

Lien Solutions

The importance of perfecting vehicle titles



Healthy auto lending numbers and a strong economy are putting more and more vehicles on America's roads.

However, more vehicles on the road means that title-related transactions are continuing unabated, and the lack of uniformity across departments of motor vehicle (DMVs) can quickly make things very difficult for a lender.

Transactions where lenders are relying on their borrowers to file the paperwork are of particular concern. Time and again, borrowers are surprised when they show up at the DMV and find out about additional funds and documentation that are required to complete the transaction. Not only can this gap in understanding reflect poorly on the lender, sometimes frustrated borrowers never complete the process, putting their lender's lien at risk.

What makes it hard?

Understanding taxes, fees and documentation required for a specific vehicle in a specific jurisdiction is one of the most onerous parts of the vehicle titling process and is a primary cause of pain for borrowers and lenders alike. For most lenders, determining the requirements of different jurisdictions takes valuable employee time and is a drain on resources. That can lead to a lender asking the borrower to complete the transaction on their own at the DMV, further complicating an

already tedious process. The tax and fee amounts required for each auto loan can vary depending upon location, type of vehicles and intended use. But speed-to-perfection is an important part of the process as well. There are times that the process of completing, filing, processing, and delivering all the necessary forms can delay the perfection of the lien and the ability for a business to get its cars, trucks, or other vehicles on the road.

The goal is perfection

Lenders want to minimize risk and ensure that the interest in their assets is perfected. Lien perfection in vehicle lending requires a thorough and exact approach. However, vehicle lending and the corresponding paperwork can quickly become complicated based on things like vehicle type, gross vehicle weight and type of plates.

Jurisdictions require different types of information and documentation and may have special requirements regarding the way that data should be presented. Regulations can also vary depending upon the intended use of a vehicle asset, and lenders must be aware of these upfront if they are to be sure of securing the loan.

Completing the necessary paperwork up front then delivering to the borrower to orchestrate the rest of the registration process expedites the process, secures the lien, and gets vehicles on the road faster.

While some transactions can be straightforward, sound lending begins with comprehensive and detailed due diligence – of the asset, the borrower and the requirements of the jurisdiction in which the transaction is taking place. For that, a reliable partner that can prepare documentation up-front accurately and quickly, can be a tremendous asset.

What lenders want – and need



Fewer exceptions:

One of the problem areas mentioned most often by lenders is a growing exceptions list that includes both new and used vehicle titles. Ensuring that things get done quickly and accurately the first time is key to risk management and can have significant economic impact for a lender. The longer a loan remains unperfected, the greater the risk to the lender.



Reliable and easy to use systems:

Legacy systems and processes can be antiquated, prone to error and not user-friendly. Fortunately, lenders can partner with a provider that offers modern technology solutions and expertise to make complex processes simple and ensure quick internal adoption. Working with the right partner and their system can be more economical than manually dealing with the mistakes and repeated steps of traditional approaches.



Guidance: Any good process starts with articulating the right steps to eliminate error and save costs and time. Without the right systems and related instruction, oversight and errors can occur and often require redundant actions, including the need to input the same data multiple times and in multiple places. A provider who has invested wisely in new technologies can deliver the automation that mitigates these stumbling blocks while enhancing effectiveness.



Positive borrower experience:

Lenders want to provide their customers with information to inform their respective decision-making process and to make their experience a positive one. A completed application for title along with a checklist of what will be required at DMV are among the most beneficial tools a borrower can receive from their lender. When borrowers know what is expected of them upfront, lenders are more likely to have their interest in their assets perfected in a timely and cost-effective manner. And a happy customer makes for a loyal customer and positive word of mouth.

No matter how much technology advances, unrelenting variability will be a part of vehicle title perfection. The help of an expert partner is the key to success. A provider engaged across all jurisdictions has the hands-on knowledge that might not otherwise be available internally. The right partner can determine what vehicle information and documents are

required to title a vehicle and can break out the corresponding costs, from jurisdictional fees to taxes. They can also help you orchestrate how these fees will be paid.

The right partner can bring it all together for you—and the borrower. The reward is a reduced exceptions list.

About Lien Solutions

Wolters Kluwer's Lien Solutions is the leading technology and service provider of comprehensive lien management, debtor due diligence, monitoring, and risk management solution, to financial professionals. Through unmatched industry expertise and a service-oriented culture, we use the iLien suite of products – addressing solutions for asset-backed loans, real-estate, and vehicle title processing and management – to simplify complexity in lien lifecycle management,

resulting in more confident lending decisions. Servicing clients across North America, Lien Solutions enables more secured transactions than any other company in the United States. Lien Solutions is a product suite of Wolters Kluwer, headquartered in Houston, Texas. For more information, visit the Wolters Kluwer Lien Solutions website, or follow @WKLienSolutions on Twitter.

