

National Motor Vehicle Title Information System

# 2014 Annual Report

For Period: October 1, 2013 through September 30, 2014





This material is based upon work pursuant to a Cooperative Agreement between the U.S. Department of Justice/Office of Justice Programs and the American Association of Motor Vehicle Administrators. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the Author(s) and do not necessarily reflect the view of the U.S. Department of Justice.

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The National Motor Vehicle Title Information System (NMVTIS) Final Rule (28 CFR part 25, published January 30, 2009, 74 FR 5740), requires the system operator, the American Association of Motor Vehicle Administrators (AAMVA), to prepare and publish an annual report and procure an independent financial audit. This NMVTIS 2014 Annual Report is the sixth publication, covering **October 1, 2013 through September 30, 2014** (“reporting period”). This reporting period was agreed upon between the system operator and the U.S. Department of Justice (DOJ), Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA); it corresponds with the federal fiscal year and AAMVA’s audit cycle.

Published in August 2015, this report details the performance of NMVTIS during the 12-month reporting period. Future annual reports will also cover 12-month periods—October 1 to September 30—and be published the following August. Each annual report is intended to stand alone, giving an overview of activity from the system’s inception, as well as a detailed look at operations and accomplishments in the specific fiscal year.

For the current status of the system, please visit DOJ’s website at [www.vehiclehistory.gov](http://www.vehiclehistory.gov).

**INTERACTIVITY OF THIS REPORT** When reading this report online, click on the [blue hyperlinks](#) to go to the referenced websites and pages in the report.

## Greetings,

On behalf of the American Association of Motor Vehicle Administrators Board of Directors, I am pleased to present the sixth annual report for the National Motor Vehicle Title Information System. I am proud to share this report with the system's stakeholders and look forward to the future of NMVTIS and the continuing realization of the benefits envisioned in the Anti Car Theft Act of 1992.

Publication of an annual report describing the system's performance during the preceding year is required by the NMVTIS Final Rule. This report details NMVTIS expenses and all revenues received as a result of the NMVTIS program; it also highlights the system's performance and accomplishments.

As the system operator, AAMVA remains strongly committed to ensuring that the system continues to be developed, implemented and operated to meet the full requirements of NMVTIS regulations. This commitment was demonstrated by two key accomplishments during this reporting period:

- AAMVA Board of Directors and its state members agreed to cover an increasing portion of the system operation costs, through state user fees.
- AAMVA and the U.S. Department of Justice executed a Cooperative Agreement for the ongoing operation of this system.

Although I joined AAMVA as President and CEO just before the end of this reporting period, I was familiar with NMVTIS before coming onboard. During my time as Administrator with the Maryland Motor Vehicle Administration, I worked closely with AAMVA and officials of other states responding to the Anti Car Theft Act. I am pleased to see the progress that has occurred since that time. NMVTIS has made great strides toward fulfilling its purpose: to protect states and consumers (individual and commercial) from fraud; provide consumers protection from unsafe vehicles; and reduce the use of stolen vehicles for illicit purposes including funding of criminal enterprises.

This report has been made possible by many individuals and organizations taking time to respond to our request for input and guidance. I truly appreciate all of the valuable contributions received in preparation of this final product.

I hope that you find the report informative and of value.

Best regards,



Anne Ferro, President & CEO



“AAMVA is committed to ensuring that the system continues to be developed, implemented and operated to meet the full requirements of NMVTIS regulations.”



This reporting period of October 1, 2013 through September 30, 2014, showed progress in all four NMVTIS program areas: State Program; Junk Yard, Salvage Yard, and Insurance Carrier (JSI)<sup>1</sup> Reporting Program; Consumer Access Program; and Law Enforcement (LE) Access Program. Reliance on—and the value derived from—NMVTIS data continues to increase. The State and Law Enforcement Access Programs showed significant growth, while the Consumer Access and JSI Reporting Programs continued to advance steadily. Stakeholders reported improved quality in data due to increased compliance and awareness efforts and more strict state reporting requirements for JSI entities. As all program areas mature, a shift is occurring from early development and implementation to improved operability.

Achievements during this reporting period included:

- Every jurisdiction participated in the system in some capacity.
- U.S. DMV data represented in the system reached nearly 100%.
- Cooperative Agreement was executed between AAMVA and DOJ.
- States took steps to increase consumer awareness of vehicle history reports.
- Ten approved data providers continued to supply vehicle information in response to consumer inquiries.
- States began to utilize revenue credits initiated during the last reporting period.
- Inquiries by law enforcement increased by 39% over the last reporting period, moving from over 31,000 to approximately 44,000.
- LE Access website visits went from 248,745 to 336,252—an increase of 35%.
- Consumer access transactions<sup>2</sup> increased 11% over the last reporting period, moving from nearly 4.5 million to over 4.9 million.
- State NMVTIS-related legislation required stricter reporting by JSI entities.
- NMVTIS-related legislation continued to increase at state level.
- BJA continued awareness and compliance efforts.
- Federal NMVTIS Advisory Board (NAB) continued its work.

“The extra benefit we receive from the research capability that NMVTIS provides is invaluable in our fight against fraud.”

BETTY JOHNSON  
Administrator, Nebraska Department  
of Motor Vehicles

<sup>1</sup> The list of industries that are specifically identified in the regulatory definitions of “junk yard” and “salvage yard” is not an exhaustive list. If an entity satisfies the definition of a “junk yard” or “salvage yard” (i.e., an individual or entity engaged in the business of acquiring or owning junk automobiles or salvage automobiles for resale in their entirety or as spare parts; or rebuilding, restoration, or crushing) AND the entity handles 5 or more junk automobiles or salvage automobiles per year, THEN the entity has a NMVTIS reporting obligation.

<sup>2</sup> A Consumer Access Program transaction consists of the consumer making an inquiry and the record being located in NMVTIS and provided to the consumer.

## STATE PROGRAM

- All 51 jurisdictions participated at some level.<sup>3</sup>
- U.S. DMV data represented in the system increased to 96%.
- States began using revenue credits based on consumer access transactions.
- Best practices guide published for titling managers.

## JSI REPORTING PROGRAM

- DOJ partnered with JSI reporting entities to increase awareness and enforcement.
- Reporting by JSI entities continued at a steady rate.
- State NMVTIS-related legislation required stricter reporting over federal requirements.

## CONSUMER ACCESS PROGRAM

- States implemented steps to heighten awareness of vehicle history reports to consumers.
- AAMVA and DOJ collaborated in conducting program review.
- Transactions continued to rise over the last reporting period.
- Ten companies continued to provide vehicle information to consumers and/or commercial entities.
- New companies expressed interest in serving as data providers; participation pending completion of program review.

## LAW ENFORCEMENT ACCESS PROGRAM

- Users increased by 21% over the last reporting period.
- Inquiries by LE to NMVTIS grew 39% over the last reporting period.
- Visits to the NMVTIS LE Access website grew by 35% over the last reporting period.

## GOVERNANCE

- The federal NMVTIS Advisory Board hosted a webinar in March 2014 which was open to the public.

## OTHER

- AAMVA and BJA executed a Cooperative Agreement.

<sup>3</sup> Seven states were "In Development" and had not yet loaded data into the system during this reporting period, as detailed in the State Program section.

## NMVTIS Key Stakeholders

### DEPARTMENT OF JUSTICE

Within DOJ, BJA is responsible for reviewing significant operational decisions and ensuring NMVTIS program requirements are met. In addition, BJA is responsible for overseeing both policy and enforcement elements of the NMVTIS program. BJA coordinates enforcement activities with the Federal Bureau of Investigation (FBI), the National Highway Traffic Safety Administration (NHTSA), and state and local law enforcement agencies. BJA works in partnership with the system operator, AAMVA.

### NMVTIS ADVISORY BOARD

In June 2010, the NAB was convened to provide input and recommendations to BJA regarding the operations and administration of NMVTIS. The NAB includes representation from key stakeholders affected by the program, including states, consumers, insurance carriers, auto recyclers, junk and salvage yards, and law enforcement agencies. NAB meetings are open to the public.

### AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

The Anti Car Theft Act authorizes the designation of a third party operator of NMVTIS. Since 1992, AAMVA has acted in this capacity. AAMVA is a nonprofit, tax exempt, educational association representing U.S. and Canadian officials responsible for the administration and enforcement of motor vehicle laws. In addition to acting as the NMVTIS operator, AAMVA supports the Single VIN Reporting Service, one of four JSI data consolidator services.

### DATA CONSOLIDATORS

BJA and AAMVA partnered with the private sector to provide multiple reporting methods to meet the business needs of JSI reporting entities. Currently, four reporting methods or services are available, and offer individual VIN and batch reporting options:

- AAMVA Single VIN Reporting Service
- Audatex
- Auto Data Direct, Inc. (ADD)
- Insurance Services Office (ISO)

### STATES

State titling agencies must perform title verifications and report data to NMVTIS.

- Each state is required to perform an instant title verification check before issuing a certificate of title for a vehicle that an individual or entity brings into the state.
- States are required to make selected titling information that they maintain available

“We are very happy with the strong and resilient relationship we have forged with AAMVA over the years. NMVTIS data has become an integral part of our business and we are confident that our business and relationship with AAMVA will grow soundly.”

DAVE BENNETT  
COO, CARCO Group, Inc



for use in NMVTIS. States shall provide information on new titles and any updated title information to NMVTIS at least once every 24 hours.

- States are required to pay state user fees.

## CONSUMERS

NMVTIS information is available to consumers (individual and commercial) in a NMVTIS Vehicle History Report. This report provides data on five key indicators associated with preventing auto fraud and theft. Prior to purchasing a used vehicle, consumers (individual and commercial) can search NMVTIS to find the following information:

- Current state of title and last title date
- Brand<sup>4</sup> history
- Odometer reading<sup>5</sup>
- Total loss history
- Salvage history

States, junk yards, salvage yards, and insurance carriers are data sources for a NMVTIS Vehicle History Report and are required by federal law to report regularly to NMVTIS.

## APPROVED DATA PROVIDERS

Approved data providers are companies that have agreed to provide NMVTIS Vehicle History Reports to the public consistent with federal legal requirements. This agreement is established through an application process and formal contracts with the system operator. All approved data providers are listed on the NMVTIS website.

## LAW ENFORCEMENT

LE agencies rely on NMVTIS data to improve their ability to identify vehicle theft rings and combat other criminal enterprises involving vehicles. Therefore, it is imperative that NMVTIS captures vehicle history information throughout the lifecycle of the vehicle. The NMVTIS LE Access Tool provides law enforcement personnel with information intended to assist with the investigation of crimes associated with motor vehicles, including vehicles involved in violent crimes, smuggling operations (e.g., narcotics, weapons, human trafficking, and currency), and fraud.

## JUNK YARDS, SALVAGE YARDS, AND INSURANCE CARRIERS

All entities meeting the NMVTIS definition for junk yard and salvage yard that handle five or more junk or salvage vehicles per year are required to report to the system on a monthly basis. By reporting the required information on junk and salvage automobiles to NMVTIS, JSIs play an integral role in DOJ's efforts to prevent fraud, reduce theft, and potentially save the lives of consumers who might otherwise unknowingly purchase unsafe vehicles.

<sup>4</sup> Description labels used in regard to the status of a motor vehicle, such as "junk," "salvage," or "flood." Statuses from states are mapped to NMVTIS brands for consistency within the system.

<sup>5</sup> NMVTIS contains the odometer reading at the time the vehicle title was issued.



# Benefits Overview

# Legislation

# Vehicle Information

## Background

### Established by Congress to Provide Access to Vehicle Title Information; Offers a Range of Benefits for Consumers, States, Law Enforcement and Vehicle Agencies

NMVTIS was established by Congress under Title II of the Anti Car Theft Act of 1992 (Public Law No. 102-519). It was created to address the growing issues associated with auto theft and vehicle fraud—specifically, to:

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

The intent of NMVTIS was to establish an information system to enable motor vehicle titling agencies, law enforcement, prospective and current purchasers (individual and commercial), insurance carriers, and junk and salvage yard operators access to vehicle titling information.

Specifically, in accordance with 49 U.S.C. 30502, NMVTIS must provide a means of determining whether a title is valid, where a vehicle bearing a known vehicle identification number (VIN) is currently titled, a vehicle's reported mileage at the time the title was issued, if a vehicle is titled as a junk or salvage vehicle in another state, and whether a vehicle has been reported as a junk or salvage vehicle under 49 U.S.C. 30504.

The types of vehicles reported to NMVTIS by states<sup>6</sup> include automobiles, buses, trucks, motorcycles, motor homes (e.g., recreational vehicles or RVs) and truck tractors. In general, NMVTIS contains titles for vehicles that meet at least one of the following criteria:

- The vehicle fulfills the definition of a junk or salvage automobile according to the regulations.
- The vehicle has an active registration and an active title.

## NMVTIS VEHICLES

### AUTOMOBILES



### BUSES



### TRUCKS



### MOTORCYCLES



### MOTOR HOMES



### TRUCK TRACTORS



<sup>6</sup> JSI entities are required only to report on automobiles deemed junk or salvage, but may also report on other vehicles included in NMVTIS as long as they are deemed junk or salvage.



- The vehicle has an active title.
- The vehicle has an active registration and the registration is the proof of ownership.

Vehicles excluded from NMVTIS include trailers, mobile homes (i.e., prefabricated homes, typically permanent), special machinery, vessels, mopeds, semi-trailers, golf carts, and boats.

AAMVA has worked closely with DOJ over the years on the overall strategic direction of NMVTIS. BJA has awarded federal grants to help AAMVA create the system and support state development and implementation. To date, the federal funding awarded to AAMVA to operate NMVTIS totals \$31,455,623 (see Figure 1).

A number of validation studies citing benefits of NMVTIS and/or potential cost savings to stakeholders have been conducted since the program's inception. (Links to these are provided in the Appendix). Furthermore, numerous vehicle and auto industry organizations have continued to offer NMVTIS widespread support. These include AAMVA and the National Automobile Dealers Association (NADA), law enforcement organizations such as the International Association of Chiefs of Police (IACP) and the National Sheriffs' Association (NSA), the North American Export Committee (NAEC), and the International Association of Auto Theft Investigators (IAATI). National consumer advocacy organizations and independent organizations focused on reducing vehicle-related crimes, including the National Salvage Vehicle Reporting Program (NSVRP), have also recognized the benefits of NMVTIS.

Fiscal Year (FY)	Amount
1996 (DOT) <sup>5</sup>	\$ 890,000
1997	\$ 1,000,000
1998	\$ 2,800,000
1999/2000	\$ 6,100,000
2003	\$ 3,000,000
2004	\$ 494,739
2007	\$ 499,204
2008	\$ 271,680
2009	\$ 5,700,000
2010	\$ 5,700,000
2011	\$ 5,000,000
Total	\$31,455,623

Figure 1

## System Operator and Responsibilities

**AAMVA Has Remained an Effective System Operator Since 1992** The Anti Car Theft Act of 1992 gave DOT the authorization to designate a third party operator of NMVTIS. Pursuant to the NMVTIS Final Rule, the operator must provide services to state motor vehicle title agencies, junk, salvage, and insurance entities, law enforcement, and support consumer access to the system. Since 1992, AAMVA has successfully acted in this capacity. AAMVA is a nonprofit association representing U.S. and Canadian officials responsible for the administration and enforcement of motor vehicle laws.

**AAMVA and BJA Executed Cooperative Agreement** In August 2014, AAMVA and BJA executed a cooperative agreement that establishes a balance between AAMVA performing its role as the NMVTIS operator and BJA's requirement to perform oversight responsibilities, review significant operational decisions, and ensure the NMVTIS program's requirements are met.

## Funding

### **Funds Expended Totaled \$7,118,691; State Fees Contributed \$2,500,000**

During this reporting period, program revenue came entirely from consumer access and state user fees.

This reporting period is the first since the NMVTIS Final Rule during which there was no federal funding available. Under the federal law, the system is intended to be self-sustainable. The program earned \$3,563,353 in revenue during this period which was used to cover the expenses of \$7,118,691. AAMVA members subsidized the shortfall between revenue earned and expenses. The system operator continues to evaluate new revenue streams in order to achieve financial sustainability.

## Governance

### **NAB Convened Webinar During Reporting Period; Emphasis on State Legislation Related to NMVTIS, Disaster Fraud Response Activities and Member Input**

BJA is responsible for oversight of NMVTIS consistent with regulatory and statutory requirements. Pursuant to the NMVTIS Final Rule, BJA convened a NMVTIS Advisory Board (NAB), which includes representation from key stakeholders affected by the program—states, consumers, law enforcement agencies, insurance carriers, auto recyclers, junk and salvage yards, auto industry groups, technology partners, independent organizations focused on reducing vehicle-related crime, and the operator. The NAB was established in accordance with the provisions of the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C., App. 2, and is tasked to make recommendations to BJA regarding program operation and administration issues, such as establishing NMVTIS performance measures, accessing additional data within the system (which is not required by the Anti Car Theft Act), assessing program costs and revenues, and evaluating quality assurance.

The inaugural meeting of the NAB convened in June 2010 and provided an opportunity for NMVTIS stakeholders to share information, discuss the interconnectedness of the system, and consider ways to enhance NMVTIS in order to make it both more effective and economically self-sustainable. Since that time, the NAB has assembled both in person and online. During this reporting period, a temporary government shutdown impacted the in-person meeting scheduled to be held in Washington, D.C., prompting a shift to a webinar format.

BJA hosted the webinar on March 26, 2014. AAMVA provided members with a status update on strategy, operations, and reengineering. Board member input was solicited on a number of issues, and reports were provided on key areas, including state-level NMVTIS legislation, Hurricane Sandy follow-up, and DOJ activities around disaster fraud:

- Many states accelerated the process of JSI data collection with a reporting requirement of within 72 hours or less in contrast to the NMVTIS requirement of within 30 days; many states also require businesses that handle salvage vehicles to provide



an NMVTIS ID in order to obtain or renew state licensure to purchase salvage vehicles or cancel titles.

- In 2013, 17 NMVTIS-related bills were introduced in 10 states. Seven states had already passed NMVTIS-related bills, including Florida, Minnesota, Mississippi, North Carolina, Tennessee, Utah and Virginia. Mississippi was the first state to pass legislation providing for a civil penalty of up to \$1,000 per violation for failure to report as required.
- A change in North Carolina law requires a secondary metals recycler or salvage yard purchasing a motor vehicle to check the VIN against a real-time registry of stolen vehicles, which resulted in 171 vehicles being identified as stolen between December 2013 and March 2014. Georgia was considering a similar requirement.
- In early 2014, six NMVTIS-related bills were introduced or carried over in California, Idaho, Ohio, Oklahoma, Tennessee and Virginia and NMVTIS-related bills were passed in Idaho and Virginia.
- Approximately 600,000 vehicles were damaged by Hurricane Sandy in October 2012, and about 250,000 of those were covered by insurance. Many others were older or part of self-insured fleets and not included in formal data collection.
- An unknown number of Sandy vehicles received clean titles and ended up in the hands of owners who discovered problems with the vehicles. State Attorneys General were involved in efforts to identify Sandy vehicles and state reporting into NMVTIS ensured appropriate brands were applied.
- DOJ centralized its disaster fraud activities within the National Center for Disaster Fraud.
- Typically, damaged-vehicle fraud, which includes vehicle theft and resale as well as the resale of damaged vehicles without proper titles, and insurance fraud, which includes multiple claims for preexisting damage, faked damage and phony insurance adjuster/direct billing to victims for poor/incomplete repair work, show up within one to two months following a disaster and may continue to appear as much as two years later.

Advisory Board members were asked to address three questions coming into the meeting: First, how have your stakeholders benefited from NMVTIS? Second, what are two opportunities that should be considered to enhance the value of NMVTIS? And third, what is your top priority for NMVTIS?

The following stakeholder benefits were reported during the webinar:

- Identification of cloned<sup>7</sup> registrations and stolen vehicles.
- Increased awareness of NMVTIS by consumers, including inquiries to insurers regarding a vehicle's background.
- Identification of fraudulent transactions.
- Increased awareness of NMVTIS by law enforcement.

Several themes for opportunities emerged:

- Expand stakeholders participating in NMVTIS reporting, including self-insurers, tow-truck operators, financing companies, junk and salvage industry.
- Improve NMVTIS website to make it more comprehensive and user-friendly.
- Create a mobile application to enable investigators and law enforcement to use

<sup>7</sup> A vehicle is "cloned" when a legitimate VIN plate is replicated and placed on a stolen vehicle, making that vehicle appear to be valid.

NMVTIS remotely in real time.

- Additional education and training on system reporting requirements and stakeholder benefits.

Top priorities included:

- 100% compliance by states.
- Expand data collected (e.g., trucks in excess of 10,000 pounds).
- Increase stakeholder and public awareness of NMVTIS, specifically overall scope and benefits.
- Joint marketing efforts.
- Data mining to identify non-reporting.
- Increase participation by law enforcement.
- Increase enforcement of reporting requirements.
- Identify a steady, dedicated revenue stream to support all NMVTIS activities.

DOJ provided the following update:

- During 2013, nearly 600 new users of the Law Enforcement Access Tool came online; there were 263,000 site hits and nearly 24,000 NMVTIS VIN hits.
- Total LE users numbered 2,373 as of December 31, 2013, coming from all 50 states and more than 1,500 agencies.
- BJA continued to work with auto investigators in New York and New Jersey on Hurricane Sandy damage issues.
- Future improvements in the LE Access Tool may include: identification of specific federal, state and local agencies using the tool; connections to other secure LE sites; notification to users regarding types of information available; ability to search up to five VINs, do a title search, a partial VIN and title search, and a bulk VIN search; ability to access information such as DMV and state LE contact information, a how-to section, tutorials, “hot tips,” and new trends in the field, without conducting a search; along with access and search suggestions from the AAMVA Law Enforcement Working Group.

In June 2014, an updated NAB Charter was filed by U.S. Attorney General Eric Holder, Jr., outlining a new term of two years. As a result, DOJ constituted a new NAB—the third—which included a balanced mix of returning and new members. In September 2014, new members participated in an orientation conference call, which included a review of NAB operating procedures and the purpose and tasks of the NMVTIS Compliance and NMVTIS Awareness Subcommittees. All NAB meetings are open to the public. Meeting summaries can be found on the NMVTIS website.

“instaVIN continued strong growth in 2014 with added diversity in its client base. The application of NMVTIS data provides a useful insight into a vehicle’s history that can apply to the entire life cycle of that vehicle. NMVTIS provides a significant contribution to the automotive industry.”

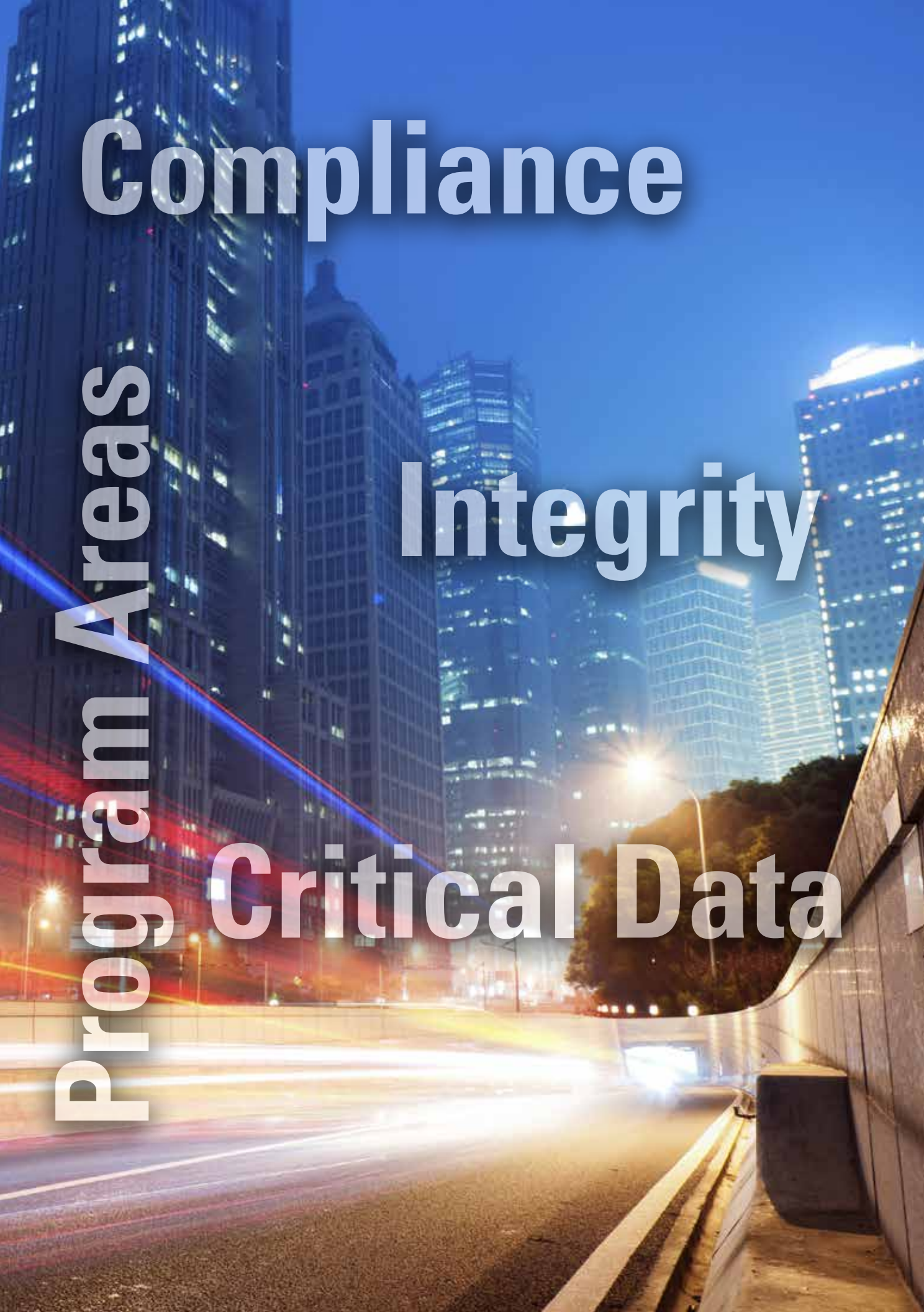
JIM IRISH  
CEO, instaVIN

**Compliance**

**Integrity**

**Critical Data**

**Program Areas**





## State Program

**Additional States Move Into Compliance with the Anti Car Theft Act; Vehicle Data Nears 100%** The Anti Car Theft Act and its regulations require each state to perform an instant title verification check before issuing a certificate of title for a vehicle which an individual or entity brings into the state. Additionally, each state is required to report data into the system and pay user fees. All states were required to be fully compliant with the Act by January 1, 2010. For further details on the approaches for title verification and reporting of data, please see the Exhibits section of this report.

During this reporting period, all 51 jurisdictions continued to move towards compliance, participating at some level in NMVTIS. Of significant note, Illinois and Michigan, two states with substantial vehicle data to contribute, loaded their title and brand data into the system. State Program accomplishments include (see Figure 2):

- Illinois moved from “In Development” to “Providing Data Only.”
- Michigan moved from “In Development” to “Participating.”
- New Mexico and Texas moved from “Providing Data Only” to “Participating.”
- State title and brand data represented in the system grew from 89% to 96%, the largest one-year increase since FY2010, the second reporting period. (see Figure 3).

PARTICIPATION STATUS OF STATES	REPORTING PERIOD					
	1 <sup>st</sup> 2/01/09- 9/30/09	2 <sup>nd</sup> 10/01/09- 9/30/10	3 <sup>rd</sup> 10/01/10- 9/30/11	4 <sup>th</sup> 10/01/11- 9/30/12	5 <sup>th</sup> 10/01/12- 9/30/13	6 <sup>th</sup> 10/01/13- 9/30/14
Participating <sup>7</sup>	14	28	31	32	34	37
Providing Data Only <sup>8</sup>	14	10	8	8	8	7
In Development	11	11	11	11	9	7
Not Participating	12	2	1	0	0	0

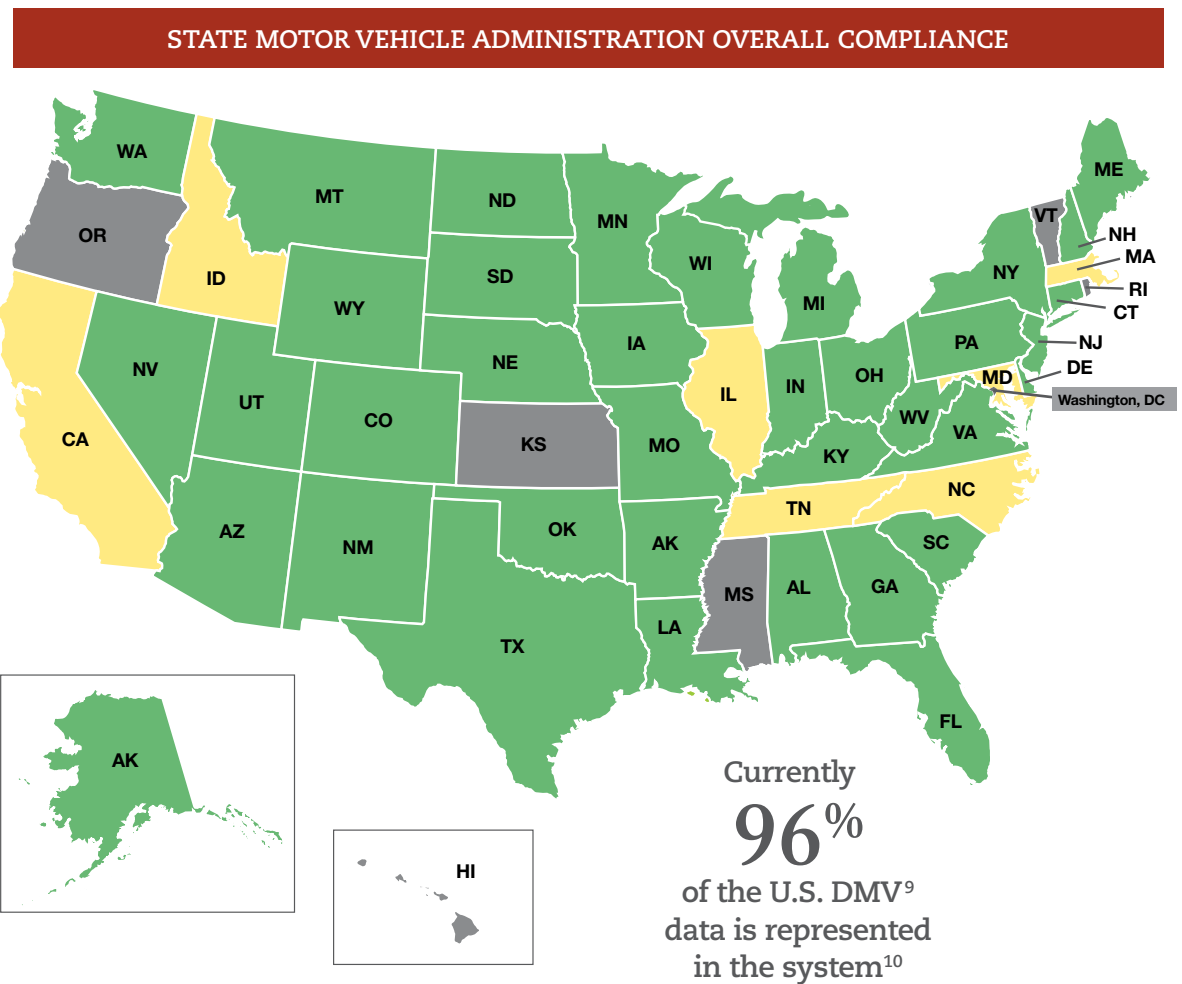
Figure 2

	REPORTING PERIOD					
	1 <sup>st</sup> 2/01/09- 9/30/09	2 <sup>nd</sup> 10/01/09- 9/30/10	3 <sup>rd</sup> 10/01/10- 9/30/11	4 <sup>th</sup> 10/01/11- 9/30/12	5 <sup>th</sup> 10/01/12- 9/30/13	6 <sup>th</sup> 10/01/13- 9/30/14
% of the U.S. DMV Data Represented in NMVTIS	75%	87%	87%	88%	89%	96%

Figure 3

<sup>7</sup> States that provide data and inquire into NMVTIS before issuing new titles.

<sup>8</sup> States that provide data but do not make inquiries into NMVTIS.



- **37 States Participating** (states that provide data and inquire into system before issuing new titles)
- **7 States Providing Data Only** (states providing data but not making inquiries)
- **7 States in Development** (includes the District of Columbia)

**Figure 4**

Though not all states are currently in compliance, a few In Development states have expressed their intention to move toward full participation:

“Mississippi is not currently participating in NMVTIS because of the technical constraints of our current tag/title network. We look forward to fully implementing and becoming part of this important effort to combat fraud and theft once we secure the necessary funding for a system modernization. It is our intent and duty to protect

<sup>9</sup> Department of Motor Vehicles (DMV) is the most commonly used reference to describe the state agency that administers vehicle registration; however, some jurisdictions use other titles (e.g., Bureau of Motor Vehicles, Motor Vehicle Commission).

<sup>10</sup> Based on the most current Federal Highway Administration (FHWA) data (2012).



our customers' safety by not retitling cars that should be scrapped, dismantled or destroyed based on a multitude of reasons. We also anticipate cost savings for our agency due to the various benefits associated with NMVTIS automation (no more manually canceling titles, running VIN inquiries through third party providers, checking for brands on abandoned and/or bonded vehicles, etc.)."

TONY LAWLER, Director, Mississippi Department of Revenue, Office of Property Tax

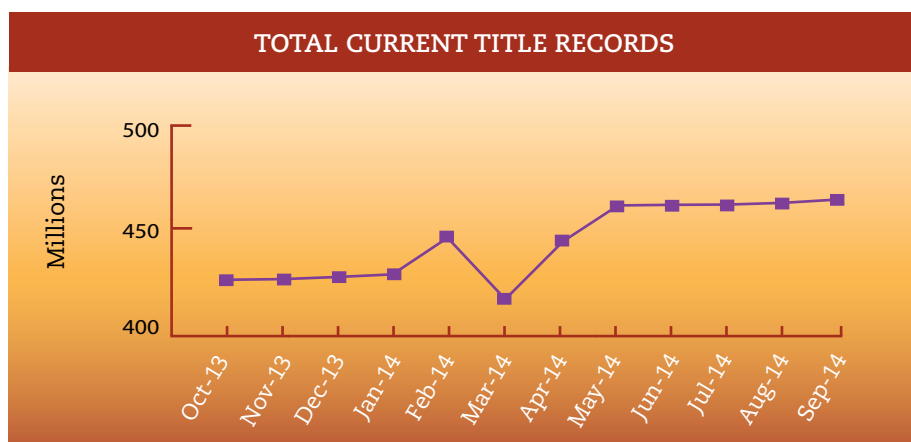
"While Rhode Island is currently not up and running due to our system modernization project underway, we fully understand the importance of NMVTIS for us, the other jurisdictions and stakeholders, but more importantly for the consumer. NMVTIS helps protect them against fraud and theft. RI looks forward to coming onboard shortly and the more jurisdictions that participate the more helpful and accurate NMVTIS will be for all involved."

CHARLES HOLLIS, Assistant Administrator, Rhode Island Division of Motor Vehicles

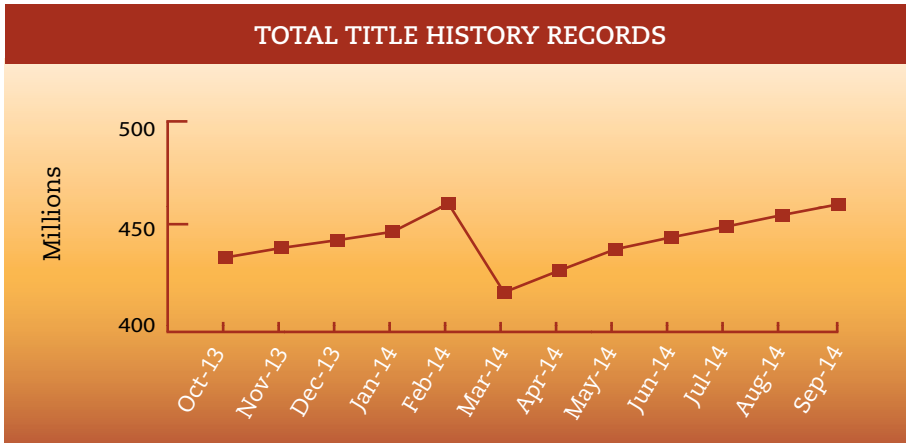
"While Vermont is not yet actively participating in NMVTIS, we look forward to soon being able to not only better protect our customers against fraudulent actions and unsafe and stolen vehicles but to contribute to the combat of fraud and theft by providing our state vehicle data."

VALERIE BOWMAN, Administrative Assistant B, Vermont Department of Motor Vehicles

With 44 states providing data in NMVTIS, there are approximately 462 million current title records (see **Figure 5**) and approximately 459 million title history records (see **Figure 6**) in the system as of September 2014. The dip and rise shown in both figures in March/April 2014 reflects the temporary deletion of Texas data in late March and its subsequent reload in early April.

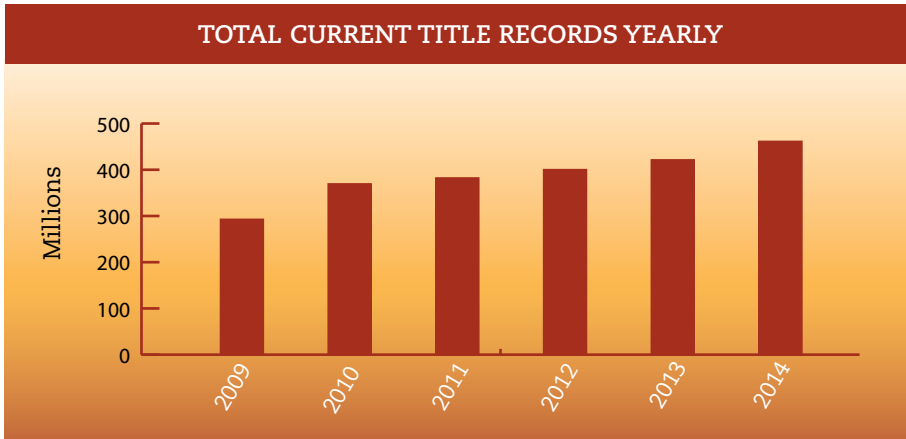


**Figure 5**



**Figure 6**

Over the past six years, current title records in the system increased more than 57% (see **Figure 7**). In 2009 current title records numbered 293 million; they reached 462 million during this reporting period.



**Figure 7**

In addition to the title information in the system, brands captured in NMVTIS increased during the reporting period, from nearly 81 million in October 2013 to nearly 99 million in September 2014 (see Figure 8).

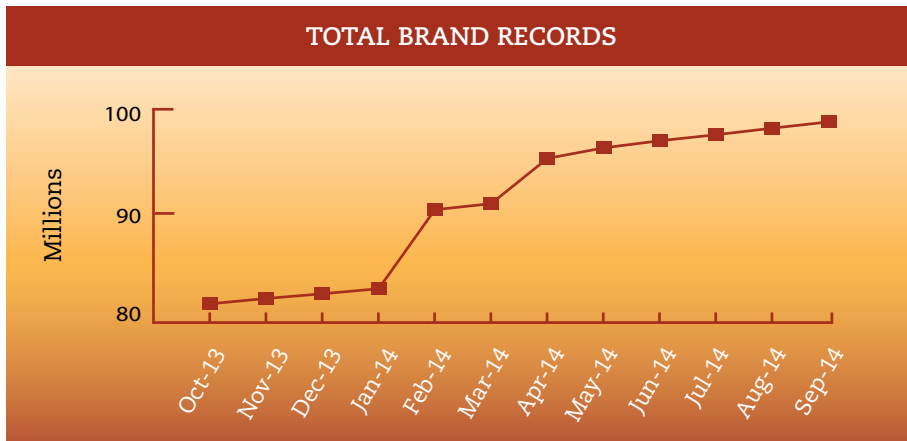


Figure 8

There are more than 60 vehicle brands captured in NMVTIS as of September 30, 2014; the top seven are shown below, along with an “Other” category which includes remaining brands (see Figure 9).

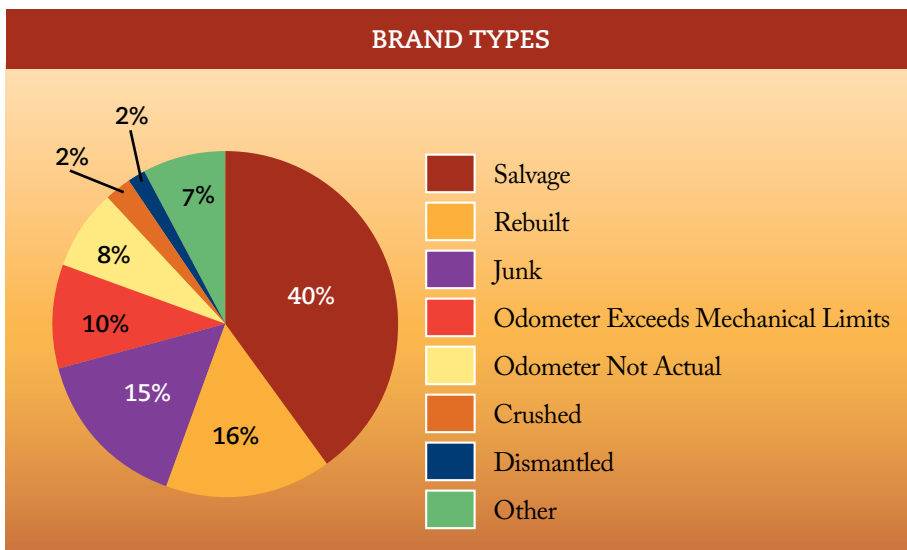


Figure 9

It is interesting to note the number of brand records by brander as of September 30, 2014 (see Figure 10). Branders include states, the U.S. General Services Administration (GSA), and the U.S. Department of Transportation (DOT). California continues to lead with the most brand records, followed by Texas and Illinois.

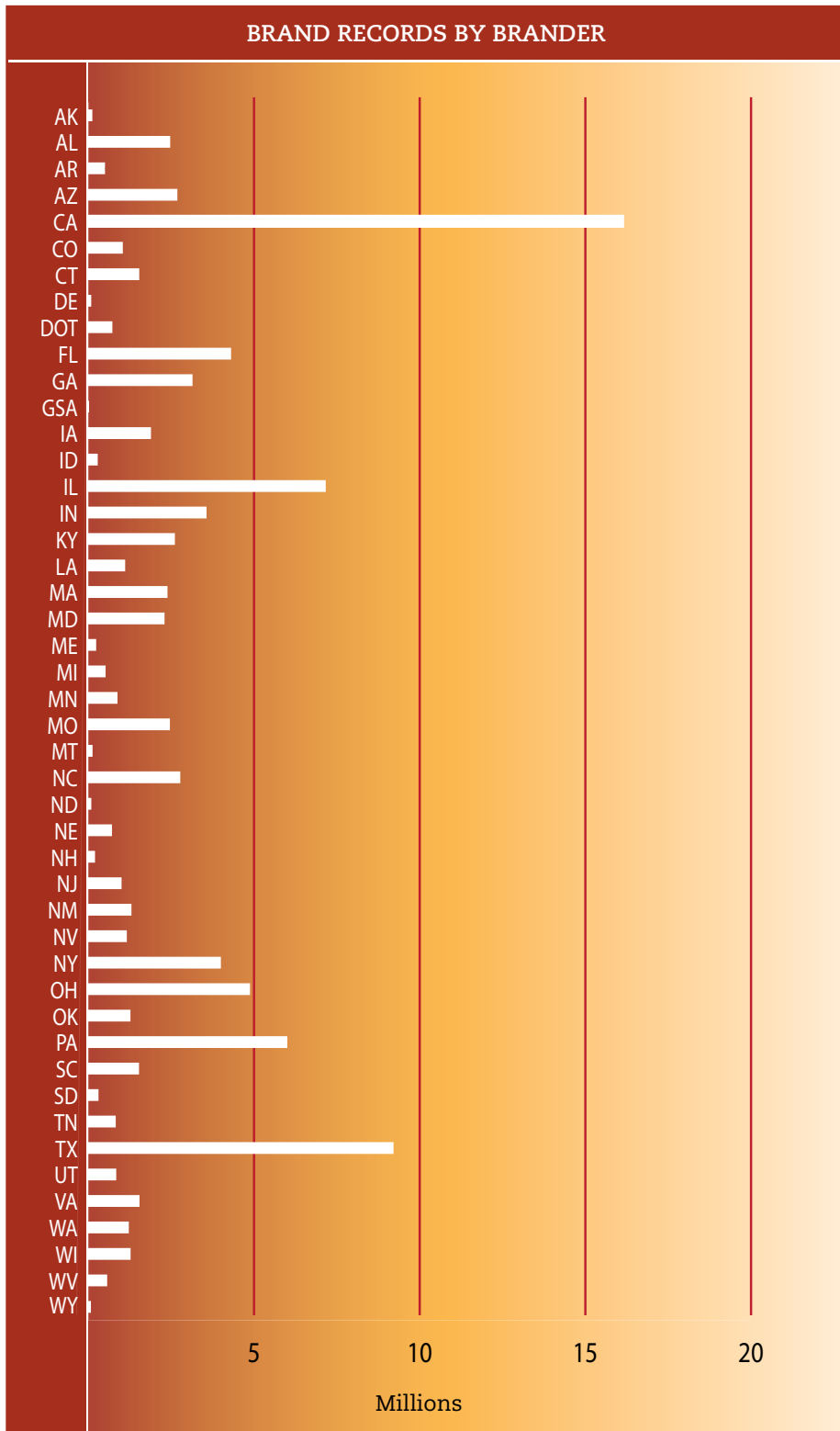


Figure 10

During this reporting period nearly 170 million state transactions (inquiries, title updates, and brand updates) were conducted (see Figure 11) compared to over 136 million transactions during the last reporting period, an increase of nearly 25%.

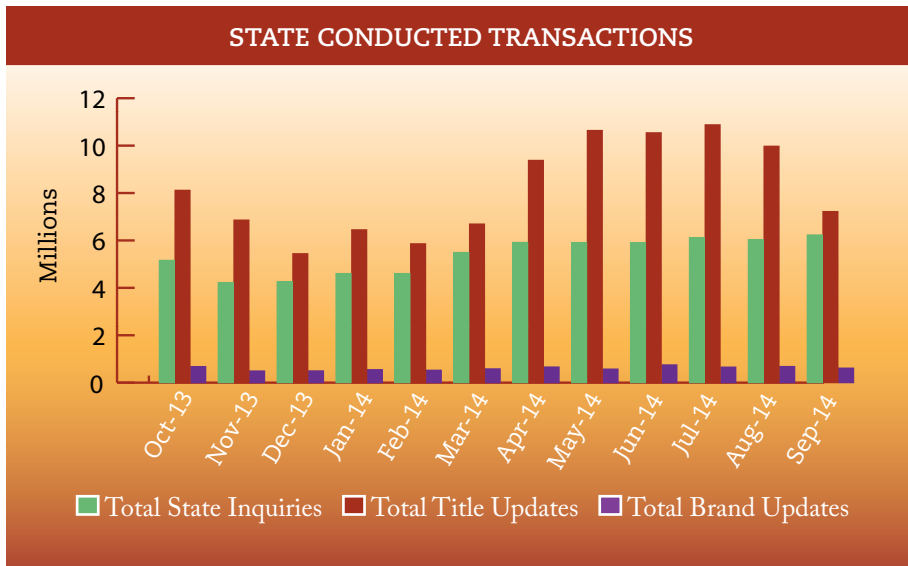


Figure 11

Over the past six years, state-conducted transactions increased by 133% (see Figure 12). In 2009 transactions numbered 73 million and during this reporting period transactions reached nearly 170 million.

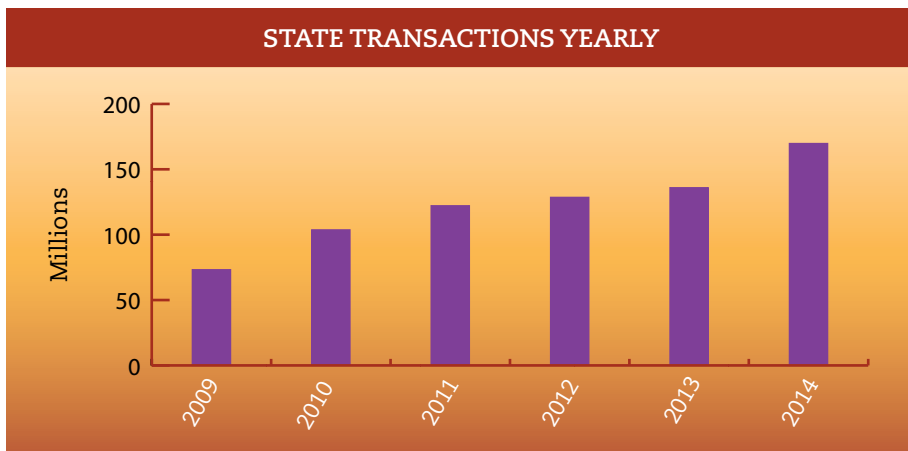


Figure 12



AAMVA continued to complete tasks related to system operability, such as updating system documentation. Additionally, as part of its role as system operator, AAMVA established a group focused on state business processes. In an effort to resolve issues related to NMVTIS state business rules and to encourage jurisdictions to develop business policies and practices around NMVTIS in a consistent manner, the NMVTIS Business Rules Working Group was established in the summer of 2012. The Working Group operates under AAMVA's Vehicle Standing Committee and consists of AAMVA business and technology staff, along with representatives from the state business and technology areas, balancing representation across AAMVA's regions and NMVTIS modes of participation. To help title and registration program managers align NMVTIS with their jurisdiction's title practices, the Working Group developed and published the resource, "NMVTIS Best Practices for Title and Registration Program Managers in DMVs" in March 2014. This document will continue to evolve as subject matters are considered and recommendations for best practices are revised or added by the Business Rules Working Group. Edition 2 will be published during the next reporting period. Additionally, the Working Group identified the need for a NMVTIS brochure for states to disseminate to its stakeholders to promote understanding of the purposes of NMVTIS, and how a state can achieve optimal participation in and benefits from the system. The brochure will be developed during the next reporting period.

During the last reporting period, system reengineering provided state help desks with the capability to securely add or modify their own records through the State Web Interface (SWI). AAMVA delivered SWI training to seventeen states: Alabama, Arizona, Florida, Georgia, Idaho, Illinois, Michigan, Montana, North Carolina, New Mexico, New York, New Jersey, Ohio, Oregon, Pennsylvania, Virginia, and Washington. Reliance on AAMVA's help desk to conduct corrective transactions on behalf of states decreased significantly from 45% in December 2013 to 18% in September 2014. As captured in the Benefits section below, states report that this self-service capability to make corrections has made state titling processes more efficient and improved NMVTIS data integrity. Also, during this reporting period, AAMVA developed the

“ I want to thank the Business Rules Working Group members and AAMVA staff for their continued support, expertise, and dedication to developing quality Best Practices for NMVTIS jurisdictions to put into practice. We are ready to continue these efforts in 2015.”

KITTY KRAMER

Chair, NMVTIS Business Rules Working Group and Program Manager, California Registration Operations Division, Customer Service & Operations Support

capability for online states to obtain access to JSI data when they inquire. This fulfilled the Final Rule requirement and is noted as a benefit by states in the section below.

## BENEFITS

### States Report Positive Results Through NMVTIS

**Participation** States that inquire into NMVTIS (i.e., conduct a title verification check) receive data on the specific vehicle, the current title, any brand information, JSI information, and whether the vehicle is reported stolen. Based on this collection of data, the state determines whether to issue a new title. When a vehicle is retitled, NMVTIS is updated to show the current state of title. During this period, the following states reported a number of beneficial results from participating in NMVTIS:

### Potential Stolen Vehicles Identified

- **Iowa:** 246 stolen vehicle hits were investigated by the Iowa DOT Bureau of Investigation and Identity Protection. The majority of these vehicles were no longer actively stolen (but still resided on NCIC) so were put through an NCIC record removal process, protecting vehicle owners from possible arrest and vehicle impoundment.
- **Kentucky:** 70 stolen vehicle hits prompted investigations.
- **Minnesota:** 38 stolen vehicle hits prompted investigations.
- **Missouri:** 2,641 stolen vehicle hits prompted investigations.
- **New Hampshire:** 555 stolen vehicle hits prompted investigations.
- **Ohio:** 3,005 stolen vehicle hits prompted investigations.
- **Pennsylvania:** Two confirmed cases were identified, prompting outreach to the applicants.
- **Texas:** One stolen vehicle hit prompted investigation.

### Vehicle Brands Identified and Carried Forward

- **Connecticut:** Carried forward missing brands.
- **Iowa:** 3,727 brands were recaptured on titles.
- **Maine:** Missing brands were verified and carried forward.
- **Minnesota:** Missing brands were verified, prompting VIN inspections as necessary.
- **Missouri:** 238 vehicles were identified as missing brands, prompting notification to the vehicle consumer and branding the vehicles according to Missouri law.
- **Nebraska:** Missing brands were verified and carried forward.

“NMVTIS JSI is a dependable, reliable, user-friendly website. NMVTIS provides quick and thorough webinars for training when enhancements are implemented. As customers move throughout the U.S., NMVTIS is an excellent source when determining the title state of record.”

CRAIG FLYNN  
Title and Registration Manager,  
Minnesota Department of Public  
Safety

- **New Hampshire:** 18,406 missing brands were carried forward.
- **Ohio:** 83,219 missing brands were carried forward.
- **Texas:** 5,613 brands were researched and confirmed as data entry errors; 1,797 missing brands were recaptured and carried forward.
- **Wyoming:** Carried forward missing brands.

### Enhanced Customer Service

- **Colorado:** Counties have access to NMVTIS and are able to verify current state of title and data, enabling over-the-counter issuance of a Colorado title. Prior to NMVTIS verification could take up to three weeks.
- **Connecticut:** Titles and brands are more accurate with use of NMVTIS.
- **Iowa:** Helped to identify stolen vehicles, improve accuracy in titles, reduce the ability of unscrupulous individuals to wash brands, help protect future buyers of vehicles, and possibly reduce lawsuits by consumers who were given clear titles with missing brands.
- **Kentucky:** Errors are easier to correct through NMVTIS, and other states are willing to make changes as needed. Issues are resolved faster. NMVTIS has also helped to reduce processing time for vehicle title and registration.
- **Maine:** Ensures accurate title documents are issued to Maine residents.
- **Minnesota:** NMVTIS data provides a more accurate title to customers and potential issues are communicated in real time to customers.
- **Nebraska:** The recapturing of missing brands provided another layer of consumer protection to the Nebraska title issuance process.
- **North Dakota:** Provided information to customers who had bought a vehicle with a salvage or previously salvaged brand of which they were not aware prior to purchase.
- **Ohio:** NMVTIS automation for title surrenders across the states is an advantage when it comes to titling vehicles. Nearly 400,000 surrenders were automatically processed from Ohio last year.
- **Texas:** Created a NMVTIS Unit with state help desk for NMVTIS issues, comprised of five employees plus a unit coordinator. Created the Title Check webpage to encourage consumers to purchase a vehicle history report; also included mail inserts on Title Check with monthly registration renewal notices. Enhanced consumer safety and awareness by recapturing missing brands. Between May 12, 2014 and September 30, 2014, 3,036,700 inquiries were conducted, resulting in the identification of 49,123 errors that were corrected or submitted for review.

“NMVTIS helps to more accurately issue titles, ensuring accurate information regarding motor vehicle brands on titles issued by Connecticut.”

DANIEL SILBO  
Program Coordinator, Connecticut  
Department of Motor Vehicles

- **Wyoming:** Potential fraud was successfully investigated, resulting in more accurate records. Fraudulent titles were corrected; however, customers were disappointed to learn they paid a “clean” title price for a salvage title vehicle. In using the Summary of Errors and Warnings (SEW) file, a discrepancy in mileage reported between a current and a prior title record was identified. Investigation determined that a replacement odometer had not been properly documented.

### Cloned Vehicles Identified

- **Alaska:** Five cloned VINs were identified and confirmed through hidden VIN searches and research.
- **California:** Received an inquiry from North Dakota regarding a California title. Upon inspecting the vehicle, North Dakota confirmed the secondary VIN matched their records so California canceled the title and North Dakota reissued theirs.
- **Connecticut:** NMVTIS assisted with investigations into possible VIN cloning.
- **Minnesota:** Three cloned VINs were identified, prompting VIN inspections and further investigation.
- **New Hampshire:** One vehicle was investigated with Florida and Arizona to be a potential clone; Arizona was confirmed to be the correct title.
- **Texas:** Six cloned VINs were identified, three of which are pending investigation. Two cases were confirmed cloned and one resulted in the recovery of a stolen vehicle from Florida.
- **Wyoming:** Through investigations, identified instances where a dealership made a clerical error and provided an incorrect Manufacturer’s Statement of Origin (MSO).

“New Hampshire has expanded our help desk to include all the Title Examiners in the bureau. DMV holds monthly meetings to educate our people on NMVTIS transactions, ideas, sharing problems and solutions, and going over best practices we need to implement. DMV is very excited to share the NMVTIS world with our entire staff. Each day staff are identifying the benefits of NMVTIS. It really does work!”

PRISCILLA VAUGHAN

Supervisor IV, New Hampshire Bureau of Title & Anti-Theft

### Fraudulent Activity Identified

- California:** Upon receiving inquiry from Missouri regarding possible fraudulent title application, ran a title request and saw there was a Florida title surrendered. Florida DMV confirmed the Florida title was fraudulent so California canceled its title record and the title was removed from NMVTIS. One additional case with Louisiana and Texas is pending investigation — California was presented with a title from Louisiana indicating a salvage vehicle; Texas DMV also received request for a rebuilt vehicle from customer in that state. Resolution for California is pending investigation.
- Connecticut:** NMVTIS assisted state agencies to investigate possible fraud.
- Iowa:** Two cases verified as fraud, resulting in the filing of felony criminal charges. The first case involved the application being made for an Iowa title where the presented Illinois title VIN was reported by NMVTIS as stolen. Upon investigation, it was determined the application for the Iowa title was fraudulent and the holder was not entitled to the vehicle. The second case involved a vehicle being reported stolen that also contained an active lien. It was determined the vehicle had been purchased by someone not licensed to dispose of junk vehicles and then sold to an Iowa recycler. The information obtained from NMVTIS assisted in determining the identity of the suspects and where the vehicle was disposed.
- Maine:** NMVTIS served as a major asset, assisting state agencies in the investigation of possible fraud.
- Minnesota:** Two cases of fraudulent activity were identified. The odometer was confirmed altered on a California title, and a second title was submitted for further investigation.
- Missouri:** Four cases of fraudulent activity were confirmed. In two cases, Missouri verified with the respective states that surrendered Georgia and Texas titles were fraudulent, prompting further investigation by the Missouri Department of Revenue Criminal Investigation Bureau. In the third case, a non-branded Oklahoma title was surrendered and NMVTIS showed the VIN had a brand history. Oklahoma and Texas were contacted and it was discovered the surrendered Texas title, received by Oklahoma, had been altered to reflect no brand affiliation. Missouri's consumer was informed and complied with Missouri's brand requirements. In the fourth case, a non-branded California title was surrendered in Missouri and NMVTIS showed the VIN had a brand history. California and Texas were

“It’s difficult to put a dollar value other than “priceless” on NMVTIS when it prevents someone from being pulled over and possibly removed from a vehicle at gun point because the vehicle is still identified as stolen.”

TINA HARGIS  
 Director, Vehicle and Motor  
 Carrier Services, Iowa Department  
 of Transportation



contacted and it was discovered that a fraudulent Texas title had been surrendered to California, prompting further investigation by the Missouri Criminal Investigation Bureau.

- **New Hampshire:** Three cases of fraudulent activity were identified through inquiries on NMVTIS: One cloned vehicle confirmed with Arizona; one washed brand from a New Jersey title; and one fraudulent duplicate title from Massachusetts.
- **Texas:** 5,354 incidents of potential fraud were identified: 4,527 odometer discrepancies and 782 superseded titles. Incidents are pending further verification of either title tampering or data entry errors.

### Enhancements for Motor Vehicle Agencies

- **Colorado:** The help desk capability to manually add, delete, or change a record rather than sending the request to AAMVA has improved data integrity.
- **Iowa:** Savings of an estimated two full-time clerk specialist positions compared to the agency manually changing state of title records. The volume of paperwork from other states and the required data entry created an overwhelming backlog, risking the accuracy of the data.
- **Maine:** NMVTIS automation cut down on hours required to process Maine titles.
- **Minnesota:** The SWI correction screen allows for vehicle record correction and title issuance on the same business day. Change state of title automation prevents duplicate title issuance and continued renewal notification. Monetary savings are intangible, but excellent customer service provided through NMVTIS is invaluable.

“...If NMVTIS had not brought this stolen record to our attention and if MVE investigators had not worked to have the stolen “hit” removed from NCIC and NICB, the current operator of the vehicle would have been subject to arrest for being in possession of a stolen vehicle. The service NMVTIS provides by helping to clarify the status of purportedly stolen vehicles prevents many potential problems for current owners and law enforcement on the roadside.”

TINA HARGIS

Director, Office of Vehicle and Motor Carrier Services, Iowa Department of Transportation”

- **Nebraska:** Approximately \$17,500 in employee cost is saved each year through the reduction in manual processing of changed states of title.
- **New Hampshire:** Implemented the JSI file to interface with the state titling system to automatically update state records with junk vehicle information, thus eliminating manual processing.
- **Texas:** NMVTIS automation has eliminated the need for two full time employees to manually release batches of titles for issuance; process is now automatically seven days from processing the application. Automation has also eliminated the manual review and auditing of all title documentation with transactions directly sent to the imaging vendor, reducing mailing and processing costs. Substantial training on SWI was provided to Texas DMV staff and county processing clerks who interact with customers; they utilize SWI daily. A webpage of NMVTIS resources was created.
- **Wyoming:** NMVTIS automation has eliminated the need to hand-cancel titles, saving a great deal of staff hours.

#### JSI Data Assisted in Business Processes

- **Iowa:** Data was used to follow up on leads for vehicles reported as stolen and with active liens.
- **Maine:** Verified salvage titles issued by other states and insurance companies.
- **Minnesota:** Data was used in checking for all out-of-state and duplicate title applications (approximately 500,000). Minnesota applies legislated salvage brands to any vehicle where JSI information is displayed on NMVTIS, ensuring titles disclose correct information to customers.
- **New Hampshire:** Implemented the JSI file to interface with the state titling system to automatically update state records with junk vehicle information.
- **North Dakota:** Data was used to determine if the appropriate brand is attached to a specific VIN.
- **Wyoming:** Data was used to verify vehicles were properly branded. Have identified a large number of dealerships and individuals attempting to sell a vehicle off a “clean” title when, in fact, the vehicle was known to have been in an accident and should have been sold as salvage.

“When title fraud happens, innocent people are hurt. By implementing NMVTIS, we have empowered Texans with the information they need to protect themselves before buying a used car. As we like to say in Texas, “Don’t Buy a Wreck. Do a Title Check.”

WHITNEY BREWSTER  
Executive Director, Texas Department  
of Motor Vehicles

## PAYING USER FEES

### **Revised State Fee Model Approved and will be Effective in FY2016; States Paid \$2.7 Million Toward the Cost of Operating the System in FY2014**

In accordance with the NMVTIS Final Rule, requiring 12 months' advance notification before charging state fees, AAMVA issued its formal notice in September 2011 to all state motor vehicle titling agencies regarding the relief of paying state user fees during FY2012 and the future reinstatement of state user fees in FY2013. During FY2014 AAMVA revised the state fee model so that states pay an increased portion of costs. The key tenets of the NMVTIS state fees model agreed upon by the states include:

- State fees will cover an increasing percentage of total NMVTIS operational costs each year, from 60% in FY2016 to 90% in FY2019.
- An equitable 51-tier structure assigns each jurisdiction responsibility for a percentage of the total system operating costs. This responsibility is based on each jurisdiction's number of registered vehicles (as reported to the FHWA) as a percentage of the total U.S. registered vehicle population.
- The remaining operating costs during FY2016-FY2019 will be covered by a mix of funding sources, such as consumer access fees, and/or AAMVA member funds.
- States may receive a 50% credit of the revenue associated with each consumer access transaction that results in data returned for a VIN pointing to that state as the current state of title. BJA will make the determination if states are currently in compliance and, therefore, eligible to receive the applicable credit.

**States Earn Revenue Credits** As part of the state user-fee model, a state that provides title and brand data and inquires on NMVTIS, is eligible to earn credits from revenue earned by the operator when a NMVTIS record for a vehicle titled in that state is sold to a provider. BJA issued notifications to all states eligible, outlining approved uses of credits. Eligible uses include paying the next year's fees, improving state title/registration data and processes, raising consumer awareness of NMVTIS, staff training, conducting quantitative analysis of impact of NMVTIS on titling process and/or consumer protection, and development to become fully compliant. By the end of the reporting period, the 44 eligible states had earned a total of more than \$750,000 in credits.

- 23 states used credits toward FY2015 NMVTIS State Fees
- 21 states escrowed credits for future use

## Junk Yard, Salvage Yard, and Insurance Carrier Reporting Program

### Number of Records Reported Continued to Increase; Approximately 35

**Million Unique VINs Reported** The Anti Car Theft Act requires that in addition to state motor vehicle titling agencies, other third parties must report vehicle information into NMVTIS. Specifically, junk and salvage yards, auto recyclers, and insurance companies are required to report (at least monthly) vehicles deemed junk, salvage, or total loss to NMVTIS beginning March 31, 2009. There are two reporting exceptions: entities that handle fewer than five vehicles per year deemed salvage (including total loss) or junk; and entities that currently report the required data elements to the state in which they are located and that state provides the required information to NMVTIS.<sup>12</sup> After five and a half years in operation, the number of reported records in the JSI reporting program continues to increase. In addition, as reported in the Benefits section of this publication, states increasingly rely on JSI data to make informed business decisions in their state titling processes.

The four data consolidators below provide data reporting services to businesses required to report to NMVTIS:

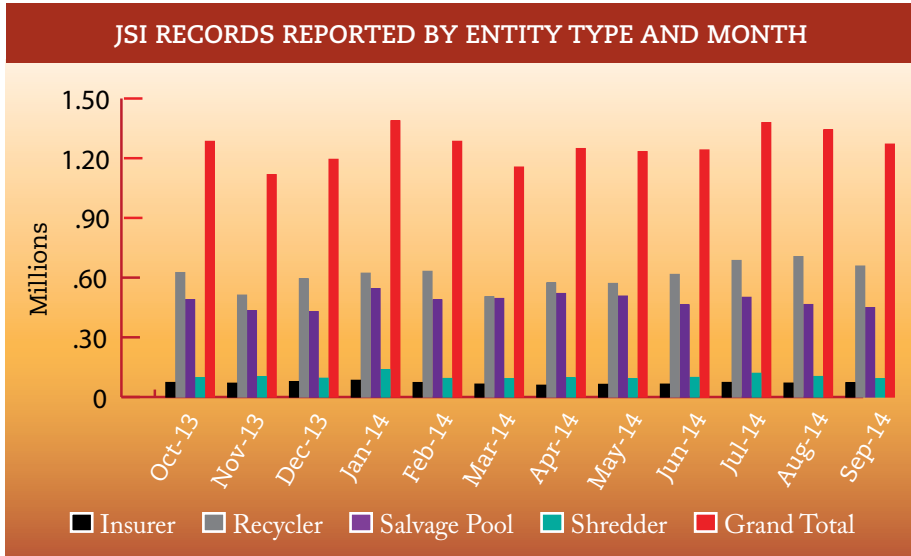
- AAMVA Single VIN Reporting Service
- Audatex
- Auto Data Direct, Inc. (ADD)
- Insurance Services Office (ISO)

During this reporting period, a total of 15 million records were reported by junk, salvage, and insurance entities (see **Figure 13**).

“The NMVTIS database is only as good as the reliability and completeness of the data in it. Compliance with NMVTIS would be greatly enhanced if reporting was streamlined to reduce redundant data entry and errors. Permitting state DMVs to transfer JSI data directly into NMVTIS if JSI first reports the stipulated data to state DMVs would enhance the value of NMVTIS greatly... ISRI is honored to be a partner in strengthening the functions of NMVTIS.”

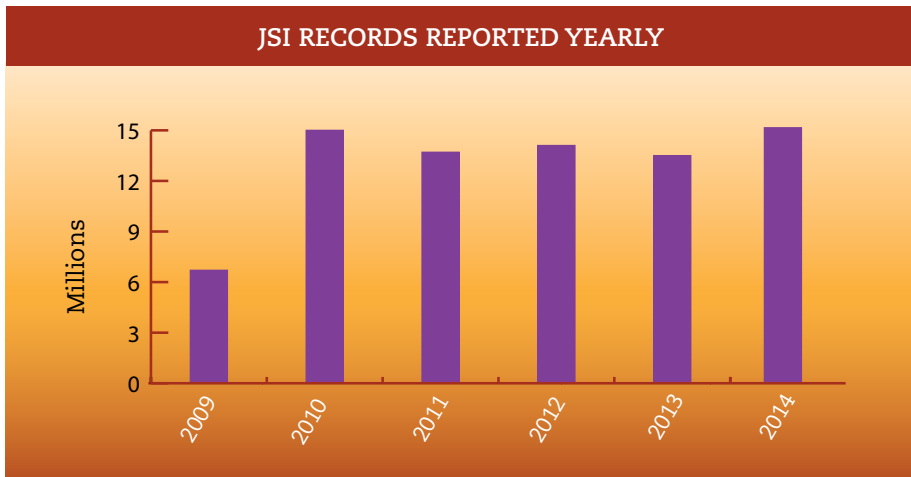
ROBIN WIENER  
President, Institute for Scrap  
Recycling Industries (ISRI)

<sup>12</sup> Georgia is the only state to report on behalf of its JSI entities.



**Figure 13**

Reporting by entities has been steady since the program’s inception, with approximately 78 million total junk, salvage, and insurance records in NMVTIS at the end of this reporting period (see Figure 14). The change from FY2009 to FY2010 reflects the partial reporting period (April-September) in FY2009. The slight increase from FY2013 to FY2014 is a factor of increased awareness driven by state legislative and enforcement efforts.

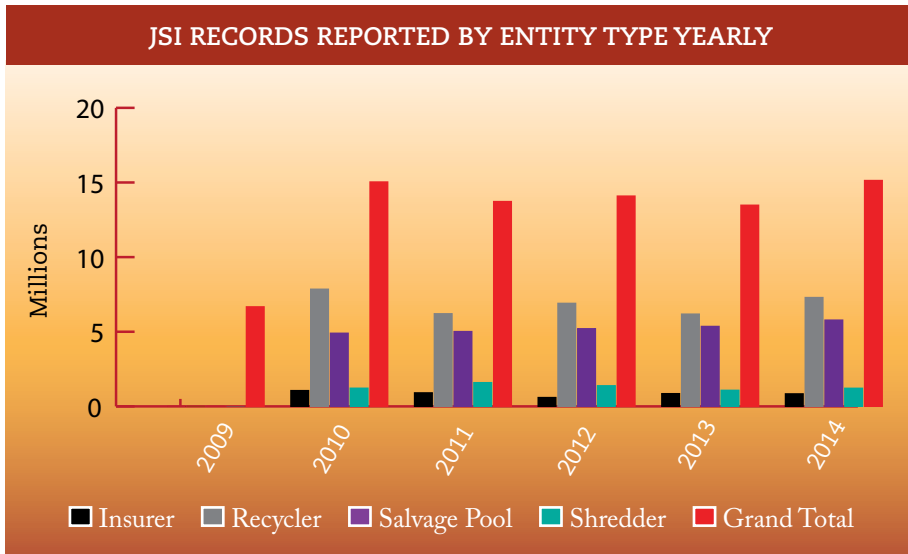


**Figure 14**

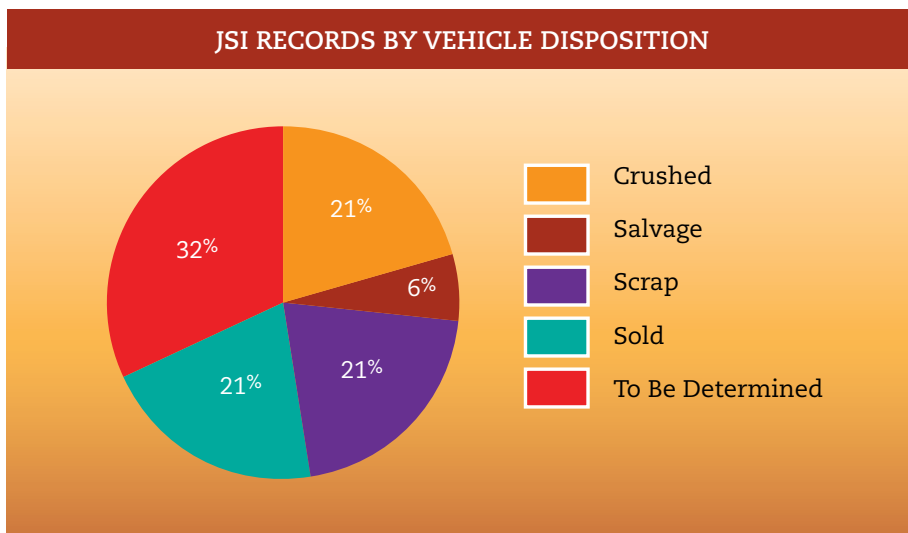


**PROGRAM AREAS: JUNKYARD, SALVAGEYARD, AND INSURANCE CARRIER REPORTING**

An average of 13 million junk, salvage, and insurance records have been reported each year to NMVTIS, with recyclers providing the vast majority of records (see **Figure 15**). For the vehicle disposition breakdown of the total 78 million total records reported to date see **Figure 16**.



**Figure 15**



**Figure 16**

An average of 4,400 entities reported each month throughout the reporting period (see **Figure 17**).

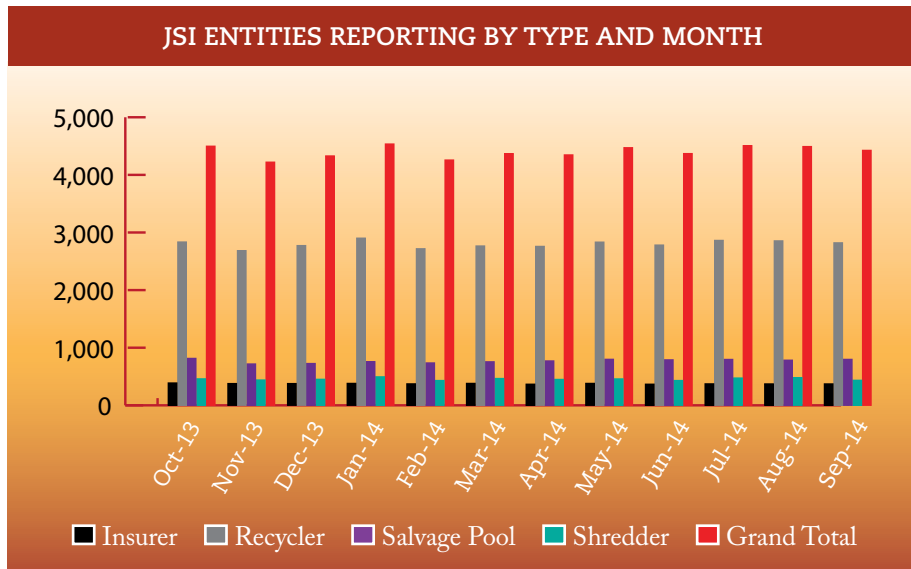


Figure 17

### STATES AND JSI REPORTING

**Georgia, Department of Revenue:** During the reporting period, the Georgia Department of Revenue (DOR) continued with its program requiring businesses engaged in the purchase or receipt of salvage vehicles (secondary metals recyclers, used motor vehicle parts dealers, and scrap metal processors called “salvage dealers”) to report NMVTIS information to the DOR. In turn, DOR provides an electronic reporting method that satisfies the salvage dealer’s state reporting requirements as well as federal NMVTIS reporting requirements. This is accomplished through its contractor, a NMVTIS data consolidator, Auto Data Direct, Inc. (ADD).

The number of Georgia businesses reporting increased by 68, while the total number of records reported decreased (see Figure 18). This can be attributed to the backlog of reporting that was cleared when the program was first implemented during the last reporting period.

Type of Business	Number of Businesses		Variance	Records Reported		Variance
	FY2013	FY2014		FY2013	FY2014	
Parts Recycler	87	121	34	17,694	146,744	129,050
Secondary Metals Recyclers	39	61	22	163,942	28,742	<135,200>
Salvage Pools	3	15	12	111	567	456
<b>TOTAL</b>	<b>129</b>	<b>197</b>	<b>68</b>	<b>187,747</b>	<b>176,053</b>	<b>&lt;11,694&gt;</b>

Figure 18

## PROGRAM AREAS: JUNKYARD, SALVAGEYARD, AND INSURANCE CARRIER REPORTING

**Alabama, Department of Revenue:** During the reporting period, AAMVA continued to support the DOR in its effort to satisfy a state law requiring scrap recyclers and dismantlers to provide their NMVTIS reporting entity identification number prior to being issued a state business license. The DOR has also expressed interest in reporting on behalf of some of those businesses that have state and federal data-reporting obligations. Discussion with AAMVA and DOR continued.

**New York, Department of Motor Vehicles:** During the reporting period, AAMVA continued to provide weekly extract files from the JSI central file to help supplement New York's destroyed vehicle program. Vehicles that were reported with a disposition of crushed or scrap by those reporting entities with business addresses in New York were included in the weekly extract.

**Iowa and New Hampshire:** During the reporting period, Iowa and New Hampshire followed New York in its use of the weekly extract files of vehicles that were reported to NMVTIS with a disposition of crushed or scrap by those reporting entities with business addresses in the respective states. Paul Steier with Iowa Department of Transportation, Bureau of Investigation & Identity Protection, describes the value of using the destroyed vehicle file:

"Iowa has been receiving the destroyed vehicle (JSI data) for less than a year but the results to date have helped us understand what is happening within the vehicle destruction business. We have been able to learn where some of Iowa's stolen vehicles are taken for destruction, and determine who is destroying the vehicles. We are looking at current NCIC stolen records along with purged stolen files, some dating back as far as 1994. One vehicle in particular still had a valid lien on the title when it was destroyed. This information gives staff leads to begin an investigation and identifies subjects who may be dealing in stolen vehicles. Access to this data also supports compliance checks related to Iowa recyclers obtaining proper ownership at time of purchase, and helps us determine compliance with NMVTIS reporting requirements.

In the future we intend to flag DOT vehicle records from these JSI records to indicate vehicle destruction along with location. This will help prevent vehicle identity

“ISO is eager to continue our relationship with NMVTIS; and has worked very hard on creating robust management reports that will further help our customers meet the system's reporting requirements. During this past year, we successfully launched our Outreach Program, which was designed to educate our customers on the NMVTIS process. The Department of Justice also participated in our webinars.”

CARLOS MARTINS  
Vice President & General Manager,  
ISO ClaimSearch Solutions

cloning, and prohibit the issuance of a fraudulent future title. We also intend to further automate this process to provide for a timelier, less labor-intensive method of vehicle history information exchange.”

## STATE LEGISLATIVE EFFORTS

The following state bills relevant to NMVTIS were either introduced or adopted during the prior reporting period, with effective dates during the current reporting period.



**Idaho** 2014 ID H.B. 389: Introduced January 21, 2014; adopted March 6, 2014; effective July 1, 2014

**Requires:**

- Every brand retrieved from NMVTIS shall be carried forward to all subsequent titles issued by the state.



**North Carolina** 2013 NC H.B. 26: Introduced January 13, 2013; adopted July 23, 2013; effective December 1, 2013

**Requires:**

- A secondary metals recycler or salvage yard purchasing a motor vehicle must report the disposition of the vehicle to NMVTIS within 72 hours of each day's close of business.



**Ohio** 2013 OH H.B. 468: Introduced March 6, 2014; adopted December 18, 2014; effective December 18, 2014

**Requires:**

- The Registrar of Motor Vehicles to contract with a NMVTIS third party data consolidator for the development of a statewide database. The database will be used to maintain an accurate record of all sales conducted by a salvage motor vehicle auction or salvage motor vehicle pool, submitting information collected on a monthly basis.
- Every salvage motor vehicle auction and pool shall comply with the reporting requirements of NMVTIS.

“ In 2014 ADD saw increased compliance in states that began to verify NMVTIS salvage reporting for licensure and license renewal. With many jurisdictions legislating faster reporting times and allowing active enforcement at the state level, both compliance and the quality of salvage information reported to NMVTIS improved.”

JAY SVENDSEN  
National Sales Manager,  
Auto Data Direct, Inc.

## PROGRAM AREAS: JUNKYARD, SALVAGEYARD, AND INSURANCE CARRIER REPORTING



**Virginia** 2014 VA H.B. 166: Introduced January 8, 2014; adopted March 3, 2014; effective July 1, 2014

### *Requires:*

- Any salvage vehicle dealer licensee must comply with all applicable federal title reporting requirements, including the reporting requirements of NMVTIS. In addition to reinforcing the federal reporting requirements, VA also requires that any applicant for a Salvage Type Dealer License must provide their assigned NMVTIS reporting identification number. Failure to provide that number will result in delay in processing the application for the business license.

### **BENEFITS**

**Helps Prevent Fraud, Theft, and Helps Protect Consumers from Unsafe Vehicles** By reporting VINs of vehicles that are deemed junk, salvage, or insurance total loss, NMVTIS serves to help prevent fraud and theft as well as helps protect families from unsafe vehicles. States and law enforcement rely on NMVTIS data to obtain the full vehicle lifecycle.

### **COMPLIANCE EFFORTS**

During this reporting period, BJA continued to emphasize NMVTIS program awareness through involvement in various industry and law enforcement-sponsored webcasts and training sessions. One example during this period was BJA staff participation at the National White Collar Crime Center (NWC3) regional auto theft and fraud training session for state and local law enforcement.

While emphasizing awareness, BJA also responded to both public and law enforcement non-reporting referrals that resulted in more than 20 non-reporting investigations in twelve states during this period. BJA coordinates its enforcement efforts with NHTSA, the FBI, and state and local law enforcement to identify and investigate NMVTIS reporting violations. Some of the agencies BJA supported during this period include the Milwaukee (Wisconsin) Police Department, the Florida Department of Motor Vehicles, the California Highway Patrol, the Maryland State Police, and the Pennsylvania State Police Auto Theft Task Force.

“In 2014, ISO ClaimSearch committed to the development of a Business Intelligence Dashboard to support our customers’ management of their NMVTIS reporting. Since its release, there have been hundreds of user instances and numerous training sessions dedicated to helping our customers leverage the power of the metrics delivered through this asset.”

CARLOS MARTINS  
Vice President & General Manager,  
ISO ClaimSearch Solutions



## Consumer Access Program

**Transactions Grew by 11%; Texas DMV Takes Creative Approach to Promote Use of NMVTIS** The Anti Car Theft Act allows prospective purchasers (commercial and individual consumers) to inquire to NMVTIS to investigate used cars they are considering for purchase. A federal court ruling in September 2008 required that information from NMVTIS be available to the public by January 30, 2009. Effectively, consumers access online, real-time NMVTIS current title, vehicle brand and title history, and junk, salvage and insurance total loss data.

The consumer access program experienced steady growth of approximately 11% in transactions from 4,455,482 in the last reporting period to 4,945,504 in this reporting period (see Figure 19). A year-to-year comparison of the number of consumer access transactions (see Figure 20) illustrates significant growth. Progress in this program area continues as a result of efforts by the approved data providers to expand the use and awareness of NMVTIS vehicle history information as well as continuing requirements related to California Assembly Bill (AB) 1215 which became effective during the FY2012 reporting period.

“The RigDig® Truck History Reports are focused on a small, niche segment of Heavy Duty Commercial Motor Vehicles. Over 92% of the RigDig® reports are run on Class 8 trucks. During the reporting period 4.9% of the reports included a title brand from NMVTIS and 1.8% of the reports included information from JSI.”

JAMES VOGEL  
Vice President of Business Analytics,  
General Manager of RigDig®

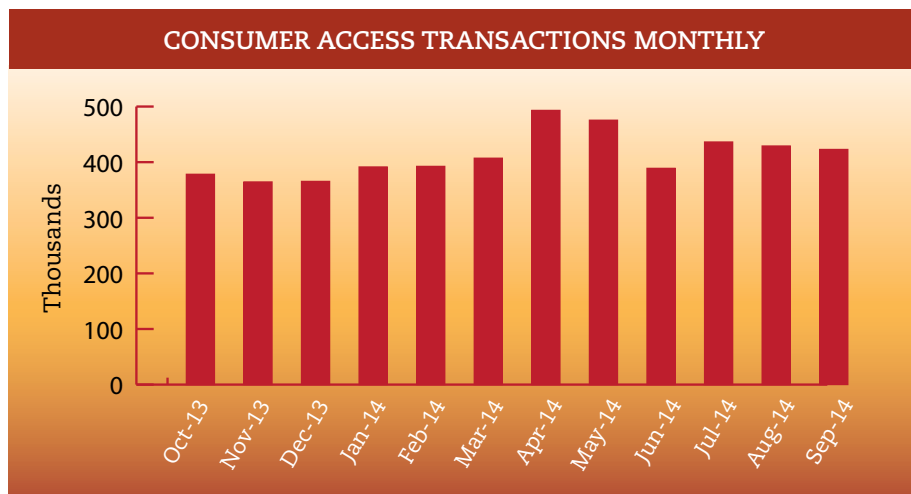
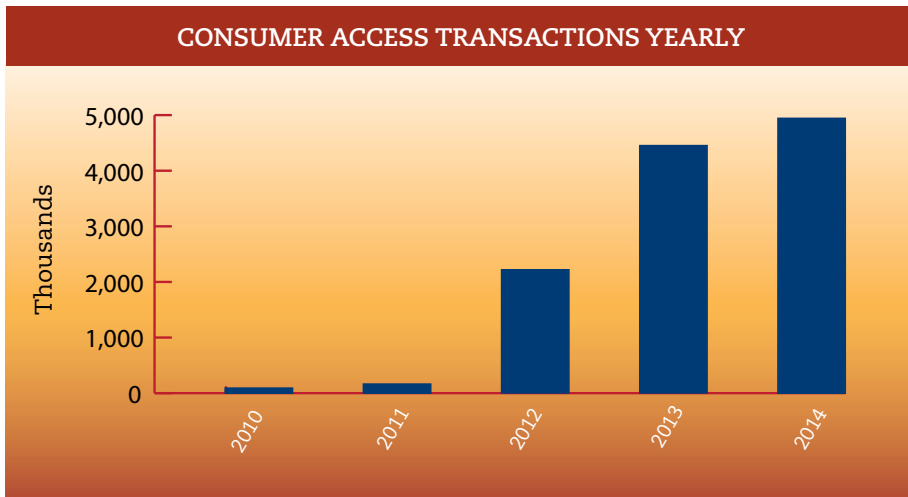


Figure 19



**Figure 20**

**Approved Data Providers** Ten approved providers continued to offer NMVTIS Vehicle History Reports to the public, including individual and commercial users. Six of the ten authorized providers support individual consumers as well as commercial consumers such as motor vehicle dealers. The remaining four only provided NMVTIS information to their dealer customers in the state of California, in support of AB 1215. One other data provider completed application development and was approved, but deferred going into production.

The steady demand for NMVTIS Vehicle History Reports remained primarily attributable to AB 1215. However, approved data providers continued to explore opportunities to expand in other markets and promote new uses for the report information. For example, one approved data provider conducted a large volume of inquiries in support of validating a customer's data.

Changes were made during this reporting period to the manner in which the providers interface with NMVTIS. The reengineered platform implemented in FY2013, offered current providers the ability to use web services, which makes connectivity more straightforward. During the reporting period, three approved providers made the shift to web services, while three others considered the move.

**Texas Department of Motor Vehicles (TxDMV) – Title ✓:** As described in the State Program section, Texas DMV took a significant step to promote the use of NMVTIS Vehicle History Reports on its state website. As part of their

“ We see the value of NMVTIS continuing to grow as NMVTIS expands its role as the gateway for title and brand checking by all DMVs, and as a ‘go to’ resource for checking on total loss and branding history by the public.”

HOWARD NUSBAUM  
Administrator, National Salvage  
Vehicle Reporting Program

reimplementation and move to full participation status, TxDMV realigned an existing state-based title inquiry function and expanded it to leverage the NMVTIS approved data providers. In addition to promoting title inquiries they also provided their citizens with a helpful review of information that should be considered when purchasing a used motor vehicle. This education effort included a video entitled “Don’t Buy a Wreck, Do a Title Check!” One of the approved providers reported a marked increase in the number of requests for NMVTIS Vehicle History Reports from consumers in Texas. Overall, the number of consumer transactions where Texas was the current state of title also increased over previous years.

## PROGRAM REVIEW

### Review Initiated to Maximize Program Efficiencies and Enhance Program Revenues

The Consumer Access Program was established in 2009, shortly following publication of the Final Rule. The program was designed to make NMVTIS information available to consumers in an efficient and affordable manner. The program has been in place for five and a half years without a comprehensive review. A comprehensive review continued during this reporting period, and the scope included the following areas of focus: number of providers, process for selection of new providers, pricing, and the contract under which the approved data providers operate. The review was conducted by the system operator in collaboration with DOJ. During the review, no additional approved providers were added, suspending program expansion. All expressions of interest in becoming an approved data provider were kept on file for follow-up upon completion of the review. The review will be completed in the next reporting period.

“ADD saw a marked increase in both web traffic and consumer records requested from Texas after the launch of the TxDMV “Don’t Buy a Wreck, Do a Title Check!” consumer education initiative and information page on the TxDMV website.”

SARAH KATHRYN WRIGHT  
Business Manager, NMVTIS Inquiries,  
Auto Data Direct, Inc.

## BENEFITS

### System Increases Consumer Protection and Reduces Vehicle Fraud

Consumers can search NMVTIS to discover:

- Information from a vehicle’s current title, including the vehicle’s brand history.
- The latest reported odometer readings.
- Any determination that the vehicle is salvage by an insurance company or a self-insuring organization (including those vehicles determined to be a total loss).
- Any reports of the vehicle being transferred or sold to an auto recycler, junk yard, or salvage yard.

Through NMVTIS, once a vehicle is branded by a state motor vehicle titling agency, that brand becomes a permanent part of the vehicle's NMVTIS record. Vehicles that incur significant damage are often branded junk or salvage. Without a fully operational NMVTIS, motor vehicles with brands on their titles can, without much difficulty, have their brands washed. Fraud occurs when these vehicles are presented for sale to unsuspecting consumers without disclosure of their true condition, including brand history. These consumers may pay more than the vehicle's fair market value and may purchase an unsafe vehicle. NMVTIS is effective in greatly reducing (if not eliminating) vehicle fraud, preventing a significant number of crimes and potentially saving the lives of consumers who might otherwise and unknowingly purchase unsafe vehicles.

“NMVTIS provides clarity in the world of vehicle titling, helping us to protect Wyoming residents from fraud and misrepresentation. The ease of use and concise information are invaluable to WYDOT Motor Vehicle Services, Wyoming counties, and residents alike.”

SHANNON DEGRAZIO  
NMVTIS Jurisdiction Administrator,  
Wyoming Motor Vehicles Services

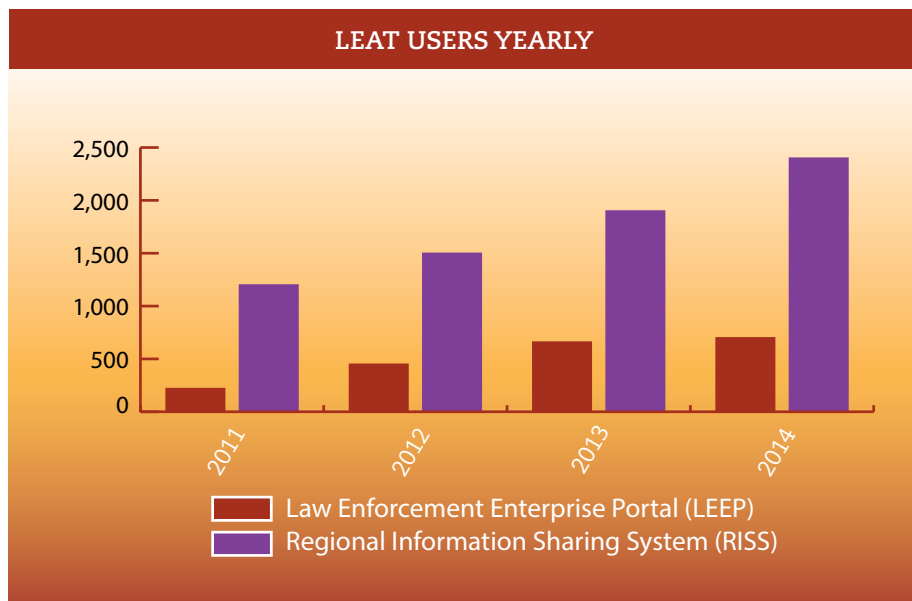
## Law Enforcement Access Program

### Use of Law Enforcement Access Tool (LEAT) Increased; Total Number of LE Users Grew by 21% Over the Last Reporting Period

The NMVTIS LEAT is a distributed federated search tool with the ability to search any data source in any location as long as access is granted and the data source can be searched based on VIN. The foundation of this tool is the NMVTIS central files and the JSI data, but new data sources are consistently being added. In addition, based on input from the field, users identified ways they believe the search tool could be expanded to further assist law enforcement investigations. AAMVA and BJA took these recommendations and embarked on improving the LE search tool, as noted in the FY2013 report. During this reporting period, AAMVA developed web services that will allow LE users to search NMVTIS on complete VINs, but also on state title numbers. DOJ development of web services is planned for the next reporting period.

Awareness of the value of NMVTIS to law enforcement has spread throughout the United States through:

- Users from the Regional Information Sharing Systems (RISS) and the FBI's Law Enforcement Enterprise Portal (LEEP) (formerly Law Enforcement Online or LEO) (see Figure 21).
- A webinar sponsored by AAMVA's NMVTIS Law Enforcement Working Group.



**Figure 21**



During this period, the profile of LE users included:

- Users of the system in all 50 states.
- 633 federal users.
- 1,759 local users.
- Eight tribal/territorial users.

Bill Banahan, Agent/Title Fraud Examiner, Maryland Office of Investigations and Security Services, captures the value of the LEAT to its users:

“NMVTIS title searches are a viable tool in verifying the title history of vehicles especially when suspecting fraud. Although Maryland does not yet utilize NMVTIS’ full potential as a pre-transaction tool, I use the search tool daily in examining the history of vehicles titled post transaction, on out-of-state titles. I have been examining titles for authenticity at the MD MVA for two years, and I have identified several hundred titles each year as altered or counterfeit from DC, Michigan, Virginia, New York, New Jersey, Alabama, North Carolina, Mississippi, Arizona, Arkansas, Connecticut, Maine, Florida, Pennsylvania, Georgia and Oklahoma. NMVTIS is invaluable as a resource to show the true title history of these vehicles. The searches also provide valuable information relative to branding and the salvage auction information when a salvaged vehicle is sold by the insurance company. With the increase of online auctions this information is crucial in following the movement of these salvaged vehicles as they cross the country. Using this information I have been able to identify suspected cloned VINS titled in MD, when the true vehicle is sitting in a salvage buyer’s lot in another state. NMVTIS is a must-use tool, when investigating vehicle title history or brand.”

Josh Whiteside, Troop J, Lancaster, Pennsylvania State Police, Vehicle Fraud Investigation Unit reinforces the enthusiasm with which the law enforcement community has embraced NMVTIS as a key element of their investigative tool kit:

“We use NMVTIS daily, with every vehicle we run, regardless of the scope of the investigation, and we plan to continue use!”

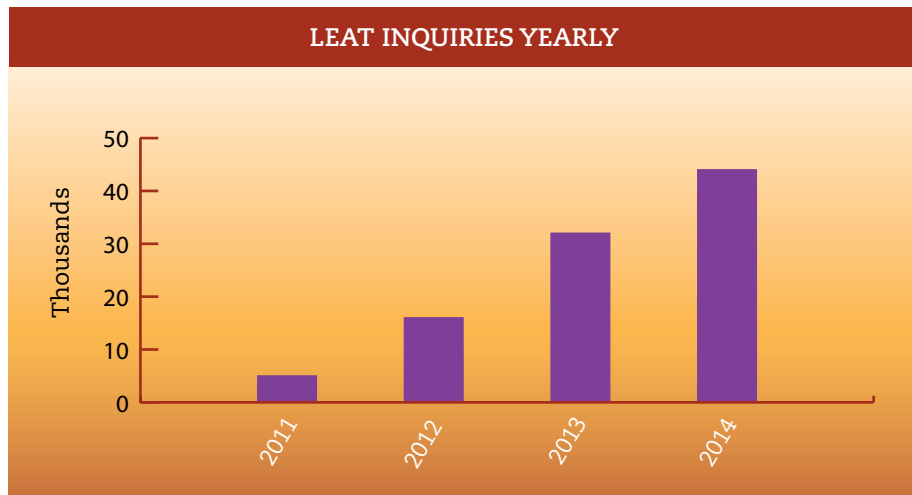
Whiteside reported that when he and his colleagues are alerted to an identity theft and find that suspects are no longer in the state, they are often able to locate them by following their vehicle title history through NMVTIS.

“NMVTIS is a robust tool that compliments the DMV’s vehicle title management process by assisting in the detection and deterrence of vehicle fraud while allowing for more efficient and effective vehicle transactions. As more states provide NMVTIS data and utilize NMVTIS resources, I believe we will see a dramatic decrease in vehicle fraud activities and we will improve consumer protection for all vehicle transactions across the nation.”

PAUL J. STEIER

Director, Iowa Department of Transportation, Bureau of Investigation & Identity Protection

LEAT inquiries have grown steadily over the years, with a marked increase of 39% from FY2013 to FY2014 (see Figure 22).



**Figure 22**

Additionally, the number of visits to the NMVTIS LE Access website grew from 248,745 to 336,252, an increase of 35%.

## **BENEFITS**

### **NMVTIS Provides Data Helpful to**

**Investigations** The NMVTIS LEAT provides law enforcement with secure access to information that assists in the investigation of crimes associated with motor vehicles.

These crimes include auto theft, VIN cloning, and may include violent crimes, such as smuggling operations (narcotics, weapons, human trafficking, and currency) and fraud. This access can assist investigating officers in identifying vehicle theft rings and other criminal enterprises involving vehicles.

“NMVTIS is a great investigative tool to combat fraud.”

LORETTA FOWLER  
Branch Manager, Kentucky  
Department of Vehicle  
Regulation



Cost Savings

Outreach

Awareness

Value

Opportunity

## Outreach/Awareness of NMVTIS

**NMVTIS Awareness Efforts Continued; New Module Added to AAMVA's Fraud Detection and Remediation Training Program** Outreach efforts during the reporting period were wide ranging. They focused on opportunities for stakeholders to increase their awareness and understanding of NMVTIS requirements, as well as to explore and expand opportunities to use the system.

During the reporting period, there were approximately 3,200 public inquiries made through the [www.vehiclehistory.gov](http://www.vehiclehistory.gov) website.

Regular updates were provided to the AAMVA Board of Directors and the NMVTIS Advisory Board to ensure that all members were fully aware of the system's strategic, operational, and financial status. In addition to updates at board meetings, BJA hosted webinars, briefings, conferences, and discussion panels. Outreach events included:

- ISO continued with its Outreach Program to its customers. The Outreach Program was initiated during the last reporting period and was designed to train and educate customers on the NMVTIS reporting process.
  - Created tools, including a “Dashboard” to help its insurance customers in tracking and monitoring NMVTIS reporting activities.
  - Conducted an email blast to its salvage pool customers to remind them of their reporting requirements. This was followed up with a webinar.
- DOJ/OJP issued a press release announcing the addition of Illinois, Michigan and Texas to participation in NMVTIS.
- BJA staff participated at the National White Collar Crime Center (NWC3) regional auto theft and fraud training session for state and local law enforcement.
- AAMVA held webinars for state members on the new NMVTIS Best Practices for Title and Registration Program Managers; more than 125 members participated.
- ADD delivered NMVTIS presentations to law enforcement associations and at trade shows, including:
  - **Florida Independent Automobiles Dealers Association** “How Web-Based Services Can Grow Your Business” education session promoted dealer use of prospective purchaser inquiries to verify trade-in titles and a vehicle history report.

“ We continue to be impressed with the tremendous progress that has been made by NMVTIS and the increasing role it is playing to enhance protections for the public.”

HOWARD NUSBAUM  
Administrator, National Salvage  
Vehicle Reporting Program



- **Baltimore Tow Show** “Corporatizing the City Contract” addressed modernizing towing operations to increase transparency for municipalities, and included an educational section on NMVTIS compliance for tow operators and use of NMVTIS Vehicle History Reports to locate current state of title for out of state towed vehicles.
- **Automotive Recyclers Associations National Meeting** Promoted JSI compliance and NMVTIS Vehicle History Reports by recyclers to verify titles.
- **National Independent Automobiles Dealers Association Leadership Forum**  
Explained how NMVTIS can be used as a state title research tool by dealers and lien-holders.
- **National Auto Dealers Association**  
Highlighted NMVTIS at its exhibit booth. Institute of Scrap Recycling Industries promoted JSI reporting compliance and use of NMVTIS Vehicle History Reports by recyclers to verify titles.
- **National Auto Auction Association**  
Presentation of “2014 NMVTIS Legislative Update” for legislative committee.
- Washington, D.C., television news story in September 2014, “What to Know Before Buying a Salvage Vehicle,” included reference to NMVTIS as a tool.
- Nine state motor vehicle agencies posted the [www.vehiclehistory.gov](http://www.vehiclehistory.gov) link on their public websites:
  - **California:** [http://www.dmv.ca.gov/portal/dmv/detail/vr/nmvtis\\_check](http://www.dmv.ca.gov/portal/dmv/detail/vr/nmvtis_check)
  - **Colorado:** <https://www.colorado.gov/pacific/dmv/titling-vehicle>
  - **Iowa:** <http://www.iowadot.gov/mvd/ovs/relatedlinks.html>
  - **Maine:** <http://www.maine.gov/sos/bmv/titles/nmvtis.html>
  - **Missouri:** <http://www.dor.mo.gov/motorv/nmvtis/>
  - **Nebraska:** <http://www.dmv.nebraska.gov>
  - **New Hampshire:** <http://www.nh.gov/safety/divisions/dmv/title/anti-theft.htm>
  - **Texas:** <http://www.txdmv.gov/titlecheck>
  - **Wyoming:** [http://www.dot.state.wy.us/home/titles\\_plates\\_registration.html](http://www.dot.state.wy.us/home/titles_plates_registration.html)

“NMVTIS is an excellent tool for law enforcement and states to identify stolen vehicles, improve accuracy in titles, reduce the ability of unscrupulous individuals to wash brands, help protect future buyers of vehicles, and possibly reduce lawsuits by consumers who were given clear titles with missing brands.”

TINA HARGIS  
Director, Vehicle and Motor Carrier Services, Iowa Department of Transportation



- Texas Department of Motor Vehicles restructured their website to promote greater citizen awareness of the importance of conducting a “Title Check” as part of the used vehicle purchase process. This revamped site included use of social media to communicate the pitfalls of not doing a title check. More information can be found in this document under the Consumer Access Program section.

### **Fraud Detection and Remediation (FDR)**

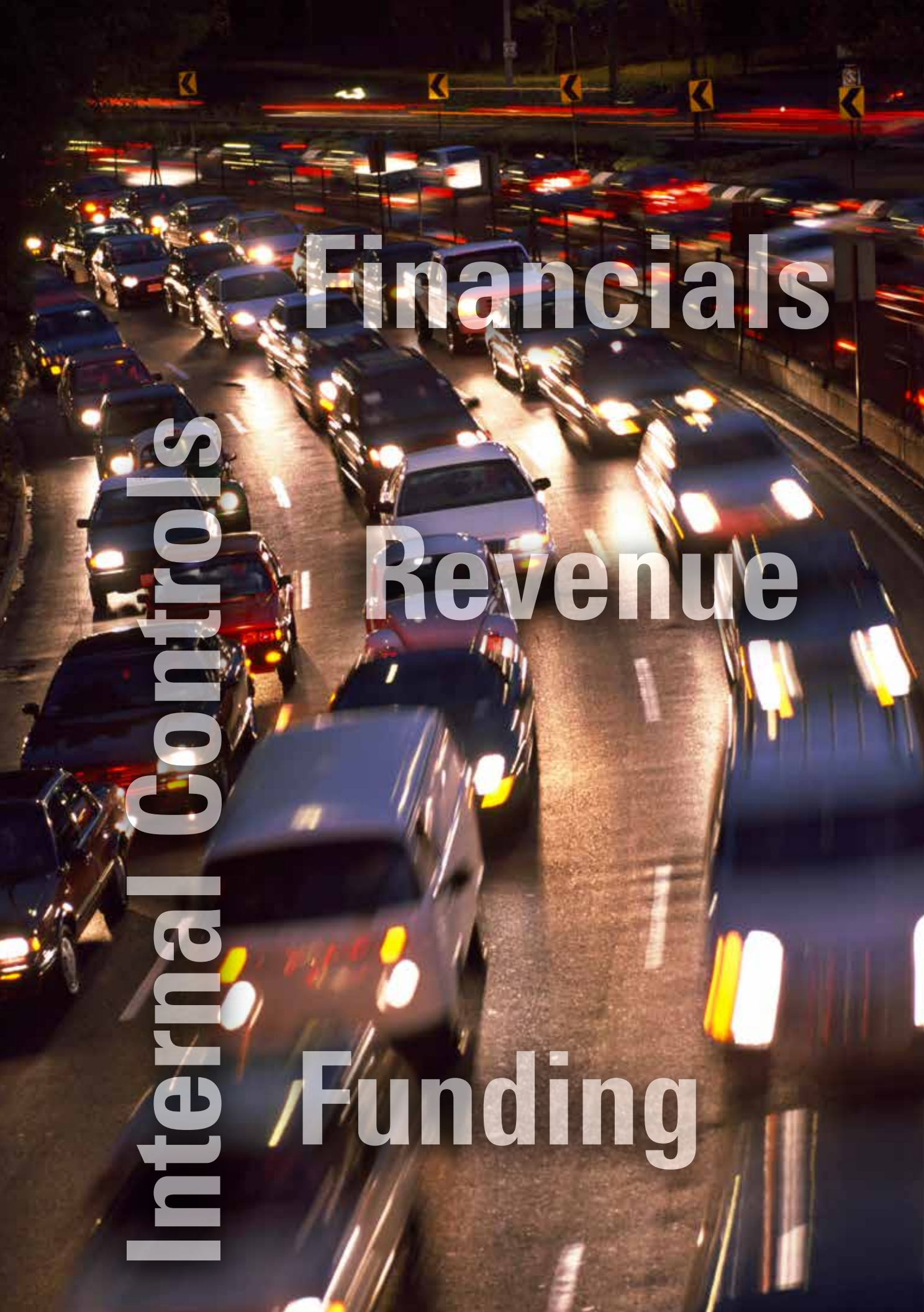
AAMVA’s FDR training program provides in-depth examples and explanations of the types of security features in circulation and how to identify them. These training courses are used by more than 92% of jurisdictions in their fight against fraud, and are invaluable to any organization that comes into contact with driver’s licenses, ID credentials or secure documents of any kind. During the reporting period, the FDR Maintenance Committee worked with DOJ to develop a training module, “NMVTIS as a Tool for Prevention and Detection of Vehicle Fraud.” The module has been created and includes information about how the NMVTIS LEAT functions, what information it contains, and how to gain access. The new module will be included in the next issue of the FDR program; release is planned during the next reporting period.

“NMVTIS has proven to be a major asset in providing accurate Maine title documents and assuring Maine residents of properly issued ownership documents.”

RONALD RIOUX  
Chief Motor Vehicle Title  
Examiner, Maine Bureau  
of Motor Vehicles

### **STAKEHOLDER COLLABORATION**

**General Services Administration (GSA)** GSA and AAMVA have a Memorandum of Understanding that enables GSA’s Property Sales Office to apply two types of vehicle brands to federal crash, test/scrap, and salvaged vehicles that are sold to the public. During the reporting period, NMVTIS continued its support of that activity and manually applied the applicable junk or salvage brand to the vehicles on behalf of GSA. To date, 385 vehicles branded by GSA are in NMVTIS (see **Figure 10, Brand Records by Brander**).



**Financials**

**Internal Controls**

**Revenue**

**Funding**

## Financial Reports<sup>13</sup>

**Funds Expended Totaled \$7,118,691; State Fees Contributed \$2,500,000; AAMVA Members Subsidize Deficit of \$3,555,338** During this reporting period, program revenue was comprised entirely of consumer access and state user fees.

This reporting period is the first since the NMVTIS Final Rule during which no federal funding was available. Under the federal law, the system is intended to be self-sustainable. The system operator is financially responsible for making the system self-sustaining. The program earned \$3,563,353 in revenue during this period that was used to cover \$7,118,691 in expenses. AAMVA members subsidized the shortfall between revenue earned and expenses.

### NMVTIS PROGRAM FUNDING SOURCES

For the fiscal year ended September 30, 2014, NMVTIS funding was derived primarily from state user fees of \$2,500,000 and consumer access fees of \$1,812,679 (see Figures 23 and 24). FY2014 also included contra revenue for the jurisdictional revenue share that was treated as an Other Direct Cost (see Figures 25 and 26) within the financial reporting structure in previous years. This movement from an expense to a contra revenue account was a recommendation from AAMVA's external auditors. All federal grant funding was exhausted in FY2013.

PROGRAM FUNDING SOURCES		
State User Fees	\$2,500,000	70.2%
Consumer Access <sup>14</sup>	\$1,812,679	50.9%
Other Revenue <sup>15</sup>	\$12,630	0.4%
Jurisdictional Revenue Share <sup>16</sup>	(\$761,956)	-21.4%
<b>TOTAL</b>	<b>\$3,563,353</b>	<b>100.0%</b>

Figure 23

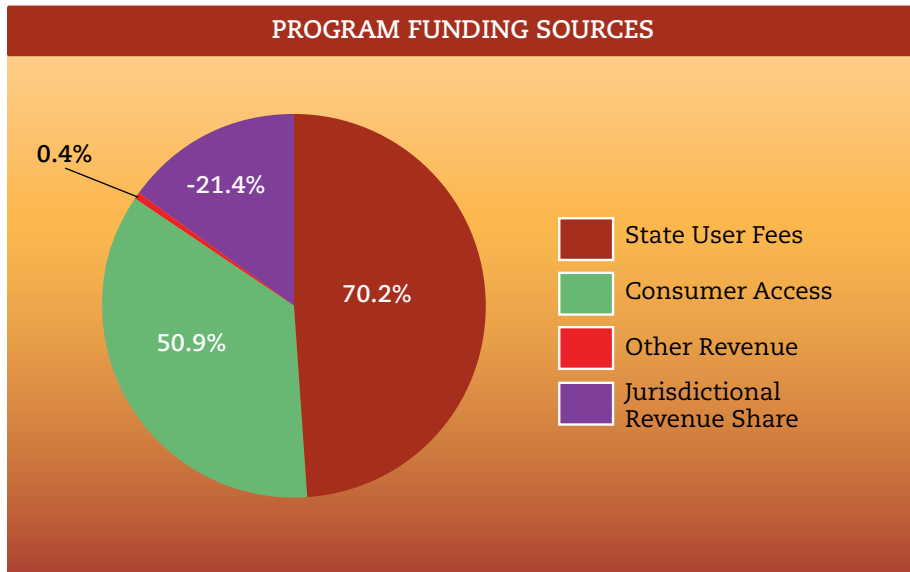
<sup>13</sup> All financial information presented herein is derived from the independent financial audit conducted for the fiscal year ended September 30, 2014.

<sup>14</sup> Includes access fees, Unified Network Interface, and leased line fees.

<sup>15</sup> Investment portfolio income and program income (applied).

<sup>16</sup> Contra Jurisdiction revenue.





**Figure 24**

### NMVTIS PROGRAM FUNDING USES

NMVTIS program initiatives have been segmented into “pillars” of similar activities (see Figures 25 and 26):

- Operations supports the day-to-day operations of the NMVTIS platform and represents \$6,507,188 or 91.4% of program costs.
- Implementation includes activities associated with supporting states and consumer access data providers in their efforts to implement the NMVTIS platform and represents \$564,858 or 7.9% of program costs.
- Reengineering includes modernization of the mainframe platform to Microsoft. NET. The reengineering project was not included in previous annual reports but is a cost of the overall program, and represents \$46,645 or 0.7% of program costs. Key benefits are reduced data center costs and increased flexibility in data exchange.

An outcome of AAMVA’s FY2014 external audit was a recommendation to update AAMVA’s current cost allocation methodology. AAMVA’s cognizant agency, Federal Motor Carrier Safety Administration (FMCSA) directed AAMVA to revise its FY2014 cost allocations and allocate costs to all of AAMVA’s Information Technology programs. As a result, NMVTIS financials have been impacted by an increase in expense of \$1.3M in FY2014.

Program Funding Uses	Operations	Implementation	Reengineering	Total	%
Direct Labor/Fringe	\$2,550,740	\$351,210	\$11,966	\$2,913,916	40.9%
Data Center/Network	\$790,457	\$0	\$0	\$790,457	11.1%
Other Direct Costs	\$1,347,740	\$10,139	\$726	\$1,358,605	19.1%
Indirect Costs	\$1,818,251	\$203,510	\$33,953	\$2,055,714	28.9%
Total	\$6,507,188	\$564,858	\$46,645	\$7,118,691	100.0%

Figure 25

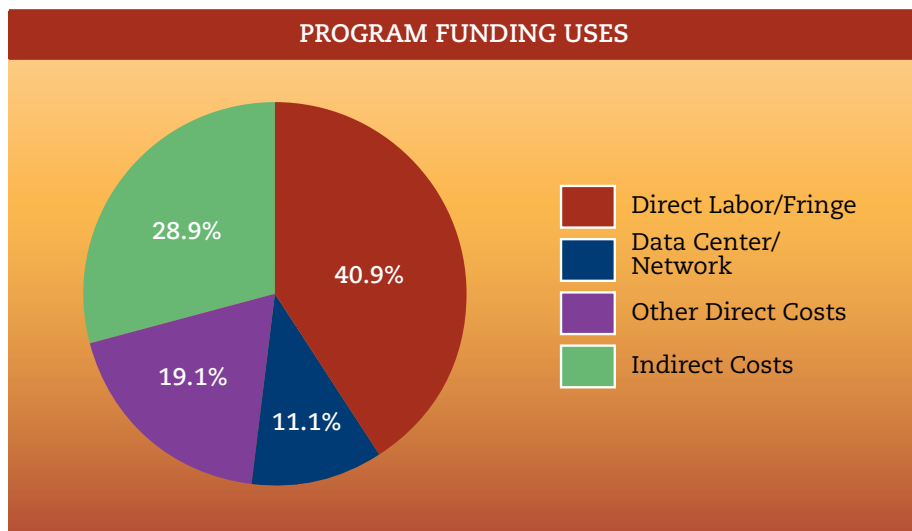


Figure 26





**Looking  
Ahead**

**Compliance**

**Milestones**

**Sustainability**

## Looking Ahead

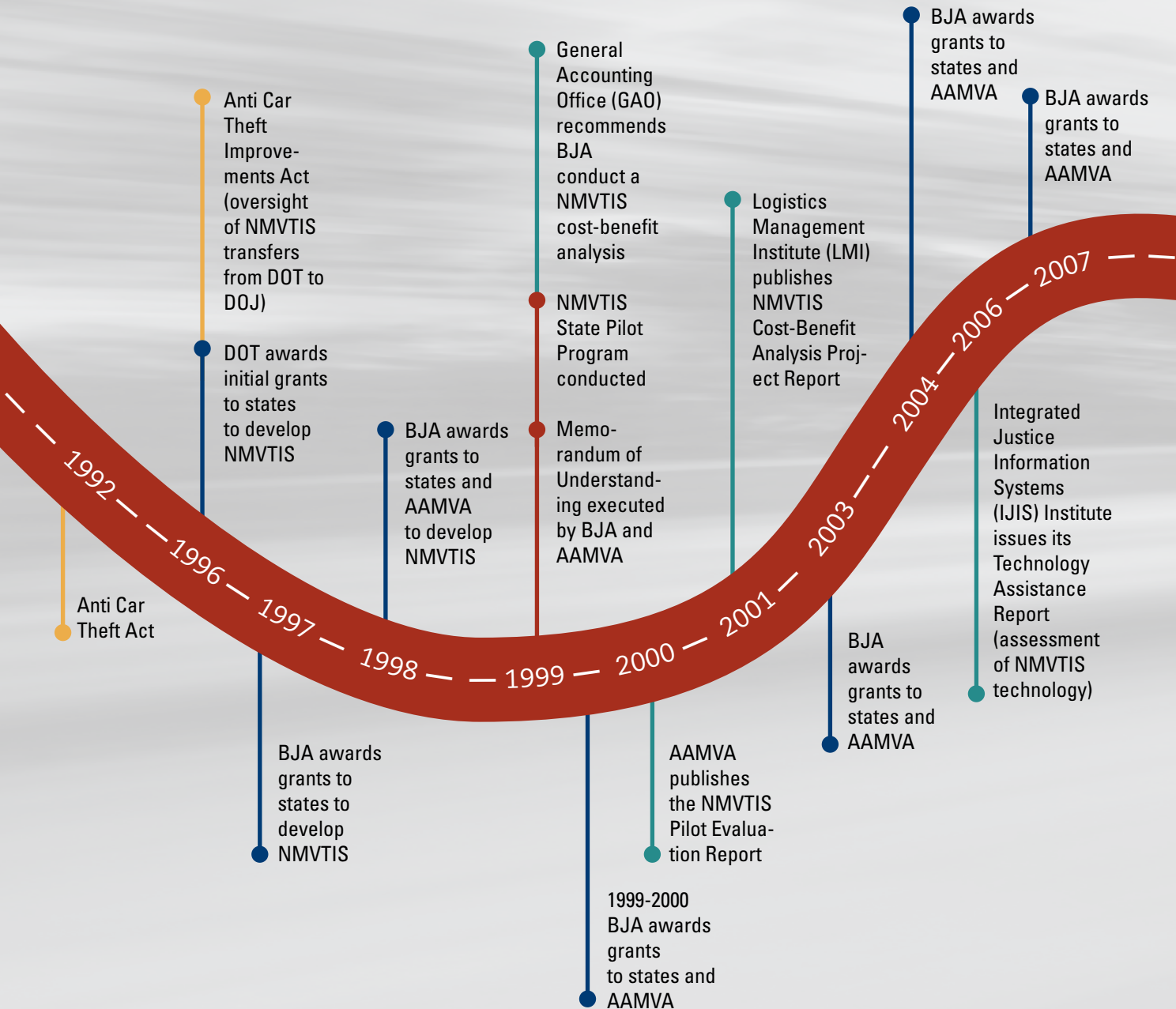
**States to Continue Contributing Half of System Operating Costs in FY2015; AAMVA and BJA Cooperative Agreement Operationalized; Consumer Access Program Review Completed; Steady Growth in Consumer Access Transactions; Resources for States to Optimize NMVTIS Participation** With completion of the Cooperative Agreement, AAMVA and DOJ established a clear path to ongoing operation and financial stability of NMVTIS. This period's accomplishments further strengthen the foundation of NMVTIS with more data; however key issues for the future continue to be financial sustainability and compliance.

**Financial Sustainability** With the Cooperative Agreement in place, AAMVA and DOJ have established a formal path toward financial sustainability. AAMVA has committed to ensuring that "projected excess of NMVTIS Expenses over NMVTIS Revenues is reduced by a specified minimum percentage, as compared to the previous fiscal year." The financial targets will be achieved through a combination of AAMVA memberships' commitment to providing increased financial resources, along with additional revenue from the Consumer Access Program. AAMVA continues to work with the approved data providers to identify and implement opportunities to grow revenue derived from the Consumer Access Program. In addition, the Consumer Access Program review will be completed in FY2015. This will yield recommendations to strengthen the program, as well as create opportunities for expansion and growth in demand for NMVTIS data. Continued growth in Consumer Access Program revenues will establish an equitable balance for the system to be supported by all states and consumers. Cost containment will be another area of consistent focus as the system continues to grow, as some costs are tied to growth.

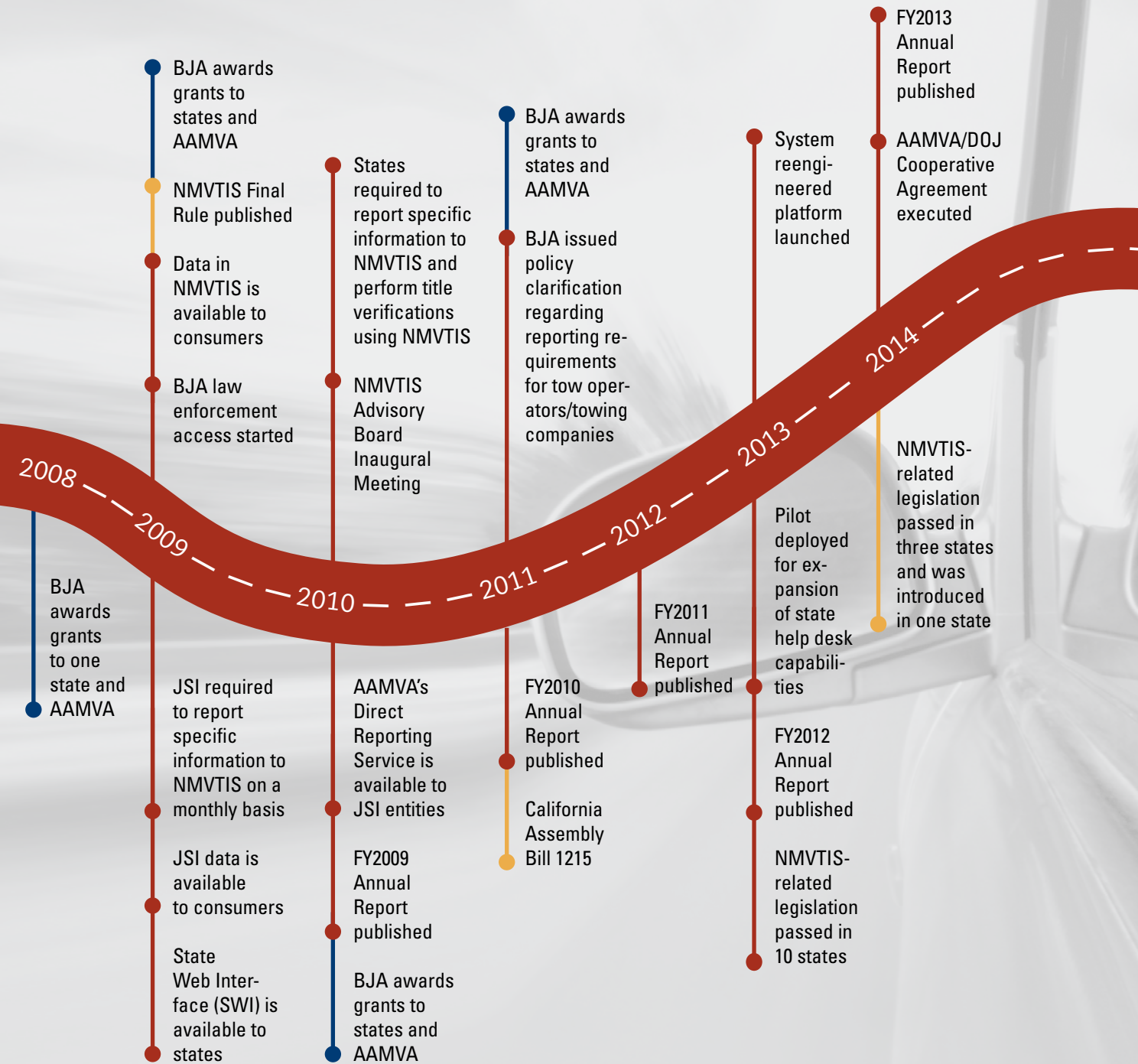
**Compliance** Data reporting (by states and reporting entities) and use (by states, law enforcement, and consumers) of NMVTIS remains an important issue for the continued success of the system. The current reporting period saw major progress in state reporting, with Illinois reporting its data and Michigan and Texas moving into full participation. With just 4% of state data not yet represented in NMVTIS, it is critical for the coming year that all efforts are made to assist and support those remaining states in their development and implementation plans. States that already participate should be encouraged to optimize their participation so that they can fully realize the benefits of NMVTIS.

The trend that took shape for the Junk Yard, Salvage Yard, and Insurance Carrier Reporting Program during the current period is expected to continue as state agencies make efforts to include NMVTIS reporting and compliance in state statutes. This trend has the potential to increase awareness, as well as reporting and compliance, as such legislations makes state law enforcement agencies partners with the NMVTIS Enforcement Coordinator on inspections and other investigative activities.

- NMVTIS Legislation
- Validation Reports
- Program Activity
- Funding







### EXHIBIT 1: SPECIFIC SERVICES PROVIDED BY THE NMVTIS OPERATOR:

#### Specific to state agencies, the operator must:

- Make available at least two methods of verifying title information using NMVTIS.
- Enable states to share all information in NMVTIS obtained on a specific vehicle.
- Provide states with the greatest amount of flexibility in such things as data standards, mapping, and connection methodology.

#### Specific to law enforcement, the operator must:

- Ensure that state and local law enforcement agencies have access to all title information in or available through NMVTIS via a VIN search, including limited personal information collected by NMVTIS for law enforcement purposes.
- Allow law enforcement agencies to make inquiries based on organizations reporting data to the system, individuals owning, supplying, purchasing or receiving such vehicles (if available), and export criteria.

#### Specifically to consumer access, the operator must:

- Ensure that a means exists for allowing insurers and purchasers to access information, including information regarding the current state of title (if the state participates in NMVTIS), brands, junk and salvage history, and odometer readings (such access shall be provided to individual consumers in a single-VIN search approach and to commercial consumers in a single-, multiple-, or batch-VIN search arrangement).

#### Further, the operator must:

- Not release any personal information to any entity other than states and law enforcement.
- Develop a privacy policy to ensure appropriate privacy protections consistent with the DOJ's Privacy and Civil Liberties Policy, the Driver's Privacy

“The Department of Public Safety, Division of Driver and Vehicles Services, has found NMVTIS to be very useful in improving the integrity of vehicle titling in Minnesota by allowing us to be aware of titles issued by other jurisdictions so that we do not inadvertently title a vehicle that has already been titled elsewhere. Additionally, we have found many cases where a vehicle brand is not apparent on the title presented, but is evident in the NMVTIS record and where hundreds of odometer errors have been identified via the SEW reports. We believe the JSI information available has been an excellent consumer protection tool.”

PATRICIA MCCORMACK  
Director, Driver and Vehicle Services  
Division, Minnesota Department of  
Public Safety



Protection Act of 1994, and other relevant laws.

- Ensure that NMVTIS and associated access services meet or exceed technology industry security standards—most notably any relevant Global Justice Information Sharing Initiative (GLOBAL) standards and recommendations.
- Use the National Information Exchange Model (NIEM) or any successor information-sharing model for all new information exchanges established; DOJ may require the operator to use web services for all new connections to NMVTIS.
- Publish and post on [www.vehiclehistory.gov](http://www.vehiclehistory.gov) an annual report describing the performance of the system during the preceding year that includes a detailed report of NMVTIS expenses and all revenues received as a result of operation.
- Procure an independent financial audit of NMVTIS expenses and revenues during the preceding year and post on [www.vehiclehistory.gov](http://www.vehiclehistory.gov).
- Support the maintenance of a publicly available, regularly updated listing of all entities reporting to NMVTIS.

## EXHIBIT 2: STATE PROGRAM – TITLE VERIFICATION AND REPORTING OF DATA

It is important to note that while each state is required to perform a verification check on an out-of-state vehicle before issuing a certificate of title, neither the Anti Car Theft Act nor its implementing regulations require states to change the way they handle vehicle branding or other titling decisions. In the inquiry process, the laws of the receiving state will determine the status of the vehicle (e.g., branding or title type) and states are not required to take any action based on data accessed. The information received from NMVTIS should be used to identify inconsistencies, errors or other issues, so entities and individuals may pursue state procedures and policies for their resolution. Because NMVTIS can prevent many types of fraud in addition to simple brand washing, states are encouraged to use NMVTIS whenever possible for verification of all transactions, including in-state title transactions, dealer reassignments, lender and dealer verifications, updates, corrections, and other title transactions.

### **Regarding reporting data into the system, states are required to report the following:**

- An automobile's VIN.
- Any description of the automobile included on the certificate of title, including all brand information.
- The name of the individual or entity to whom the title certificate was issued.
- Information from junk or salvage yard operators, or insurance carriers regarding their acquisition of junk automobiles or salvage automobiles, if this information is being collected by the state.

The Anti Car Theft Act also requires that the operator of NMVTIS make available the odometer mileage that is disclosed pursuant to 49 U.S.C. 32705 on the date the certificate of title was issued and any later mileage information, if in the state's title record for that vehicle. Accordingly, the rule requires states to provide such mileage

information to NMVTIS.

States shall provide new title information and any updated title information to NMVTIS at least once every 24 hours. In addition, with the approval of the DOJ, the operator, and the state, the rule will allow the state to provide any other information that is included on a certificate of title or that is maintained by the state in relation to the certificate of title.

### **Title Verification and Reporting of Data—Two Approaches**

Two approaches were developed to allow states a level of flexibility in order to meet the requirements of the NMVTIS Final Rule.

#### **1. Integrated**

The integrated approach is the optimal approach for states, as it enables the state to truly integrate the NMVTIS application into its titling application, making the title verification and reporting of data almost seamless to the user. The integrated approach is comprehensive and impacts almost all of a state's titling processes. As a result, it is typically done when a state is planning to rewrite its title application. This approach tends to take more time to develop and implement, as it requires both the state and system operator's resources to fully understand the NMVTIS system requirements as well as state processes to ensure that they are mapped correctly and appropriate procedures are put into place. This approach is less costly in the long run as the integration of the NMVTIS process into the state titling system reduces the amount of manual processing required with the standalone approach (described below). In addition, the tight integration of the NMVTIS process into the state titling process provides better guarantees that the verifications are done in a consistent manner and the resulting title updates are done in a timely and accurate fashion.

**Provision of Data:** Vehicle data is typically transmitted via a Secure File Transfer Protocol (SFTP) process to NMVTIS. States with fully integrated or online access to NMVTIS have their title transaction updates sent to NMVTIS in real time. Additionally, these states receive real-time updates through NMVTIS when a vehicle from their state is retitled in another compliant state. A state must also build the help desk tools required to support title data modifications.

**Title Verification:** NMVTIS was designed with input from the states. The resulting architecture and applications were designed with the intention of integrating NMVTIS into a state's titling system, making it a seamless process for titling clerks. This integrated approach includes providing access to NMVTIS central file data (VIN Pointer, Brand, and JSI) that is stored by AAMVA, as well as theft file data and current state-of-record data stored at the state as part of the inquiry.

## 2. Standalone

The standalone approach is generally less complex and costly to develop and implement than the integrated approach since it does not impact all titling applications. However, it still requires that the state and system operator's resources fully understand the NMVTIS requirements and state processes to ensure that they are correctly mapped and appropriate procedures are put into place. This approach is geared toward states with limited IT resources in the short-term and provides the ability for a state to implement NMVTIS in a relatively brief timeframe. Due to the disconnect between the online standalone solution and the state titling system, this approach is potentially more prone to data entry errors and may increase the time at the counter to process manual inquiries. The increase in titling processing time will translate into increased operating costs for the states.

**Provision of Data:** Vehicle data is typically transmitted via a SFTP process to NMVTIS. States without integrated access to NMVTIS can provide data in this standalone, batch-upload manner. Data updates to the system are made independent of the state's titling process and are required on a daily basis.

**Title Verification:** AAMVA provides two solutions for the standalone verification: the State Web Interface (SWI) and the Batch Inquiry. The web-based, secure portal design allows states to make verifications using the Internet. In order for states to initially get the most out of this approach, the Batch Inquiry became available. This allows a state to submit a batch of VINs to NMVTIS. The SWI approach allows a state to conduct a single inquiry into NMVTIS.

The response to a state using SWI includes data from NMVTIS central files (VIN Pointer, Brand, and JSI) and the theft file. The response to a state using Batch Inquiry includes data from NMVTIS central files (VIN Pointer, Brand, and JSI).

Experience has shown that some states develop the standalone approach first, and then when there is the opportunity, they migrate to the integrated approach. Others have moved directly to the integrated approach. The decision appears to be a factor of time, funding, and opportunity. The NMVTIS Final Rule does not stipulate which approach a state must take to meet the requirements.

**ACRONYMS**

AAMVA – American Association of Motor Vehicle Administrators  
ADD – Auto Data Direct  
BJA – Bureau of Justice Assistance  
DMV – Department of Motor Vehicles  
DOJ – (U.S.) Department of Justice  
DOR – Department of Revenue  
DOT – (U.S.) Department of Transportation  
FACA – Federal Advisory Committee Act  
FBI – Federal Bureau of Investigation  
FHWA – Federal Highway Administration  
GAO – (U.S.) General Accounting Office  
GSA – (U.S.) General Services Administration  
IAATI – International Association of Auto Theft Investigators  
IACP – International Association of Chiefs of Police  
IJIS – Integrated Justice Information Systems  
ISO – Insurance Services Office  
ISRI – Institute of Scrap Recycling Industries, Inc.  
JSI – Junk, Salvage, and Insurance  
LE – Law Enforcement  
LEAT – Law Enforcement Access Tool  
LEO – Law Enforcement Online  
MSO – Manufacturer’s Statement of Origin  
NAB – NMVTIS Advisory Board  
NADA – National Automobile Dealers Association  
NAEC – North American Export Committee  
NCIC – National Crime Information Center  
NHTSA – National Highway Transportation Safety Administration  
NIADA – National Independent Automobile Dealers Association  
NICB – National Insurance Crime Bureau  
NMVTIS – National Motor Vehicle Title Information System  
NSA – National Sheriffs’ Association  
NSVRP – National Salvage Vehicle Reporting Program  
OJP – Office of Justice Programs  
RISS – Regional Information Sharing System  
SFTP – Secure File Transfer Protocol  
SWI – State Web Interface  
U.S.C. – United States Code  
VIN – Vehicle Identification Number

## LEGISLATION

- NMVTIS Final Rule (2009)
- California Assembly Bill (AB) 1215
- California Assembly Bill (AB) 1215 - Occupational Licensing Industry News
- Anti Car Theft Act (1992)

## MEETING NOTES

- NMVTIS Advisory Board (NAB) Meeting Summary (March 2014)

## NOTICES

- BJA Notice to JSI Reporting Entities Regarding Hurricane Sandy (2012)
- Consumer Access Provider Disclaimer (English)
- Descargo de producto de acceso al consumidor (Consumer Access Provider Disclaimer in Spanish)
- NMVTIS Final Penalty Decision Considerations

## PRESS

- WUSA Channel 9 Report - What to Know Before Buying a Salvage Vehicle (2014)
- Cars.com Article - Storm Surge: Beware of Title-Washed Cars (2014)
- DOJ Press Release - Three States Join the National Motor Vehicle Title Information System (2014)
- IACP Article - NMVTIS: Provides Guidance to Hurricane Sandy Victims Buying Vehicles and Assists Vehicle Theft Investigators (2013)
- DOJ Press Release - Private Sector Joins Justice Department in Protecting Consumers from Vehicle Fraud and Unsafe Vehicles (2012)
- FBI Article - Car Cloning: A New Twist on an Old Crime (2009)
- FBI Article - Steering Clear of Car Cloning: Some Advice and Solutions (2007)

## RESOURCES

- NMVTIS Program Overview Document (2013)
- Don't Be Fooled Brochure
- Help Prevent Crime Brochure
- Law Enforcement Guide
- Texas DMV Consumer Awareness Video - Don't Buy a Wreck, Do a Title Check!

## REPORTS – FINANCIAL

- Independent NMVTIS Auditor's Report for the Period October 1, 2013–September 30, 2014



**REPORTS – GENERAL**

- NMVTIS Annual Report (2013)
- NMVTIS Annual Report (2012)
- NMVTIS Annual Report (2011)
- NMVTIS Annual Report (2010)
- NMVTIS Annual Report (2009)
- IJIS Institute Technology Assistance Report (2006)
- LMI Cost-Benefit Analysis Report (2001)
- NMVTIS Pilot Evaluation Report (2000)

**WEBSITES**

- AAMVA NMVTIS Website
- DOJ NMVTIS Website









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