Your Digital John Hancock: Updates from the e-Odometer Task Force and the Security of Electronic Signatures
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Chief of Title Services, Texas Department of Motor Vehicles

Mike Farnsworth,
Vice President and Chief Technology Officer, Binary Structures Corporation
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Presented By:
Paul Zelenski, Strategic Manager, Wisconsin Division of Motor Vehicles
Clint Thompson, Chief of Title Services, Texas Department of Motor Vehicles
Andrew Lewis, Assistant Director, Vehicle & Motor Carrier Services, Iowa Motor Vehicle Division
Mike Farnsworth, Vice President and Chief Technology Officer, Binary Structures Corporation
E-OD Task Force and Overview

Paul Zelenski, Strategic Manager, Wisconsin Division of Motor Vehicles
Task Force Formed

• In 2012 the AAMVA Board approved the Electronic Titling Task Force to develop best practices that would assist jurisdictions with the development of uniform procedures and approach for an electronic titling program.

• The Task Force’s purpose was to:
  – Identify current and future electronic titling programs
  – Develop a proof of concept for the e-titling of new vehicles
  – Develop a set of best practices or procedures
  – Work with affected industries, including lenders, dealers, manufacturers and auctions
  – Deliver best practices and recommendations for implementing a uniform approach to an e-titling program

• In October 2013 the E-Title Task force closed their proof of concept to redirect their efforts on solving the challenge of electronic odometer disclosures.

• January 2014 the Electronic Odometer Disclosure Task Force was formed to identify a flexible approach to successfully implement an e-odometer approach on a broad basis.
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
Technical Advisors and Consultants

**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
Executive Summary and Approach

- States are interested in modernizing titling processes and implementing an electronic titling program.
- In order to move forward with E-Titling the Task Force began looking for an approach to electronic odometer disclosure that would be flexible enough for many states to implement.
- After months of deliberations the Task Force developed a report of considerations that should be taken into account and also outlined some existing issues that still need to be resolved.
- The Task Force knows NHTSA will soon be prescribing regulations to allow electronic odometer disclosure and the Task Force was of the opinion that those rules should not be prescriptive as that will limit the number of states who will be able to implement electronic odometer disclosures.
### Definitions and Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AAMVA</td>
<td>American Association of Motor Vehicle Administrators</td>
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<tr>
<td>E-Odometer</td>
<td>Refers to the electronic processing of odometer disclosure statements.</td>
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<td>E-Title</td>
<td>Refers to an electronic file maintained in the state’s system that replaces the traditional paper certificate of title.</td>
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<td>New vehicle</td>
<td>A vehicle that has not been previously titled.</td>
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<td>NHTSA</td>
<td>National Highway Traffic Safety Administration</td>
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<td>NIST</td>
<td>National Institute of Standards and Technology</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<tr>
<td>The Rule</td>
<td>The current version of CFR-2012-Title 49-Volume 7- Part 580 – Odometer Disclosure Requirements (The Rule).</td>
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<tr>
<td>TIMA</td>
<td>The Truth in Mileage Act. TIMA is sometimes used as a shorthand reference for the entire odometer disclosure program.</td>
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<td>Certificate of Title</td>
<td>A document (currently paper) that provides proof of ownership outside of possession of a vehicle. The Rule provides guidance on the information that must appear on the certificate of title.</td>
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<td>Used vehicle</td>
<td>A vehicle that has been previously titled.</td>
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<td>VTA</td>
<td>Vehicle Titling Agency</td>
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The Truth in Mileage Act (TIMA)

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 disclosure must be acknowledged by the buyer and must include:

(1) Odometer reading at the time of transfer (not to include tenths of miles);
(2) Date of transfer;
(3) Transferor's name and current address;
(4) Transferee's name and current address; and
(5) Identity of the vehicle, including its make, model, year, body type, and VIN.

The disclosure must also include a certification whether the odometer reading is actual mileage, is in excess of mechanical limit or if the mileage is not actual.
The Truth in Mileage Act (TIMA)

Vehicles exempt from odometer disclosure requirements include:

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

Each certificate of title, at the time it is issued by the Vehicle Titling Agency (VTA), must contain the mileage disclosed by the transferor.

If the VTA would like to deviate from the approach outlined in The Rule, a state may petition NHTSA for approval of a different disclosure requirement that is consistent with the purpose of the Motor Vehicle Information and Cost Savings Act.
General Concepts

• Distinction between previous titles, current titles and new titles

The Task Force felt the stages a title goes through in the event of a change of ownership should be clarified. The group did not foresee any changes to this process for an electronic odometer process but the handling of the information would be electronic opposed to paper.

• The relationship of e-odometer to e-titling

The handling of electronic odometer disclosure statements can be seen as a subset of a complete electronic titling process. The Task Force is of the opinion the security requirements for the overall electronic titling process will be at least as great, and probably greater, than what is required for electronic odometer disclosure statements because the transfer of title involves the transfer of ownership of valuable property.

The Task Force expects that when states implement e-odometer processes, those implementations will almost always be in conjunction with other electronic processing of titles.
Considerations

Clint Thompson, Chief of Title Services, Texas Department of Motor Vehicles
Considerations for E-Odometer Disclosures

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 continues to believe the same data that is required in a paper odometer disclosure would remain the same in an electronic odometer disclosure approach.

5.2 Waiver Not Required for E-Odometer
   • The Task Force is of the opinion that when NHTSA prescribes the new rules on allowing an electronic approach to e-odometer it should not require each state to petition to implement an electronic process.

5.3 Tasks Not Performed by the State
   • 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.
Considerations for E-Odometer Disclosures

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
• Electronic odometer disclosures must ensure that signers 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 electronic title environment where the electronic title is considered the legal, controlling record, the state should consider the necessity to be able to convert the electronic 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 electronic title. To facilitate the ability of states to implement electronic odometer disclosures incrementally, the State should contemplate an environment with a blend of electronic and paper processes, particularly when vehicle transactions take place across state boundaries.
Considerations for E-Odometer Disclosures

5.7 Electronic Title as the Legal, Controlling Record

• In a state using e-titles, if the state accepts electronic 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 electronic 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 electronic 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 electronic 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 considerations for electronic signatures will be covered in the next segment.
Considerations for E-Odometer Disclosures

5.9 Retention of Electronic Signature

- Ultimately, the purpose of the electronic signature is to prove a link between the electronic 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 state’s 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 of making an electronic POA, there is no reason why the signature on the power of attorney 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 electronic title environment.
Considerations for E-Odometer Disclosures

5.11 Ancillary Matters

• The Task Force recognizes that regulations on areas such as accessibility, privacy and security 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 electronic odometer disclosure.

5.12 Use of Electronic Odometer Disclosures for Dealer to Dealer Transfers

• States are still working to determine 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).

• Because the Task Force is recommending an incremental approach it is the Task Force’s belief that states will not capture odometer disclosure statements in dealer-to-dealer transactions until a nation-wide system is in place but the states should not be prohibited from collecting odometer disclosure information on dealer-to-dealer transactions as soon as resources are available to do so.
Considerations for E-Odometer Disclosures

5.13 Ensuring the Transferor and Transferee Receive Copies of an Odometer Disclosure Statement

- The state is not currently involved in ensuring that the transferor and transferee receive copies of the odometer disclosure statements, and should not be required to do this as part of electronic processing of odometer disclosures. The electronic signatures on the disclosure statement indicate that the transferor and transferee acknowledge and accept the mileage given in the statement. An electronic odometer disclosure statement process should permit the transferor and transferee to retain copies of the odometer disclosure statement, either in electronic or hard copy form. However, the Task Force believes the state cannot reasonably ensure that either party actually receives a copy of the signed statement.

- The Task Force felt that there are at least two other concepts that would better address this issue:
  - First, an electronic system for odometer disclosure statements should be capable of delivering to both the transferor and transferee copies of the odometer disclosure statement, either in electronic or hard copy format.
  - Second, the state should not accept the submission of an application for a new title until both the transferor and transferee have signed the odometer disclosure statement.
Considerations for E-Odometer Disclosures

5.14 Assuring the Accuracy of Reported Mileage

- Verifying the accuracy of the declared mileage would require the 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 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.

5.15 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 electronic odometer disclosure approach to keystroke their own individual name.
Other Considerations and Roadmap

Andrew Lewis, Assistant Director, Vehicle & Motor Carrier Services, Iowa Motor Vehicle Division
Cost-Benefit Considerations

- **National Program**
  Complying with federal regulations for electronic processing of odometer disclosure statements should not be cost prohibitive for the states, becoming a barrier to implementation.

- **Individual State Implementations**
  As of the date of this report, there have been states that have developed plans approved by NHTSA to implement an e-odometer disclosure process, but most states have decided not to implement due to the cost of implementation. The Task Force discussed the fact that other states may come to the same conclusion.

  The Task Force determined the best strategy is to allow a flexible, permissive approach to keep the implementation burden as low as possible while at the same time trying to recognize the long-term cost savings and anti-fraud capabilities of the electronic processes, further increasing the ability for states to implement an electronic titling system.
Roadmap

Future Actions That Will Inhibit Odometer Fraud

As the use of electronic processing of odometer disclosure statements grows, there will be opportunities to make improvements that will inhibit fraud as well as simplify the process for those involved.

- **Used Vehicles Sold or Traded-in to Dealers**

  In an electronic processing environment, the person selling the vehicle to a dealer and the dealer itself could be required to execute an electronic odometer disclosure, which is submitted to the state. The state will make this statement a permanent part of the title record. However, the Task Force needs to determine answers to the following questions:

  - How will the customer who ultimately buys the vehicle receive the odometer disclosure? This customer is, after all, the one who the disclosure is meant to protect.
  - How will the odometer disclosures be made and reported as the vehicle passes from dealer to dealer. Keeping the existing process will likely result in the current owner always needing to obtain a paper certificate of title when selling the vehicle, somewhat defeating the purpose of having e-titles.
  - Should electronic odometer disclosures be required for dealer to dealer transfers? Requiring an electronic odometer disclosure to be made every time a vehicle changes hands, even when there is not a title application submitted, could help to inhibit fraud through more frequent reporting. Currently, the relatively long period between when the initial odometer disclosure is executed until it is submitted to a state provides an opportunity for unscrupulous dealers to commit odometer fraud. If all disclosures were made to the state in near real time, there would be significantly less opportunity for anyone to subsequently alter the disclosure statement. An additional benefit would be that this type of reporting would virtually eliminate the need for using a power of attorney.
Roadmap

- **Transfers of Vehicles across State Boundaries**

Until electronic processing of odometer disclosures for interstate transfers can be done, it will not be possible to do electronic processing of titles for interstate transfers. However, interstate transfer issues that impede the electronic processing of odometer disclosures may best be addressed by solutions that address interstate processing of titles in a broader context. The following are some of the questions that will need to be addressed to enable electronic processing of odometer disclosures for interstate transfers:

- Which state will handle the on-line interaction with the parties executing the odometer disclosure statement? Should it be that state to which the vehicle is being transferred or the state that houses the current title for the vehicle?
- If the old state and the new state have different electronic signature processes, which process will be used for the transfer?
- How will the states communicate to effect the necessary exchanges of data?
- What role can or should NMVTIS have in the transfer?
- How will the states handle an interstate dealer-to-dealer transfer if the receiving dealer does not plan to apply for a title? What needs to happen if the vehicle is then transferred to a dealer in a third state before being sold to a customer who applies for a title?
Roadmap

• **Use of NMVTIS to Inhibit Odometer Fraud**

The National Motor Vehicle Titling Information System (NMVTIS) provides a way for states to exchange vehicle title and brand information. Federal law requires all of the states to inquire against the NMVTIS data and submit title and brand data.

The current implementation of NMVTIS requires a state to provide the odometer reading associated with the current title when the title information is added to NMVTIS. When the title information is for a previously titled vehicle, the information from the previous title is retained in the title history for that vehicle.

When a state receives an application for a new title for a vehicle being transferred from out of state, it must send an inquiry to NMVTIS before issuing the new title. In response to the inquiry, NMVTIS provides the mileage recorded on the latest title on file and also the mileage from any older titles NMVTIS has for the history of the vehicle.

The inquiring state can then use this information to compare with the mileage from the odometer disclosure statement presented with the title application. In this way, NMVTIS currently provides support for the e-odometer disclosure program. There is the possibility that NMVTIS could provide even more support in the future.
E-Identity

Mike Farnsworth, Vice President and Chief Technology Officer, Binary Structures Corporation
E-Identity

Electronic Signing of an E-Odometer Disclosure

• Based on the NIST or OMB defined hierarchy of assurance levels, the process for electronic signing of odometer disclosure statements the Task Force advocates that each state should require, at a minimum, a level 2 credential of moderate confidence with some additional factors such as attribute verification, identity proofing (in-person or remote) or digital footprints to gain sufficient insight into the individual performing the electronic transaction.

• The primary purpose of the odometer disclosure program is to protect the financial interests of vehicle buyers. False odometer disclosures can cause significant economic loss to a future owner of the vehicle, so the assurance level of the identity of the party submitting the odometer disclosure statement and the strength of the tokens used in signing should match the associated risk rating.
E-Identity

Token Management
Secure Linking Process
Identity Proofing

Credential = Token + Identity
E-Identity

Tokens
E-Identity

Identity (Verification)
E-Identity

Levels of Assurance

3
High confidence in the asserted identity’s validity.
- Verified Information and identity proofing
- Multi factor authentication

2
Some confidence in the asserted identity’s validity.
- Verified Information
- Various Authentication (e-signatures, certificates, etc.)

1
Little or no confidence in the asserted identity’s validity.
- Basic Authentication (User ID/Password)
E-Identity

Level 2 vs Level 3

• Level 2
  – “Some Identity Proofing” – Verification is usually performed to indicate that an individual exists with reasonable confidence
  – Only 1 token required

• Level 3
  – “Adequate Identity Proofing” – Verifies multiple sources and inspects/validates information with greater confidence
  – Utilizes 2 tokens
E-Identity

Assurance vs. Burden

Confidence

Burden

LOA1

LOA2

LOA3
Questions?
Please contact Casey Garber at cgarber@aamva.org or (573) 632-0245 if you have any questions or comments.
Your Digital John Hancock: Updates from the e-Odometer Task Force and the Security of Electronic Signatures
Up Next:

12:00 pm – 1:30 pm

Luncheon

Guest Speaker: Senator Tom Carper, Delaware

Ballroom B/C