

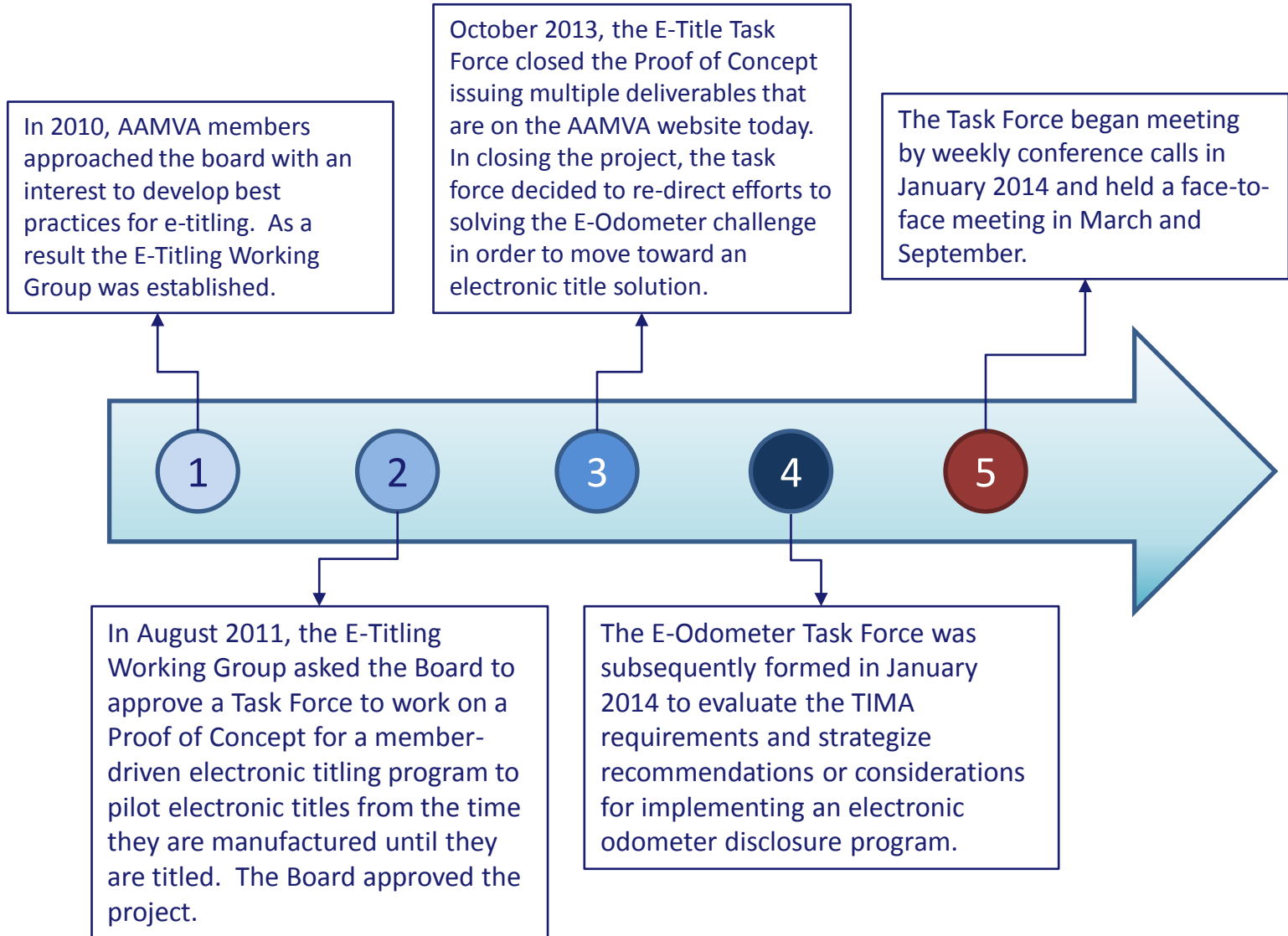
All Things Vehicles

E-Titling, E-Signature and E-Odometer

October 29, 2014

Casey Garber

How the Task Force Came to Be



Task Force Members

- Julie Baker, Chair, Florida
- Donna Brouch, California
- Karen Grim, Virginia
- Thomas McCormick, Vermont
- Clint Thompson, Texas
- Kay Kishbaugh, Pennsylvania
- Andrew Lewis, Iowa **
- Scott Clapper, Delaware
- Paul Zelenski, Wisconsin **
- Michael McCaskill, Florida
- Stacey Rockwell, Iowa **
- Paul Nilsen, Wisconsin **

** Region III Representatives

NHTSA Technical Advisors

- Otto Matheke
- David Sparks
- Mary Versailles

AAMVA

- Casey Garber, Lead Staff
Liaison
- Cathie Curtis, Co-Staff
Liaison
- Geoffrey Slagle, Technical
Advisor

Consultants

- Mike Farnsworth
- Jay Maxwell
- Thomas Osterbind
- Richard Carter

Process Used to Develop the Report

Research

- Reviewed all TIMA and odometer laws, rules, proposals and petitions.
- Reviewed State programs to see what had been implemented.
- Reviewed whitepaper drafted by NHTSA.

Draft

- After all research was conducted the Task Force began the first draft by addressing each topic in the NHTSA whitepaper and then expanded the draft from there.
- It was important to the Task Force that the report recommended a flexible approach to allow states to move toward electronic odometer disclosure further increasing the ability to progress toward electronic titling in hopes that future federal regulations would not be prescriptive in nature.

Feedback

- It was important to the Task Force to obtain feedback from the stakeholders. The stakeholders were considered to be the jurisdictions, federal partners, vendor community and the consumers.
- Obtaining the feedback from stakeholders was a critical component of the process to ensure we were on the right track and we had agreement that the methodology we were using was consistent with what our members were looking for.
- Overall, the Task Force has developed a report identifying the key components for an electronic odometer disclosure program while remaining high-level as the Task Force anticipates the federal regulations to be released early 2015.

Truth In Mileage Act (TIMA) Today

TIMA is a federal law that requires the seller, whose name is on the title, of a motor vehicle to provide an odometer disclosure to the buyer at the time of sale or transfer of ownership. The buyer must sign the title acknowledging the mileage disclosure.

Other than instances where the title is lost, held by a lienholder, or dealer-to-dealer transactions employing reassignment documents, TIMA requires the odometer disclosure to be on the certificate of title. The title itself must incorporate security features to prevent duplication, unauthorized modifications, and forgery.

Except for instances where a power of attorney (POA) is employed to accommodate a transaction involving a seller, an intervening dealer, and a purchaser from that dealer, no one may sign an odometer disclosure statement as transferor and transferee in the same transaction.

The following information is required:

- Odometer reading at the time of transfer (not to include tenths of miles) or an alternative declaration as explained below.
- Date of transfer.
- Transferor's name and current address.
- Transferee's name and current address.
- Transferor's signature.
- Transferee's signature.
- Identity of the vehicle, including its make, model, year, body type, and VIN.

Truth In Mileage Act (TIMA) Today

The transferor must certify whether the odometer reading reflects the vehicle's actual mileage, disclose whether the odometer reading reflects mileage in excess of the odometer's mechanical limit, or if the odometer does not reflect the actual mileage, must state that the odometer reading should not be relied on. A POA may be used when the certificate of title is physically held by a lienholder, or has been lost and the transferee obtains a duplicate certificate of title on behalf of a transferor. Each new certificate of title, at the time it is issued by the state, must contain the mileage disclosed by the transferor.

States may not issue a title for a vehicle unless the applicant submits the existing title with a completed odometer disclosure statement and any accompanying POA.

Vehicles exempt from odometer disclosure requirements include:

- Vehicles 10 years old or older.
- Vehicles with a gross vehicle weight rating over 16,000 pounds.
- All-terrain vehicles.
- Trailers.
- Vehicle sold to any agency of the US government directly from the manufacturer.

If a state wishes to employ an alternative odometer disclosure scheme that deviates from the process and procedures in The Rule, a state may petition NHTSA for approval of different disclosure requirements that are consistent with the purposes of TIMA and the Motor Vehicle Information and Cost Savings Act. The regulations implementing these statutes, referred herein as The Rule, are found at 49 C.F.R. § 580 (2012) - Odometer Disclosure Requirements.

Key Considerations

The Task Force developed the following considerations that it believes will facilitate the development of electronic odometer disclosures.

5.1 Electronic Odometer Disclosure to Contain Same Data

- The Task Force believes the same data required by federal statute for a paper odometer disclosure would continue to be required for an e-odometer disclosure.

5.2 Waiver Not Required for E-Odometer

- Once a new version of The Rule is published that contains guidance for electronic processing, the Task Force believes a waiver is not necessary, as long as the state operates in accordance with that guidance. If the waiver is no longer needed, stating that it is not required will save resources for both the state and NHTSA.

5.3 Tasks Performed by Non-State Entities

- The odometer disclosure statement program includes tasks that must be performed by parties other than a state. The Task Force members believe that under the new regulations, the states should not be required to be a part of transactions they are not part of today.

Key Considerations

5.4 Consider an Incremental Approach to E-Odometer Adoption

- States should consider taking an incremental approach to facilitate the development of electronic odometer disclosures.

5.5 Acknowledgement of Warnings about Federal Law

- Currently, a paper document used for an odometer disclosure statement or associated POA must contain a warning that refers to the federal law and advises that failure to complete a required odometer disclosure statement or providing false information may result in fines and/or imprisonment; the person's signature indicates an acknowledgement of the warning. E-odometer disclosures must ensure that the parties signing the disclosure continue to receive and acknowledge an appropriate warning.

5.6 Conversion of Electronic Title into Paper Certificate of Title

- If a state operates in an e-title environment where the e-title is considered the legal, controlling record, the state should consider the necessity to be able to convert the e-title into a paper certificate of title that meets all of the provisions for content and security required for a paper certificate of title, including the most recently reported odometer reading contained in the e-title.
- To facilitate the ability of states to implement e-odometer disclosures incrementally, each state should contemplate an environment with a blend of electronic and paper processes, particularly when vehicle transactions take place across state borders.

Key Considerations

5.7 Electronic Title as the Legal, Controlling Record

- In a state using e-titles, if the state accepts e-odometer disclosure statements for previously titled vehicles, then the state should designate the e-title stored in its system as the legal, controlling title. The e-odometer disclosure statements must become a “permanent” part of the legal, controlling title in existence when the odometer disclosure statement is made. The state can accomplish this by adding the e-odometer disclosure statement to the e-title record in its system, but only if that e-title record is the legal, controlling title.
- If a state does not use e-titles and relies solely on paper certificates of title, the paper certificate of title is the legal, controlling title. When a vehicle with a paper certificate of title is transferred, at least the initial odometer disclosure statement should be made on the paper certificate of title itself, and thus that odometer disclosure becomes a permanent part of the title. The certificate of title with the permanently affixed odometer disclosure statement remains the legal, controlling title until a new title is issued.

5.8 Electronic Signing of an E-Odometer Disclosure

- The primary purpose of the odometer disclosure program is to protect the financial interests of customers purchasing vehicles. False odometer disclosures can cause significant economic loss to purchasers, so the assurance level of the identity of the party submitting the odometer disclosure statement should match the strength of the credential used in signing the statement.

Section A	Section B	Section C
<p>Something claimant knows</p> <ul style="list-style-type: none"> • User ID/Password • Knowledge Based Authentication (KBA) • Key Identifier/ Personal Identification Number (PIN) • Jurisdiction provided token/code <p>Something claimant has</p> <ul style="list-style-type: none"> • Soft Token (Computer based/Mobile Device) • Short Message Service (SMS, aka Text Message) or other Out of Band (OOB) Message via a phone call or email. <p>Something claimant is</p> <ul style="list-style-type: none"> • Represented by a biometric contained on a token such as a Personal Identity Verification (PIV)/ Personal Identity Verification- Interoperable (PIV-I)/ Common Access Card (CAC) • Biometric Reader (Thumbprint, etc.) 	<p>Acceptable personally identifiable information (PII) to uniquely identify the individual through the use of automated verification systems such as Driver License Data Verification (DLDV), Social Security Online Verification (SSOLV), Utility, Financial, and other electronic verification services. Attributes can include:</p> <ul style="list-style-type: none"> • Full Name (First, Middle, Last, Suffix) • Date of Birth • Address (Number, Street, City, State, Zip) • Gender • DL# • Social Security Number • Phone Number • Email Address 	<ul style="list-style-type: none"> • Digital Certificate issued to an individual from a trusted Certificate Authority that contain attributes that uniquely identify an individual and have sufficient confidence in the identity of the individual possessing the digital certificate. • Commercial e-signing solution that contain attributes that uniquely identify an individual and have sufficient confidence in the identity of the individual that applies the commercial signature. • Documented business process that verifies a government issued ID against an authoritative source (i.e. Driver License Data Verification (DLDV), state system, etc.)

Key Considerations

5.9 Retention of Electronic Signature

- Ultimately, the purpose of the electronic signature is to prove a link between the e-odometer disclosure statement and the individuals who executed it so they cannot later claim they were not involved. The process used to electronically “sign” the statement must permit the storage of pertinent information (or metadata) that can be used to prove that connection. The electronic system must retain that information along with the e-odometer statement so it can be retrieved if it is needed. The requirement to store this information should have the same retention requirement as the e-odometer statement.

5.10 Same Electronic Signature Process for Power of Attorney

- The Task Force is of the opinion that if a state chooses to undertake the effort, there is no reason why the signature on the POA should be at a higher level of confidence than for the odometer disclosure statement itself. These documents may be phased out going forward in an e-title environment.

Key Considerations

5.11 Ancillary Matters

- All state electronic processing of vehicle records is already governed by state and federal laws or regulations in areas such as accessibility, privacy, and security. Changes to the requirements relating to these subjects can be relatively frequent as new threats are detected and new technologies become available. The Task Force recognizes that regulations on these subjects would apply to electronic processing of odometer disclosures and did not believe this report needed to address the accessibility, privacy, and security from a technology perspective specific to e-odometer disclosure.

5.12 Use of Electronic Odometer Disclosures for Dealer to Dealer Transfers

- States are still determining the best way to track odometer disclosures when a vehicle is transferred from one dealer to another. Resolving this will be a key to a state implementing electronic processing of odometer disclosures for used vehicles (i.e., vehicles that already have been titled at least once). Currently, states generally do not require a dealer to obtain a title for a used vehicle when transferring it to another dealer, partly to allow quick resale by the receiving dealer. For this type of transfer, the odometer disclosure statement, recorded either on the certificate of title or on a separate document, is kept with the current title from the previous owner. Ultimately, all of these odometer disclosure statements are presented to the state when a new owner applies for a new title. However, in an environment using e-titles, it is not clear how best to handle an odometer disclosure when a dealer transfers a used vehicle to another dealer. The Task Force believes that each transfer should continue to be captured and there shall not be any skipped title re-assignments in an electronic environment.

Key Considerations

5.13 Assuring the Accuracy of Reported Mileage

- Verifying the accuracy of the declared mileage would require a state to visually or electronically read the odometer, and, in most cases, the state does not have the resources to perform such checks, nor is this a current practice in most states. The state should verify with existing title records that the mileage declared is consistent with previous declarations, usually meaning that it is not less than what was previously reported. The Task Force does not anticipate a change in the practice of authenticating odometer disclosures in an electronic approach.

5.14 Transferor and Transferee Typing Names into System

- The Rule presently contains requirements for individuals to print their names in addition to signing the odometer disclosure statement. The printed name has value during a fraud investigation because it provides additional clues that a forensic examiner can use in determining who actually signed an odometer disclosure statement in a paper odometer disclosure environment. Having a person type their name into a system when providing an electronic signature does not normally provide any similar forensic capability, and therefore should not be a separate requirement in an e-odometer disclosure approach to keystroke their own individual name.

Roadmap to Future Actions

1. The final report from the Task Force will be published later this fall.
2. The Task Force is scheduled to meet again in March 2015.
3. Review and comment on the federal notice of proposed rulemaking.
4. Begin to address the unanswered questions related to used vehicles sold or traded-in to dealers, vehicle transfers across state borders, the use of NMVTIS, voluntary electronic odometer reporting and a national electronic title solution.



Questions?

Please contact Casey Garber at cgarber@aamva.org or (573) 632-0245 if you have any questions or comments.