and the insurance, salvage pool, dealer, and auction industry representatives as well as the law enforcement representatives, for their time and commitment to this project.
Protecting the public through the proper application of brands and designations can be seen as a two-step process. The first step is to ensure all applicable vehicles get a proper brand or designation. The second step is to minimize ways in which this brand or designation can be removed or “washed.”

For vehicles that have been subject to a loss because of some type of significant damage, the ideal form of notifying and protecting the public is achieved through applying a salvage brand or designation to these vehicles or issuing a unique ownership document such as a salvage or junk certificate. Ideally, jurisdictions will distinguish between a salvage (repairable) and a junk (non-repairable) brand or designation. This distinction ensures junk vehicles usable only for parts and scrap cannot be returned to on-road use, thereby protecting the public from unsafe vehicles and reducing the value in these vehicles being purchased for their paperwork to cover the identity of stolen vehicles.

When vehicles are unbranded or underbranded, they are more susceptible for sale by individuals offering them for sale for more than their true value, by individuals who can superficially “repair” the vehicle and offer them for resale without disclosing prior damage, or by criminals who can use the clean-title paperwork to cover stolen vehicles and stolen parts.

However, many jurisdictions do not offer a junk (non-repairable) brand or designation. In other states, the definition is highly subjective, and the threshold is not well defined, or the determination is left entirely to the owner. No junk (non-repairable) brand or designation means vehicles that are significantly damaged and should be intended for permanent destruction are sold with ownership documents that allow for repair of the vehicle or use of the paperwork, which increases the opportunity for numerous types of fraud and abuse.

What is a brand?

A brand is a “designation” placed on a vehicle ownership document, including its electronic record, which identifies or describes an event that affects the value or safety of the vehicle. Some jurisdictions issue specific types of documents that denote an event affecting the value or safety of the vehicle. Examples are a “salvage certificate” issued for a salvage (repairable) vehicle or a “certificate of destruction” issued for a junk (non-repairable) vehicle.

Jurisdictions apply brands to ownership documents to disclose to consumers, who may not otherwise know, an event or other condition that may affect its value or safety. The brands and the criteria used to assign them vary widely from jurisdiction to jurisdiction. Additionally, the brand labels vary from jurisdiction to jurisdiction. Examples of descriptive labels regarding the status of a motor vehicle include “junk,” “salvage,” “non-repairable,” “prior salvage,” “rebuilt salvage,” “parts only,” “flood damage,” and “water damage.”

The Anti-Car Theft Act and its implementing regulations require vehicles to be reported to the NMVTIS based on specific events or conditions. This information is available to jurisdictions and consumers alike for inquiry even if the event or condition did not result in a brand being applied to the ownership documentation.

For the purposes of this best practice, the term “brand” and “designation” have the same meaning and are used interchangeably depending on the context of the information in which it is used.
Chapter Two  Recommended Definitions

The following definitions are recommended definitions to be implemented and used by all jurisdictions to establish and gain consistency. This may require statutory or regulatory changes in order to implement. The recommendations within this best practice are based on these foundational recommended definitions.

Salvage

**Salvage Vehicle**

A vehicle:

- That has sustained sudden damage, capable of being safely repaired, to the extent the vehicle:
  - is declared a total loss by an insurance company; or
  - repairs exceed 75% of the value of the vehicle immediately before the damage occurred; or
  - has damage to the body, unibody, or frame to the extent it is unsafe for operation.

- That is obtained as a source of parts or for the purpose of scrapping or dismantling.

**Brand or Designation**

The term “salvage” should be applied to a salvage vehicle.

Junk or Non-repairable

**Junk Vehicle**

A vehicle that is:

- damaged or wrecked to the extent that it cannot be repaired for operation on a public road; or
- only of value as a source of parts or scrap metal; or
- flood damaged (as the term is defined later).

**Brand or Designation**

The term “junk” should be applied to a junk vehicle.

**Note:** For the purposes of this document, “junk” and “non-repairable” are synonymous.

Flood or Water Damaged

**Flood- or Water-Damaged Vehicle**

A vehicle that has:

- been submerged in water to a point the level of the water is higher than the door sill of the vehicle or had water enter the passenger, trunk, or engine compartment of the vehicle, and
  - had water come into contact with the electrical or computer components of the vehicle; or
Brand or Designation

The term “for export only” should be applied to a salvage or junk vehicle that has been deemed “for export only” to prohibit the vehicle from subsequently being titled and registered for on-road use in the United States.

Exclusions to Definitions

Exclusions to the recommended definitions should be strongly limited to maintain consistency. No exclusions to brands or designations should be given to vehicles that have sustained damage impacting the safety of the vehicle. Specifically, broad exclusions to these definitions based on model year, allowances for brands and designations to be removed after a certain period of time, or exclusions for airbags from damage cost assessments are extremely detrimental to—and unsafe for—consumers.

However, exclusions that are insignificant, that do not impact the safety of the vehicle and would generally not be a deterrence to a consumer purchasing a vehicle, can be considered provided they are narrow in scope and clearly understood and defined. Situations that may fall within these parameters include:

- Vehicles damaged exclusively by hail
- Damage to paint, including the exclusion of the cost to repair paint as part of the overall damage assessment
- Damage to aftermarket accessories
- Recovered stolen vehicles that, when recovered, do not have damage to the extent they are a salvage vehicle

Brand or Designation

Brand or Designation

Flood-damaged vehicles should be considered junk. In addition to applying “junk,” the term “flood damage” should be applied to a flood- or water-damaged vehicle.

Rebuilt or Prior Salvage

Rebuilt Salvage Vehicle

A vehicle, previously branded or designated “salvage,” that has been repaired or rebuilt and has passed applicable inspections and requirements to ensure the vehicle was repaired or rebuilt to required standards.

Note: For the purposes of this document, “rebuilt salvage” and “prior salvage” are synonymous.

Brand or Designation

The term “rebuilt salvage” should be applied to a rebuilt vehicle. Using this term makes it evident to a consumer that a vehicle was subject to a salvage event and has been repaired.

For Export Only

For Export Only Vehicle

A vehicle that is a salvage or junk vehicle that has been:

- sold for export outside of the United States; or
- reported as exported outside of the United States.

Note: Type of water does not impact this definition.
The Subcommittee recognizes definitions differ among jurisdictions, the NMVTIS regulations, and the NMVTIS Specifications document. This best practice bridges the differences; thus, if jurisdictions adopt the recommended salvage definition put forth in this document, jurisdictions would uniformly brand vehicles.

**NMVTIS Regulations**

A “salvage auto” is defined in 49 U.S.C. 30501(7) as “an automobile that is damaged by collision, fire, flood, accident, trespass, or other event, to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on public streets, roads, and highways would be more than the fair market value of the automobile immediately before the event that caused the damage.” For purposes of clarification, the United States Department of Justice (USDOJ) has determined this definition includes all automobiles found to be a total loss under the laws of the applicable jurisdiction or designated as a total loss by an insurance entity under the terms of its policies. By definition, this means that every automobile obtained by a salvage or junk entity the entity knows, or has reason to know, has come from an insurance entity or from any person or entity in connection with the resolution of insurance claims should be deemed as salvage and must be reported as such.

In the NMVTIS regulations, the USDOJ has specified a vehicle declared a “total loss” by an insurance entity must be reported to NMVTIS by the insurance entity as salvage. In certain circumstances, the decision to declare a vehicle a “total loss” may be based on other determinations, such as the fact that a vehicle has been stolen. To address this issue, insurance entities are strongly encouraged to include the primary reason for the determination when reporting to NMVTIS. Reporting the primary reason allows the consumer to be aware of the specific circumstances for the determination and facilitates jurisdictions making the appropriate determinations.

It should be noted that the “salvage” definition recommended in this document encompasses the “salvage auto” definition in 49 U.S.C. 30501(7) and specifically includes vehicles declared a “total loss” by insurance entities.

**NMVTIS Specifications Document**

The NMVTIS Specifications document specifies that a “salvage” vehicle is “any vehicle which has been wrecked, destroyed or damaged, to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-accident condition and for legal operation on roads or highways exceeds a jurisdiction-defined percentage of the retail value of the vehicle. The retail value of the vehicle is determined by a current edition of a nationally
recognized compilation (to include automated databases) of retail values.”

The “salvage” vehicle definition “also includes any vehicle to which an insurance company acquires ownership pursuant to a damage settlement, or any vehicle that the vehicle’s owner may wish to designate as a salvage vehicle by obtaining a salvage title, without regard to extent of the vehicle’s damage and repairs, or any vehicle for which the jurisdiction cannot distinguish the reason the vehicle was designated salvage.”

As with the NMVTIS regulations definition, it should be noted that the “salvage” definition recommended in this document encompasses the “salvage” definition as defined in the NMVTIS Specifications document.
Chapter Four  Best Practice Recommendations

The sections that follow are recommendations that should be adopted by all US jurisdictions to accurately and consistently brand vehicles, ensure the safety of the motoring public, and enhance awareness.

Honoring Brands and Designations

Description and Background

Jurisdictions have different definitions for establishing a vehicle as salvage or junk. These differences are often based on jurisdiction laws. A vehicle that meets the definition of salvage or junk in one jurisdiction may not meet the definition of salvage or junk in another. Subsequently, salvage vehicles may be rebuilt and are not branded as rebuilt salvage.

Example 1

Jurisdiction A first issued a salvage title to a vehicle. Subsequently, the vehicle was rebuilt, and Jurisdiction A issued a new ownership document with a rebuilt salvage brand. The vehicle is subsequently taken to Jurisdiction B and retitled. Jurisdiction B does not apply the rebuilt salvage brand to its ownership document because of the jurisdiction’s law.

Example 2

A 17-year-old vehicle rebuilt in Jurisdiction A and issued an ownership document with a rebuilt salvage brand is subsequently taken to Jurisdiction B and retitled. Jurisdiction B’s laws specify a vehicle more than 15 model years old cannot be branded with rebuilt salvage. Jurisdiction B issues an ownership document with no brands or designations.

Recommendation

All jurisdictions should implement the definitions put forth in this document under Recommended Definitions.

In the absence of all jurisdictions implementing the same definitions, all jurisdictions should honor salvage, junk, flood damage, rebuilt salvage and export only designations applied to prior jurisdiction ownership documents. There should be no exceptions. The jurisdiction retitling the vehicle should always issue the appropriate ownership document type or apply the appropriate brand based on the prior jurisdiction’s determination. A vehicle designated as junk should never be retitled for on-road operation.

Benefits of Implementing

Implementing this recommendation eliminates the necessity to evaluate a prior jurisdiction’s determination. Furthermore, it ensures all designations on the ownership document or motor vehicle record are made available to consumers and alert the consumer to potential safety concerns with the vehicle.

Challenges to Consider

Honoring designations from prior jurisdictions regardless of the jurisdiction’s determination methodology may require changes to the jurisdiction’s laws.
Chapter Four: Best Practice Recommendations

Additionally, jurisdiction systems may require changes to apply these brands from previous jurisdictions.

**Designate Flood or Water-Damaged Vehicles as Junk or Salvage**

**Description and Background**

Vehicles that have been submerged in water of any type often do not exhibit obvious signs of damage. Often, damage takes time to materialize and can be more expensive to repair than traditional accident-related damage.

Water can damage critical safety and electronic components, such as airbags and electrical harnesses. When water enters the engine component, it can lead to rust buildup in critical moving parts of the engine, resulting in its locking up.

Most jurisdictions consider flood or water damage in the context of a salvage designation but do not automatically consider the vehicle as junk.

**Example**

After a major flooding event, Jurisdiction A receives an application from an insurance company for a flood-damaged vehicle. The insurance company paid a total loss claim and is applying for a salvage ownership document. Jurisdiction A issues a salvage ownership document with a flood damage brand. Subsequently, the vehicle is “repaired” and sold to a consumer. Months later, the consumer begins to experience a number of electrical issues with the vehicle because it was not adequately repaired.

**Recommendation**

Jurisdictions should designate flood- or water-damaged vehicles as defined in the Recommended Definitions as junk, and these vehicles should not be allowed to be repaired and retitled for on-road operation.

Jurisdictions should limit the use of parts from a flood-damaged vehicle to be used to rebuild, repair, reconstruct, or assemble any other motor vehicle. Such limitation could support the reuse of parts to repair or rebuild other vehicles that do not contain any electrical or mechanical components. This limitation addresses the concern that mechanical and electrical components can erode over time after being submerged in water. It is also important to keep in mind that fabric in carpeting and seats can develop harmful mold if not cleaned properly.

**Benefits of Implementing**

Modern-day vehicles are highly computerized and reliant on electrical systems. To truly and safely repair such a vehicle would require replacing all electrical components, which is cost prohibitive. Because water damage often takes time to materialize and safety implications can be so severe, implementing this recommendation ensures unsafe vehicles are not deemed roadworthy.

**Challenges to Consider**

Implementing this recommendation may face resistance from stakeholders who seek to maximize the resale value of these types of vehicles or their parts. 49 U.S.C. 30501(7), which specifies a “salvage auto” is one damaged by flood, has been specifically cited; however, this statute was enacted in 1992, and the Subcommittee believes that today’s vehicles are far more susceptible to hidden and costly safety dangers as a result of the high number of electrical components. Furthermore, 49 U.S.C. 30501(7) sets a minimum standard and does not preclude a jurisdiction from having more restrictive requirements.

Additionally, jurisdictions may see a change in the number or types of applications received, which may impact the collection of certain fees or the personnel processing these types of applications.
Jurisdictions should not retitle any vehicle designated as junk and then rebuilt in another jurisdiction. The original junk designation should be honored.

If ownership documents are necessary for junk vehicles, the jurisdiction should only issue a junking certificate or a document that clearly indicates that the vehicle is junk and cannot be repaired or retitled for on-road operation.

**Benefits of Implementing**

Implementing this recommendation ensures uniformity in the term “junk.” Furthermore, it prevents vehicles that have been determined to be unsafe from being repaired for on-road use.

**Challenges to Consider**

Honoring designations from prior jurisdictions regardless of the jurisdiction’s determination methodology may require changes to the jurisdiction’s laws.

Additionally, consumers who purchase vehicles with “rebuilt salvage” branded ownership documents where the vehicle was previously designated as “junk” may be adversely impacted by a loss in the vehicle’s value and may not view the removal of an unsafe vehicle from the roadway as an offsetting value.

**Use of Parts from Junk Vehicles**

**Description and Background**

After a vehicle is designated as junk, the vehicle’s only value is as a source of parts or scrap metal. Component parts from junk vehicles such as doors, headlights, or interior components may be useable in other vehicles. However, the body and frame of a junk vehicle contains the VIN of the junk vehicle. The VIN is the identifier used to identify the vehicle is a junk vehicle. Upon determining a vehicle is “junk,” the VIN should be considered null and void for the purpose of titling for on-road use.
**Example**

Vehicle A is designated as junk. An individual purchased the body and frame from Vehicle A and uses these parts to “repair” Vehicle B. The VIN from Vehicle A is on these parts and is the VIN used by law enforcement to establish the identity of the vehicle. Therefore, Vehicle B is retitled using Vehicle A’s VIN.

**Recommendation**

Jurisdictions should prohibit use of the frame or the body of a junk vehicle in rebuilding, repairing, reconstructing, or assembling another motor vehicle. These component parts contain the original manufacturer’s VIN, which is the number by which the vehicle is deemed junk. As discussed in the preceding recommendation, the VIN of a junk vehicle should be considered null and void. Allowing these parts to be reused can lead to fraud and unsafe repairs. However, all other component parts that are useable and safe can be allowed for use on another vehicle.

Jurisdictions should limit the use of parts from a flood-damaged vehicle in rebuilding, repairing, reconstructing, or assembling another motor vehicle. Water that has entered the motor can cause significant issues with internal motor components.

By disallowing parts from a flood-damaged vehicle to be reused, this recommendation will address the concern that mechanical and electrical components can erode over time after being submerged in water. In addition to mechanical and component parts, jurisdictions should consider that harmful mold can develop in fabric used for carpeting and seats if not cleaned properly.

**Benefits of Implementing**

Implementing this recommendation eliminates the use of the original structure, which contains the VIN of the vehicle, in another vehicle. Furthermore, it reduces the risk of the junk vehicle being reborn as a “new” vehicle. Commonly, vehicles designated as junk have had significant damage, usually impacting the body and frame, which poses significant safety concerns if these parts can be used in another vehicle.

**Challenges to Consider**

This recommendation may require changes to laws or regulations to implement. Furthermore, to enforce this recommendation, a jurisdiction would need to have sufficient procedures in place as part of its review or inspection process to verify frame and body replacements did not originate from a junk vehicle.

Implementing this recommendation may face resistance from stakeholders who seek to maximize the value of junk vehicles by selling these parts and do not view roadway safety as an offsetting value.

**Insured and Uninsured Vehicles**

**Description and Background**

Requirements for insurance coverage on motor vehicles vary from jurisdiction to jurisdiction. Some jurisdictions require insurance coverage, but others do not. Vehicles may also be self-insured. Self-insured vehicles are common with entities and governments that operate or maintain fleets of vehicles. Additionally, some jurisdictions allow owners to retain vehicles following payment of an insurance claim.

**Example 1**

An insurance company pays a total loss claim on a vehicle, resulting in the vehicle’s meeting the salvage definition. As part of the claim payment, the owner is allowed to retain the vehicle.
Example 2

A vehicle in a self-insured fleet is involved in a collision. The vehicle’s damage meets the threshold for it to be considered salvage.

Example 3

An uninsured vehicle is damaged in a flooding event. Under the jurisdiction’s laws, the vehicle is considered junk.

Recommendation

Jurisdictions should ensure adequate requirements to address situations in which an insurance company is not obtaining ownership of the vehicle (commonly referred to as “owner retained”). Insurance companies should be required to apply for the appropriate ownership document on owner-retained vehicles within 30 days of payment of a claim.

Jurisdictions should require the owners of uninsured, liability-only, or self-insured vehicles to obtain the appropriate ownership document within 30 days.

Benefits of Implementing

Implementing this recommendation ensures these types of vehicles are branded appropriately. This reduces the potential for vehicles to go undesignated and subsequently purchased without the purchaser being aware of its salvage or junk status.

Challenges to Consider

This recommendation may require changes to laws or regulations to implement. Furthermore, to enforce this recommendation, a jurisdiction would need to have sufficient penalties in place for violating these requirements and be able to pursue such violations.

Some segments of the industry may be resistant to the requirement to apply for the appropriate ownership document on behalf of the owner.

Using the “Rebuilt Salvage” Designation

Description and Background

Jurisdictions often use different terms for the same condition. A salvage vehicle that is repaired and returned to a roadworthy condition may be branded rebuilt salvage, prior salvage, reconstructed, or other variation of these designations.

Some jurisdictions use the term “reconstructed” for other situations that are not related to a salvage event. In some jurisdictions, the term “reconstructed” is applied to vehicles that are not salvage but have a body or frame replacement done. This term is used to alert consumers to the significant work performed on the vehicle despite the vehicle never having been a salvage vehicle.

Example 1

A salvage vehicle is repaired in Jurisdiction A and is subsequently issued a new ownership document reflecting a reconstructed brand. The vehicle is taken to Jurisdiction B. Jurisdiction B uses the rebuilt salvage brand for these situations but also uses a reconstructed brand. Jurisdiction B is unaware of the vehicle’s prior salvage condition and issues its new ownership document with “reconstructed” instead of “rebuilt salvage.” As a result, consumers in Jurisdiction B are not aware of the vehicle’s prior salvage condition because the vehicle is incorrectly branded.

Example 2

A vehicle in a self-insured fleet is involved in a collision. The vehicle’s damage meets the threshold for it to be considered salvage.
Chapter Four: Best Practice Recommendations

Rebuilt Salvage Vehicle Safety and Theft Inspections

Description and Background

Jurisdictions have different types of inspection requirements for salvage vehicles that are repaired. Jurisdictions may require safety, structural, or theft inspections. Some jurisdictions require only one of these, while others require a combination.

Example

Jurisdiction A requires a safety inspection for rebuilt salvage vehicles before the issuance of an ownership document for the vehicle, and Jurisdiction B only requires a theft inspection.

All jurisdictions should use the term “rebuilt salvage” for salvage vehicles that are repaired, passed applicable safety inspections, and deemed roadworthy.

Benefits of Implementing

Use of “rebuilt salvage” benefits jurisdictions and consumers alike. The term clearly defines the vehicle’s prior salvage condition and identifies that the vehicle has been repaired to the extent it is safe for on-road operation.

Training personnel on other jurisdiction’s brands ensures personnel are able to identify and accurately brand vehicle records and ownership documents within their own jurisdiction, thus providing the most accurate level of consumer awareness possible.

Challenges to Consider

Using the term “rebuilt salvage” may require statutory changes if the term “reconstructed” is established in the jurisdiction’s laws.

Jurisdictions may have limited resources to offer training opportunities to personnel. Furthermore, with the wide variances in terminology used across jurisdictions, staying apprised of brands and their use in other jurisdictions may be difficult, especially if such situations are not routinely handled.

Recommendation

All jurisdictions should use the term “rebuilt salvage” for salvage vehicles that are repaired, passed applicable safety inspections, and deemed roadworthy.

Rebuilt Salvage Vehicle Safety and Theft Inspections

Description and Background

Jurisdictions have different types of inspection requirements for salvage vehicles that are repaired. Jurisdictions may require safety, structural, or theft inspections. Some jurisdictions require only one of these, while others require a combination.

Example

Jurisdiction A requires a safety inspection for rebuilt salvage vehicles before the issuance of an ownership document for the vehicle, and Jurisdiction B only requires a theft inspection.

All jurisdictions should use the term “rebuilt salvage” for salvage vehicles that are repaired, passed applicable safety inspections, and deemed roadworthy.

Recommendation

A salvage vehicle that can be legally repaired for on-road use should be required to undergo a mechanical safety inspection and a structural integrity inspection to ensure the vehicle was properly repaired. These inspections should ensure the vehicle was safely repaired and is complete with the necessary safety components such as airbags, seatbelts, and any other safety equipment that was present on the vehicle at the time it was manufactured. In addition, this inspection should check the vehicle for active critical safety recalls.

The structural integrity inspection should be performed by a licensed dealer’s mechanic that is qualified to determine the structural integrity of the vehicle for the line make of the repaired vehicle (e.g., Ford dealership mechanic inspects a Ford vehicle) or a certified mechanic with credentials (e.g., Automotive Service Excellence [ASE] Certified Master Technician).
Additionally, the vehicle should be subject to a theft inspection by law enforcement or department of motor vehicles (DMV) personnel who possess the training necessary to locate and identify identification numbers. Using the VIN visible through the windshield should not be considered sufficient. The vehicle and replacement parts should be queried through National Criminal Information Center (NCIC), National Insurance Crime Bureau (NICB), and any other applicable databases to ensure the vehicle and any component parts used to repair the vehicle are not stolen or prohibited from use.

**Benefits of Implementing**

Implementing this recommendation helps ensure rebuilt salvage vehicles have been safely repaired and are mechanically and structurally roadworthy.

Additionally, performing a theft inspection ensures stolen parts are not used on rebuilt salvage vehicles, thereby making it more difficult for criminals to reintroduce stolen parts into interstate commerce.

**Challenges to Consider**

Imposing safety, structural, and theft inspection requirements may require legislative changes. Additionally, identifying resources to perform these inspections will be important.

Theft inspections will require specialized training.

Jurisdictions may have to look outside of their title and registration agency to perform one or more of these inspections.

**Apply Permanent Label on Rebuilt Salvage Vehicles**

**Description and Background**

Some jurisdictions affix labels to salvage vehicles after they have been repaired and passed required inspections; however, not all jurisdictions have this practice implemented.

**Example**

Jurisdiction A affixes a label to rebuilt salvage vehicles, and Jurisdiction B does not.

**Recommendation**

Jurisdictions should affix a permanent label to the driver’s side door frame of all rebuilt salvage vehicles. The label should clearly identify the vehicle’s rebuilt salvage condition.

The label should contain a unique identifying number that can be directly linked to the motor vehicle on which it is affixed through a jurisdiction database or system.

**Benefits of Implementing**

Implementing this recommendation will alert potential purchasers of a vehicle’s rebuilt salvage condition by physically looking at the vehicle. In addition, if a potential purchaser does not obtain an NMVTIS vehicle history report or if the vehicle’s ownership document is unavailable, the vehicle will identify that it has a rebuilt salvage designation.

**Challenges to Consider**

Implementing this recommendation will require jurisdictions to maintain an inventory of these labels and to identify personnel and procedures by which the label is affixed.

**Rebuilt Salvage Vehicle Documentation Requirements**

**Description and Background**

The requirements for a salvage vehicle to be repaired for on-road operation vary from jurisdiction to jurisdiction. As a result, jurisdictions have varying documentation requirements for these vehicles.
**Example**

Jurisdiction A has minimal documentation requirements for obtaining a rebuilt salvage ownership document, only requiring proof of a passing safety inspection. Jurisdiction B has stringent documentation requirements, requiring various inspections, receipts for parts, and a certification.

**Recommendation**

A jurisdiction should ensure sufficient documentation is submitted at the time the vehicle is being processed as a rebuilt salvage motor vehicle and retained with the vehicle history. The documentation should include:

- proof of passing safety inspection
- proof of passing structural integrity inspection
- proof of passing theft inspection
- statement or affidavit from the applicant and/or individual who repaired the vehicle
- proof of ownership
- before and after photos
- receipts for parts or an invoice from a repair shop detailing parts used in repairs

The statement or affidavit should include:

- name of the applicant
- name of the person who made the repairs
- detailed explanation of the repairs
- where any applicable parts were obtained
- a signed certification from the person who made the repairs certifying to the information provided on the form

**Benefits of Implementing**

Implementing this recommendation ensures the vehicle has been subjected to all required inspections and a comprehensive review of all relevant documents before the jurisdiction issues an ownership document, which facilitates the vehicle’s return to on-road use.

**Challenges to Consider**

If jurisdictions have the authority to impose the various inspection requirements, requiring proof of these inspections can be accomplished procedurally.

Entities and individuals in the business of purchasing salvage vehicles and rebuilding them may be resistant to additional documentation requirements.

Requiring “before” photos is a condition that cannot be met if an owner is unaware of the requirement before starting the rebuilding process.

Thoroughly reviewing documents is time consuming and may require additional jurisdictional resources.

**State-Assigned Vehicle Identification Numbers**

**Description and Background**

Typically, passenger vehicles and light trucks are titled by the body VIN. Some jurisdictions render a VIN null and void upon designating the vehicle as salvage. Subsequently, the jurisdiction issues a new state-assigned VIN when the vehicle is rebuilt. This practice results in two records for the same vehicle—one under the original manufacturer’s VIN and another under the new state-assigned VIN. Furthermore, it makes it difficult for consumers to trace back the history of a vehicle because the first record available for the state-assigned VIN will be when it was branded rebuilt salvage.

**Example**

A vehicle is subject to a loss and branded salvage in Jurisdiction A. Additionally, Jurisdiction A renders the VIN of the vehicle null and void. Subsequently, the vehicle is repaired, and Jurisdiction A issues a new state-assigned VIN and retitles the rebuilt salvage...
vehicle under the new VIN. A consumer attempting to obtain a vehicle history report is unable to find any records before Jurisdiction A’s rebuilt salvage title.

**Recommendation**

Jurisdictions should only render a VIN null and void if the vehicle is junk.

Jurisdictions should not issue a state-assigned VIN after the repair of a salvage vehicle unless the primary part (body, unibody, or frame) by which the vehicle is titled is replaced and does not contain an identification number. Instead, the jurisdiction should maintain the original manufacturer’s VIN.

If the primary part by which the vehicle is titled is changed, then upon retitling the vehicle as rebuilt salvage, the jurisdiction should title the vehicle by the VIN on the primary part if one is present. If one is not present, only then should a jurisdiction assign a state assigned VIN.

If the situation necessitates a state-assigned VIN, the jurisdiction should ensure the prior VIN is linked to the new vehicle’s VIN through its motor vehicle records system, report the VIN change to NMVTIS, and report the old VIN to NMVTIS as a Brand 43 (VIN REPLACED BY A NEW STATE-ASSIGNED VIN).

**Benefits of Implementing**

The vehicle’s history is maintained consistently throughout the life of the vehicle and reduces the occurrences of old VINs ending as salvage and new state-assigned VINs established as rebuilt salvage. This increases the integrity of the vehicle’s history.

Capturing VIN changes and reporting these changes to NMVTIS ensures that the NMVTIS history for the vehicle is maintained from the old VIN to the new VIN by merging the history of the two records. Additionally, it ensures that the old VIN cannot be used again because NMVTIS Brand 43 will be associated with it.

**Challenges to Consider**

Jurisdictions need to participate in NMVTIS to fully implement this recommendation.

**Salvage and Junk Vehicles Sold for Export**

**Description and Background**

Salvage and junk vehicles are often purchased for export to be repaired and retitled or registered in a foreign jurisdiction. Because foreign jurisdictions may not have the same standard of requirements for repairing vehicles, potentially unsafe or inadequate repairs can result. If vehicles are re-imported to the United States, they can pose safety risks to the operator and motoring public.

The following recommendation does not apply to vehicles moving between a US state and a US territory.

**Example**

An unrepaired salvage vehicle is sold to a foreign purchaser. The vehicle is exported, subsequently repaired, and issued a new ownership document in the country where it was repaired. At a later date, the vehicle is returned to the United States for retitling in a jurisdiction.

**Recommendation**

Salvage and junk vehicles should not be allowed to be registered and used in the United States after they have been sold for export only or exported. The seller of an “export-only” vehicle should be required to report the sale to the jurisdiction where the seller is located. In the event these vehicles are re-imported, they should not be retitled or registered regardless of repairs that may have been made. Jurisdictions should only facilitate issuance of a junk certificate or some equivalent for the purpose of disposing of the vehicle to a crusher.
Jurisdictions should report these “export-only” vehicles to NMVTIS as Brand 56 (EXPORT ONLY). Only salvage or junk vehicles sold for export should receive the “export-only” brand.

**Benefits of Implementing**

Implementing this recommendation prevents salvage vehicles that are not safely or adequately repaired in a foreign jurisdiction from returning to the United States for operation. It is important for these vehicles to be reported to NMVTIS to ensure these vehicles are not unknowingly retitled by another jurisdiction.

**Challenges to Consider**

Implementing this recommendation may require the jurisdiction to change its laws.

Jurisdictions may be required to report an updated brand to NMVTIS without issuing a title. This could be from an in-state or out-of-state title.

Furthermore, it requires accurate reporting from salvage and junk vehicle sellers for the jurisdiction to update its record to reflect the vehicle was sold for export only.

**Reporting Requirements for Other Entities**

**Description and Background**

Other entities, such as tow operators and law enforcement, often come into possession of salvage, junk, and flood-damaged vehicles. Often, these vehicles go unclaimed by their owners, and these entities dispose of the vehicles under the procedures of abandoned or unclaimed vehicle laws or regulations in the disposing entity’s jurisdiction.

**Example**

A tow operator responds to the scene of an accident and removes a heavily damaged vehicle that would be considered salvage. The vehicle was uninsured, and the owner does not return to claim the vehicle. The vehicle is subsequently sold, and the purchaser repairs the vehicle. The jurisdiction consequently issues an unbranded ownership document to the owner because the jurisdiction was never notified of the vehicle’s salvage condition. Furthermore, the vehicle was never subject to any rebuilt salvage requirements or inspections.

**Recommendation**

Jurisdictions should require entities that come into contact with salvage, junk, or flood-damaged vehicles to report the status of these vehicles to the jurisdiction whether or not the vehicle is claimed by its owner. The reporting requirement should only seek the minimal information necessary to identify the vehicle (i.e., VIN, year, and make at minimum) and its salvage or junk condition. If the reporting requirement is too laborious, it will result in noncompliance.

Jurisdictions should require these entities to disclose the condition on the transfer document when the vehicle is not claimed by the owner and is subsequently disposed of under the procedures of abandoned or unclaimed vehicle laws or regulations.

**Benefits of Implementing**

Implementing this recommendation reduces the likelihood salvage, junk, and flood-damaged vehicles go unbranded and, in the case of junk vehicles, prevents them from being returned to on-road operation.

Requiring disclosure on the transfer document also ensures the purchaser of the vehicle is aware of its condition.

**Challenges to Consider**

Implementing this recommendation may require legislative changes and training and awareness efforts to ensure entities subject to reporting requirements possess the knowledge to do so.
Entities, such as tow operators and law enforcement, may be resistant to additional reporting requirements. Implementing this recommendation may require a streamlined reporting approach to cover varying reporting entities.

**Voluntary Applications**

*Description and Background*

Sometimes a vehicle may have damage or be of such a condition that it warrants being considered salvage or junk from a purely informative perspective while not meeting the salvage or junk definition.

Owners may wish to obtain these documents to ensure the vehicle is properly disposed of without having to incur the expense of satisfying all the necessary requirements to obtain a regular ownership document or for liability protection purposes.

*Example 1*

An individual purchases some real estate. Located on the property is an older vehicle in a condition of extreme disrepair. To dispose of the vehicle properly, the individual needs to obtain an ownership document, but the individual wants to ensure the vehicle’s condition is fully disclosed.

*Example 2*

An insurance company pays a claim on a luxury vehicle, and although not a total loss, the damage was significant enough that the owner transferred the vehicle to the insurance company. As a result of the significant damage, the insurance company wants to ensure its condition is fully disclosed.

*Recommendation*

Jurisdictions should allow for voluntary applications for vehicles that are not salvage or junk to be designated as such despite not meeting the definition. These voluntary applications should ensure the vehicle has sustained damage that does require repairs and not to bypass another jurisdictional requirement.

**Benefits of Implementing**

Implementing this recommendation offers applicants a way to apply for a salvage or junk designation despite the vehicle not fully meeting the definition. Allowing the applicant to do so is in keeping with the spirit of ensuring unsafe vehicles are not returned to on-road operation until they have been safely repaired.

Furthermore, this provides the owner and applicant of the vehicle some level of liability protection by getting an appropriately branded ownership document.

Often, salvage and junk ownership documents do not require the same level of application requirements and have a lower application fee. A vehicle that is of such condition that its only value is as scrap would not justify the expense of paying regular application fees or obtaining a bond if the situation requires it. Voluntary applications facilitate a cost-effective and legal disposal option for these vehicles.

**Challenges to Consider**

Jurisdictions will need to ensure some levels of safeguards are in place to ensure applicants are not circumventing other requirements or prohibitions. For example, if a jurisdiction prohibits unrecovered stolen vehicles from being issued a salvage ownership document, the voluntary application allowance should not apply.

**Unrecovered Stolen Vehicles**

*Description and Background*

There are variances in how jurisdictions issue ownership documents for unrecovered stolen vehicles. Ownership documents for unrecovered stolen vehicles are most commonly issued to insurance companies, but other unique situations may arise. Some jurisdictions issue salvage documents, but others
do not. Jurisdictions that issue salvage documents for unrecovered stolen vehicles often have to reverse the salvage designation if the vehicle is recovered and does not meet the damage threshold to maintain the salvage designation.

**Example**

A vehicle is stolen in Jurisdiction A. An insurance company pays a claim on the vehicle, and the owner assigns the title over to the insurance company. The insurance company subsequently applies for and is issued a salvage title in its name.

**Recommendation**

Jurisdictions should issue regular (or clear) ownership documents to unrecovered stolen vehicles and should not designate these vehicles as salvage despite the payment of a total loss claim because a level of physical damage needed to assess repairs cannot be established.

However, these ownership documents should clearly indicate “stolen” on their face.

An assessment to establish whether the vehicle meets the salvage or junk designation should be made when the vehicle is recovered. The vehicle should be issued the appropriate document type with a salvage or junk designation if it meets the applicable designation.

All recovered stolen vehicles should be branded recovered theft.

**Benefits of Implementing**

Implementing this recommendation ensures the salvage designation is only applied to vehicles on which known damage has occurred while accurately and appropriately reflecting a stolen brand. This reduces confusion as to whether the vehicle was salvage because of physical damage or because of its stolen status. Subsequently, it ensures vehicles are appropriately branded recovered theft to alert consumers of their prior condition.

Eliminates the need for jurisdictions to reverse a salvage designation if the vehicle is recovered and does not meet that designation.

Eliminates rebuilt salvage requirements because undamaged, recovered vehicles will not require repairs.

Continues to ensure industry is able to obtain ownership documents for unrecovered stolen vehicles while maintaining an accurate and consistent history of the vehicle’s condition pre-and post-recovery.

**Challenges to Consider**

Jurisdictions may be required to make changes to law to implement this recommendation. Furthermore, procedures or systems may need to be modified to accommodate applying stolen and recovered theft designation to ownership documents that are issued.

**Recommendations for Responding to Natural Disasters**

**Description and Background**

Natural disasters pose unique challenges for jurisdictions. With the first priority of protecting lives, property damage including vehicles is often extensive and processes for disposing or claiming damaged vehicles take the most expedient path.
Jurisdictions should establish contact with the Federal Emergency Management Agency (FEMA). Personnel representing motor vehicle titling and registration should be involved in all discussions regarding the removal and disposal of impacted vehicles.

Jurisdictions should also establish a regularly scheduled conference call with impacted industry, such as insurance companies and salvage pool operators, to discuss ongoing response efforts.

Jurisdictions should not brand vehicles based on the vehicle’s location or address on the registration. Vehicles should only be branded if the jurisdiction is able to positively identify the vehicle was impacted by the natural disaster.

Benefits of Implementing

Implementing this recommendation prepares a jurisdiction’s vehicle agency to rapidly respond to a natural disaster. This reduces the burden on jurisdictions seeking waivers from the governor for certain statutory requirements in the immediate aftermath of a disaster.

Working with FEMA and establishing representation ensures that FEMA response efforts account for motor vehicle implications and mitigate negative consequences made from rushed decisions.

Establishing conference calls with industry is beneficial to both the industry and the jurisdiction. These conference calls facilitate information exchange on anticipated volume of vehicles impacted and allow the jurisdiction to quickly communicate changes in policy or procedures.

Branding only vehicles that are known to have been impacted by the disaster prevents vehicles from broadly being branded simply based on their location or registration address. This prevents the value of vehicles from being diminished and eliminates unintended consequences for undamaged vehicles.

Example

Hurricane Harvey impacted the Texas coast in 2017. After the initial landfall as a major Category 4 hurricane causing significant damage as a result of wind and storm surge, in the days following, Hurricane Harvey stalled and dropped nearly 52 inches of rain in the Houston, Texas, metro area, resulting in catastrophic flooding. Hundreds of thousands of vehicles were damaged as a result.

Recommendation

Jurisdictions should establish a disaster recovery plan for vehicles to establish response procedures that become effective when the jurisdiction’s governor declares a disaster area. These procedures should include:

- Waiving waiting periods and requirements for applications submitted by insurance entities and their agents. For example, a jurisdiction may waive the requirement for the insurance entity to obtain an ownership document from the owner, provided the owner signs a statement of fact that the ownership document is unavailable. Jurisdictions should limit these waivers to junk vehicles.
- Suspending allowances for owners to retain vehicles on which they receive an insurance claim payment
- Identifying emergency funding to staff offices responsible for processing salvage and junk title applications and for funding to cover increases in supply usage such as title paper and ink
- Identifying reporting requirements for entities removing abandoned vehicles, such as tow operators or debris removal contractors
- Activating a centralized reporting and searching mechanism for abandoned vehicles to be searched and reported to owners
- Identifying a process by which impacted vehicles being disposed of can be identified
Chapter Four: Best Practice Recommendations

The following recommendations should guide the types of training provided to jurisdiction personnel:

- In-depth knowledge of the jurisdiction’s own brands, branding processes, and laws
- Understanding of other jurisdiction’s brands, branding processes, and laws and how to apply equivalent brands in their jurisdiction
- Knowledge to distinguish among clean, salvage, and junk vehicles
- Use and understanding of NMVTIS, its benefits, and how consumers can obtain NMVTIS history reports

Detailed documentation in the form of user guides or manuals that outline the salvage brands and processes should be maintained and updated on a regular basis. This information should include brand definitions, the processes for obtaining the applicable salvage or junk ownership documents, documentation and forms that are required to retitle a vehicle after it has been legally rebuilt, and details on the types of inspections that are required.

Challenges to Consider

Implementing this recommendation is best accomplished through collaboration with the jurisdiction’s emergency response officials and other stakeholders.

Maintaining an ongoing relationship with FEMA absent an ongoing disaster may be challenging but is critical to ensuring the motor vehicle agency’s involvement when a disaster occurs.

In the immediate aftermath of a major disaster, the focus is on saving lives and providing recovery services to victims and survivors. Ensuring motor vehicles are identified for the purposes of ensuring they are appropriately branded may be viewed as a lower priority; however, unbranded vehicles can lead to more victims in the future when damaged vehicles are purchased by unsuspecting persons or the VIN is used to commit fraud or conceal a stolen vehicle.

Jurisdiction Personnel Training

Description and Background

Jurisdictions often have a number of brands and designations for vehicles. These may vary from jurisdiction to jurisdiction, and the variances may range from minor to significant.

Jurisdictions may not have personnel who are adequately trained in understanding and recognizing brands.

Recommendation

Jurisdictions should ensure their personnel have adequate training in understanding and recognizing brands. This training should emphasize an understanding of brands and how they may impact the vehicle’s roadworthiness, safety, and value.

Benefits of Implementing

Proper training of personnel ensures effective titling transactions, allowing for accurately branded ownership documents.

In-depth training on the application of brands increases accurately branded ownership documents and decreases the opportunity for fraud and title washing.
Proper training of DMV personnel increases brand knowledge and empowers the employees to handle unique customer service issues.

Documentation is important for referencing and for knowledge transfer within the titling agency.

**Challenges to Consider**

Jurisdictions may have limited resources to offer training opportunities to personnel. The ever-changing climate of the vehicle industry warrants continuous training for agency personnel.

**National Motor Vehicle Title Information System**

**Description and Background**

NMVTIS was established by the US Congress under Title II of the Anti-Car Theft Act of 1992. It was created to address the growing issues associated with auto theft and vehicle fraud—specifically, to:

- Protect states, consumers (both individual and commercial), and other entities from fraud.
- Provide consumer protection from unsafe vehicles.
- Reduce the use of stolen vehicles for illicit purposes, including funding of criminal enterprises.
- Prevent the introduction or reintroduction of stolen motor vehicles into interstate commerce.

NMVTIS is also a tool that assists jurisdictions and law enforcement in deterring and preventing title fraud and other crimes and facilitates consumers’ obtaining information on a vehicle’s title, odometer reading, and brands before purchasing a vehicle.

Jurisdictions also query against the system to obtain information on a vehicle’s title status (current and historical), title issue date, brand history, and odometer information before retitling vehicles. At the time of this publication, 42 jurisdictional motor vehicle agencies were conducting these inquiries.

**Source of NMVTIS Information**

Under federal law:

- US jurisdictions are required to provide title and brand data into the system based on the official ownership records in their jurisdiction.

Auto recyclers, junk yards, salvage yards, insurance companies, and towing operators that take possession of junk or salvage vehicles are required to submit reports to NMVTIS when they come into possession of or dispose of these types of vehicles.

**Recommendation**

All jurisdictions should fully participate in NMVTIS both by providing data to and inquiring against NMVTIS.

**Benefits of Implementing**

Through participation in NMVTIS, jurisdictions comply with federal law and help in the fight against vehicle fraud and theft, protecting consumers from unsafe vehicles. They may also realize cost savings in title processing along with other benefits.
Promoting the benefits of obtaining a NMVTIS history report will make consumers aware of this resource and facilitate transparency to consumers on the data utilized by the jurisdiction to make title and brand or designation determinations.

**Challenges to Consider**

Implementing NMVTIS will require resources. Additionally, maximizing the full benefits of NMVTIS will require an ongoing commitment of jurisdiction system, maintenance, and support.

Using the information within NMVTIS may require changes to a jurisdiction’s laws.

Informing the public of NMVTIS history reports will require an ongoing commitment, DMV personnel training, and potentially marketing materials.

**Additional Information and Resources**

Additional information and resources on NMVTIS can be found at:

- aamva.org/NMVTIS
- vehiclehistory.gov

AAMVA’s NMVTIS State Program Subcommittee has also developed the NMVTIS Best Practices for Title and Registration Program Managers, which is available on AAMVA’s website under the Best Practices section. The intent of this best practices document is to provide title and registration program managers with information and resources to assist them in ensuring that NMVTIS works hand in hand with the jurisdiction’s title practices.

**Promoting Consumer Awareness**

**Description and Background**

Jurisdictions often have numerous brands and designations for vehicles. These brands and designations are not always intuitive to the general public. Lack of consumer awareness often leads to additional personnel time handling unique consumer situations that may have been preventable had consumers been aware of the requirements.

**Recommendation**

Information that is easily understandable to the general public should be made available either in print media or on the titling agency’s website. This information should clearly and easily explain:

- What a vehicle brand or designation is
- Potential impacts of each brand or designation on the vehicle’s roadworthiness
- Potential impacts of each brand or designation on the vehicle’s value

This information should also emphasize the importance of researching a vehicle’s history and obtaining an independent mechanic’s inspection prior to its purchase.

Jurisdictions should also use these opportunities to promote the benefits of an NMVTIS history report.

**Benefits of Implementing**

Making information available to consumers increases the likelihood that consumers will make good and informed decisions when purchasing vehicles.

Furthermore, consumers who are informed about brands and designations will understand the impact to the safety and value of their vehicles, potentially lessening frustration at the time of ownership transfer if a problem is discovered.

Not only do consumers benefit from information contained in NMVTIS history reports, but jurisdictions also earn credits when these reports are purchased. These credits can be applied toward the jurisdiction’s yearly service fees for using NMVTIS.
Jurisdictions may also add new brands or change how existing brands are applied to a vehicle. The consumer information materials will need to be updated to keep the resources as up to date as possible.

Promoting NMVTIS to a consumer will require a certain level of understanding to accurately describe the benefits of NMVTIS to consumers.

**Challenges to Consider**

Ensuring this information is easy to find is critical. With the copious amounts of information available on DMV websites, it may be difficult to call attention to this type of information.
Jurisdictions should be aware of potential impacts adopting these changes may have to stakeholders and their organization. For example, a jurisdiction that currently defines a salvage vehicle as one with damage that exceeds 100% actual cash value and subsequently redefines these vehicles at a 75% threshold will likely see an increase in salvage applications. Such a change may also impact the value of more motor vehicles because more vehicles will be branded salvage and subsequently rebuilt salvage. A change in the value of these motor vehicles will impact stakeholders, including any entity that generates revenue based on the value of the vehicle. This could include state and local governments, salvage pool operators, and insurance companies. Stakeholders should be consulted when significant changes to statutes, policies, and procedures are being considered to determine if phasing or grandfathering options are available to mitigate the impacts of changes to procedures or laws.

Similarly, changes to the requirements for rebuilding a salvage motor vehicle may impact licensed rebuilders who purchase salvage vehicles, repair the vehicles, and subsequently sell the repaired vehicles. It will be important to work with impacted stakeholders to ensure they are aware of any changes a jurisdiction may pursue.

Other personnel, including inspectors, law enforcement, industry stakeholders, and others, may need to have additional training and materials to inform them of their salvage and junk vehicle requirements as well as requirements for other states.
Glossary of Terms and Acronyms Used in this Best Practice

For the purpose of this best practice, the following terms have been defined to explain the context used within this document.

**AAMVA**

The American Association of Motor Vehicle Administrators, or AAMVA, is a tax-exempt, nonprofit organization that develops model programs in motor vehicle administration, law enforcement, and highway safety. Founded in 1933, AAMVA represents the jurisdictional officials in the United States and Canada who administer and enforce motor vehicle laws. AAMVA’s programs encourage uniformity and reciprocity among the jurisdictions.

**Brand**

A brand is a “designation” placed on a vehicle’s ownership document, including its electronic record, which identifies or describes an event that affects the value or safety of the vehicle. Some jurisdictions issue specific types of documents that denote an event affecting the value or safety of the vehicle.

Examples are a “salvage certificate” issued for a salvage (repairable) vehicle or “certificate of destruction” issued for a junk (non-repairable) vehicle.

**CCMTA**

The Canadian Council of Motor Transport Administrators (CCMTA) coordinates all matters dealing with the administration, regulation, and control of motor vehicle transportation and highway safety. Membership includes representation from provincial and territorial governments as well as the federal government of Canada. CCMTA is the custodian of the National Safety Code for its Motor Carriers and provides collaborative leadership through its three Program Committees in the areas of Road Safety Research and Policy, Drivers and Vehicles, and Compliance and Regulatory Affairs.

**Liability-Only Insurance**

Automobile liability insurance is financial protection for a driver who, while operating a vehicle, harms someone else or their property. Liability insurance only covers injuries or damages to third parties and their property, not to the driver or the driver’s property.

**NCIC**

The National Criminal Information Center, or NCIC, is an electronic index of criminal justice information (e.g., criminal record history information, fugitives, stolen properties, missing persons). It is available to federal, state, and local law enforcement and other criminal justice agencies and is operational 24 hours a day, 365 days a year. The purpose of maintaining the NCIC system is to provide a computerized database for ready access by criminal justice agencies making inquiries and for prompt disclosure and flow of information among the numerous law enforcement branches.
NICB  The National Insurance Crime Bureau (NICB) is a not-for-profit organization dedicated exclusively to fighting insurance fraud and crime. The NICB maintains a database of all active thefts that includes the NCIC theft file and all other active thefts. This is the source of the NMVTIS theft data.

NMVTIS  The National Motor Vehicle Title Information System, or NMVTIS, is an information system that enables motor vehicle titling agencies, law enforcement, prospective and current purchasers (both individual and commercial), insurance carriers, and junk and salvage yard operators to report and access vehicle titling information. Under the Anti-Car Theft Act and its implementing regulations, all state motor vehicle agencies are required to report title and brand data to the system. Additionally, junk and salvage yards and insurance companies are required to report junk, salvage, and insurance (total loss) information.

Sudden Damage  Sudden damage is damage that occurs from an unforeseen, immediate-or short-term event such as a collision, vandalism, or natural weather occurrence. The use of this term is designed to exclude damage that occurs gradually over time from normal wear and tear or general neglect.

Total Loss  A judgment by an insurer that the lost value or repair cost of a damaged property exceeds the value of its policy.

VIN  A Vehicle Identification Number, or VIN, is “a series of Arabic numbers and Roman letters that is assigned to a motor vehicle for identification purposes.” See 49 Code of Federal Regulations (CFR) Part 565.
Salvage and Junk Vehicle
Best Practice Implementation Checklist

The checklist below will assist you in determining the status of jurisdictional laws, rules, and policies as they relate to each of the recommendations included in the best practice.

<table>
<thead>
<tr>
<th>Current Law and Regulations are Consistent with Recommendation</th>
<th>Needs Law and Regulation Modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition: Salvage</td>
<td></td>
</tr>
<tr>
<td>Definition: Junk</td>
<td></td>
</tr>
<tr>
<td>Definition: Flood Damage</td>
<td></td>
</tr>
<tr>
<td>Definition: Rebuilt Salvage</td>
<td></td>
</tr>
<tr>
<td>Honor Brands and Designations</td>
<td></td>
</tr>
<tr>
<td>Designate Flood- or Water-Damaged Vehicles as Junk</td>
<td></td>
</tr>
<tr>
<td>Prohibit Retitling of Junk Vehicles for On-Road Use</td>
<td></td>
</tr>
<tr>
<td>Use of Parts from Junk Vehicles</td>
<td></td>
</tr>
<tr>
<td>Insured or Uninsured Vehicles</td>
<td></td>
</tr>
<tr>
<td>Use “Rebuilt Salvage” Designation</td>
<td></td>
</tr>
<tr>
<td>Rebuilt Salvage Vehicle Safety and Theft Inspections</td>
<td></td>
</tr>
<tr>
<td>Apply Permanent Label on Rebuilt Salvage Vehicles</td>
<td></td>
</tr>
<tr>
<td>Rebuilt Salvage Vehicle Documentation Requirements</td>
<td></td>
</tr>
<tr>
<td>State-Assigned Vehicle Identification Number (VIN)</td>
<td></td>
</tr>
<tr>
<td>Salvage and Junk Vehicles Sold for Export</td>
<td></td>
</tr>
<tr>
<td>Reporting Requirements for Other Entities</td>
<td></td>
</tr>
<tr>
<td>Voluntary Applications</td>
<td></td>
</tr>
<tr>
<td>Unrecovered Stolen Vehicles</td>
<td></td>
</tr>
<tr>
<td>Recommendations for Responding to Natural Disasters</td>
<td></td>
</tr>
<tr>
<td>Jurisdiction Personnel Training</td>
<td></td>
</tr>
<tr>
<td>National Motor Vehicle Title Information System</td>
<td></td>
</tr>
<tr>
<td>Promoting Consumer Awareness</td>
<td></td>
</tr>
</tbody>
</table>
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