



National Motor Vehicle Title Information System

Annual Report

For Period:
October 1, 2009 through September 30, 2010





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LETTER FROM NMVTIS OPERATOR

AAMVA is pleased to present the Second Annual Report on the National Motor Vehicle Title Information System (NMVTIS). As the system operator, the American Association of Motor Vehicle Administrators (AAMVA) strives to ensure the system continues to be developed and implemented to meet the full requirements of NMVTIS regulations.

NMVTIS rules require the publication of an annual report describing the performance of the system during the preceding year, and this publication includes a detailed report of NMVTIS expenses and all revenues received as a result of NMVTIS operation. This report also highlights the system's performance and accomplishments, many of which occurred as a result of the collaborative efforts among a broad range of stakeholders, for the reporting period October 1, 2009 – September 30, 2010.

We are proud to share this report with our stakeholders and look forward to the future of NMVTIS and the full realization of the benefits envisioned in the Anti Car Theft Act of 1992.

Lastly, AAMVA would like to express its appreciation to all those individuals and organizations that provided valuable input and guidance toward the preparation and publication of this report.

Best regards,



Neil D. Schuster
President & CEO
American Association of Motor Vehicle Administrators

Preface

The National Motor Vehicle Title Information System (NMTIS) Final Rule (28 CFR part 25, published January 30, 2009, 74 FR 5740), requires the system operator, American Association of Motor Vehicle Administrators (AAMVA), to prepare and publish an annual report and procure an independent financial audit. This *NMTIS Annual Report 2010* is the second publication, covering **October 1, 2009 through September 30, 2010** (“reporting period”). This reporting period was agreed upon between the system operator and the U.S. Department of Justice (DOJ); it corresponds with the federal fiscal year and AAMVA’s audit cycle.

Published in August 2011, this report details the performance of NMTIS during the 12-month reporting period. Future annual reports will also cover a 12-month period, October 1 to September 30 and be published in August of the following year. For a detailed status of the system, information may be found at DOJ’s website at www.vehiclehistory.gov.

Executive Summary

The initial annual report (2009) covered the transition of NMVTIS from a partially developed system to one that was well on its way to realizing the full benefits that were envisioned by the authorizing legislation for NMVTIS—the Anti Car Theft Act (Public Law No. 102-519), the Anti Car Theft Improvements Act of 1996 and the NMVTIS Final Rule (January 2009).

This reporting period of October 1, 2009 through September 30, 2010 held substantial growth for each of the four program areas of the system—state program, consumer access program, third party reporting program and law enforcement program. Achievements included:

- state participation doubled
- the overall number of states (including the District of Columbia) involved (currently 49) at some level of participation increased by more than 20%
- providers of vehicle information to consumers increased as did consolidators for data provided by JSI¹
- vehicle history information made available to consumers increased by 23%
- JSI data increased by more than 200%
- BJA² began strategic enforcement initiatives concerning reporting entities
- law enforcement access expanded.

With this tremendous growth comes additional responsibility for oversight and self-sustainability of the system. The Final Rule formalized a governance structure and during this reporting period, the NMVTIS Advisory Board convened its inaugural meeting. One of its tasks will be to provide recommendations to DOJ for a model for the system which is self-sustainable. This will certainly come with challenges. However, opportunity only continues to grow as the system matures, improves and becomes more valuable, as occurred during this reporting period.

¹ Junk, Salvage and Insurance - this acronym refers to any individual or entity that meets the NMVTIS definition of junk yard, salvage yard, or insurance carrier

² Bureau of Justice Assistance is a component of the Office of Justice Programs, U.S. Department of Justice

Highlights During Reporting Period

STATE PROGRAM

- Number of states providing data and inquiring into the system before issuing a new title doubled—from 14 to 28 states
- Overall number of states (including the District of Columbia) participating at some level increased from 76% (39 states) to 97% (49 states)
- State web and batch inquiry modes were made available to states to verify a title document

CONSUMER ACCESS PROGRAM

- An additional company began providing vehicle information to consumers
- U.S. vehicle information available to consumers increased from 64% to 87%
- Inquiries by consumers increased by nearly 70% in comparison to the previous reporting period

THIRD PARTY REPORTING PROGRAM

- An additional company began serving as a data consolidator for junk, salvage, recyclers and insurance companies
- Junk, salvage and insurance (JSI) data increased from 6.7 to 22 million salvage or total loss records
- AAMVA established a “basic”, no cost reporting service to enable JSI reporting of a single VIN
- Bureau of Justice Assistance undertook enforcement initiatives concerning NMVTIS reporting entities

LAW ENFORCEMENT ACCESS PROGRAM

- Access was expanded, increasing the number of law enforcement users

GOVERNANCE

- The NMVTIS Advisory Board convened its inaugural meeting which was open to the public

OVERVIEW

BACKGROUND

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 states and others—motor vehicle titling agencies, law enforcement, prospective and current purchasers (individual and commercial), insurance carriers and junk and salvage yard operators—to access 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, 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 included in NMVTIS are automobiles, buses, trucks, motorcycles, recreational vehicles, motor homes and tractors. In general, NMVTIS contains titles for vehicles that meet the definition of a junk or salvage automobile according to the regulations and at least one of the following criteria:

- The vehicle has an active registration and an active title
- The vehicle has an active title and the vehicle has a model year of 1981 or later
- The vehicle has an active registration and the registration is the proof of ownership

Vehicles excluded from NMVTIS include trailers, mobile homes, 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. DOJ has awarded federal grants to help AAMVA create the system and support state development and implementation. To date, funds received during the period FY 1996 – FY 2010 include:

FISCAL YEAR (FY)	AMOUNT
1996 (DOT) ³	\$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 ⁴	\$5,700,000
TOTAL	\$26,455,623

Between FY 1996 and FY 2008, AAMVA invested its own funds to ensure the system's ongoing operation. During that period states were either participating or in development to participate in the system.

A number of validation studies have been conducted over the life of NMVTIS. These studies cite the system's benefits and/or potential cost savings to its stakeholders. Links to these are provided in the [Appendix](#). Further, NMVTIS received wide support from motor vehicle and auto industry organizations, including the AAMVA and the National Automobile Dealers Association (NADA); from law enforcement organizations such as the International Association of Chiefs of Police (IACP) and the National Sheriffs' Association (NSA); from the North American Export Committee (NAEC) and from the International Association of Auto Theft Investigators (IAATI). The benefits of

³ U.S. Department of Transportation

⁴ Grant awarded in September 2010; activity to begin October 1, 2010.

NMVTIS have also been recognized by national consumer advocacy organizations and industry-affiliated groups, including the National Salvage Vehicle Reporting Program (NSVRP).

SYSTEM OPERATOR AND RESPONSIBILITIES

Under the Anti Car Theft Act of 1992, DOT was authorized to designate a third party operator of NMVTIS. Since 1992, AAMVA has acted in this capacity. AAMVA is a nonprofit, tax-exempt association representing U.S. and Canadian officials responsible for the administration and enforcement of motor vehicle laws.

Pursuant to the NMVTIS Final Rule, the operator must provide services to state motor vehicle title agencies, junk, salvage and insurance entities, and law enforcement and support consumer access to the system. Specific services are detailed in the [Exhibits](#) section of this report.

FUNDING

During this reporting period, program funding was made available through both federal and non-federal sources. DOJ awarded grant funding to AAMVA in the amount of \$271,680 in FY 2008 (2008-DD-BX-K680) to develop procedures and a reporting mechanism into NMVTIS for JSI and also in FY 2009 (2009-DD-BX-K033) in the amount of \$5.7 million to further implement, operate and enhance NMVTIS. Funds were expended from both the FY 2008 and FY 2009 grants, while during the same period consumer access related program income was earned from non-federal sources. Finally, during this reporting period, DOJ awarded \$5.7 million for FY 2010 (2010-DG-BX-K039); these activities will be reported on in the next annual report.

Recipients of DOJ grants are required to submit semi-annual progress reports, quarterly training and technical assistance activity and quarterly financial status reports. Reports submitted by AAMVA are on file with DOJ.

GOVERNANCE

DOJ is responsible for the oversight of NMVTIS consistent with key regulatory and statutory requirements (e.g., system must be self-sustainable, funded by user fees; if a third party operates system, the third party must represent the interests of the states, etc.). Pursuant to the NMVTIS Final Rule, DOJ convened a NMVTIS Advisory Board (NAB) that includes representation from key stakeholders affected by the program—states, consumers, insurance carriers, auto recyclers, junk and salvage yards, law enforcement agencies, auto industry, 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 DOJ's Office of Justice Programs regarding program operation and administration issues, such as establishing NMVTIS performance measures, accessing additional data within the system that 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 during this reporting period, in June 2010. The purpose of the meeting was to provide an opportunity for NMVTIS stakeholders to share information and to discuss ways to enhance NMVTIS, making it more effective and economically self-sustainable. Emphasis was also placed on the interconnectedness of the system. All NAB meetings are open to the public. A meeting summary can be found on the [DOJ website](#).

PROGRAM AREAS

STATE PROGRAM

The Anti Car Theft Act and its implementing regulations require each state 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. Additionally, each state is required to *report data into the system* and *pay user fees*—and all states had to be fully compliant 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, there was a dramatic shift in many levels of state participation:

PARTICIPATION STATUS OF STATES	REPORTING PERIOD	
	First Report- February 1, 2009 - September 30, 2009	Second Report- October 1, 2009 - September 30, 2010
Participating	14	28
Providing Data Only	14	10
In Development	11	11
Not Participating	12	2

A total of 39 states were participating at some level during the first reporting period; during the second reporting period a total of 49 states participated. Further, at the end of the first reporting period, 75% of U.S. vehicles were represented in the system. At the end of this reporting period, the DMV data represented in the system increased to 87% (see *Figure 1*). NMVTIS had not previously experienced this rate of growth. Undoubtedly, the Final Rule was the overarching drive for states to participate—and a number of factors seemed to help states achieve participation. First, DOJ awarded twelve grants to states for development of NMVTIS—the largest number of NMVTIS grants awarded to states to date. Second, many states moved from only providing their data into NMVTIS to also making inquiries via the standalone approach. This approach validates that a state is able to implement NMVTIS in a relatively short timeframe. Third, AAMVA, with the help of funding from DOJ, was able to secure resources to support additional state development. Last, AAMVA and BJA continued to reach out to motor vehicle administrators from non-participating states to discuss the NMVTIS requirements and to make resources available to support their NMVTIS implementation efforts.

State Program Benefits

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

Florida reported:

- 18 “cloned”⁵ VINs were identified, as a result of using NMVTIS.
- 18 vehicles were confirmed stolen as a result of “cloned” vehicle cases.
- 7 vehicle brands were identified by using NMVTIS after they had been “washed”⁶ from title documents.
- 13 vehicles that had the “CARS”⁷ brand were identified through NMVTIS as they were attempted to be titled.

Iowa reported:

- 117 stolen vehicle hits were identified through the NMVTIS theft file; one was confirmed as stolen and the others were verified as stolen and recovered, but not removed from the National Crime Information Center’s (NCIC) vehicle theft file.
- One cloned VIN was verified and confirmed stolen using NMVTIS.
- NMVTIS brought attention to two vehicles where the VIN and vehicle make did not match; this prompted investigations, resulting in the vehicle’s value being impacted and this information being made available to the consumer.

⁵ A vehicle is ‘cloned’ when a legitimate VIN plate is replicated and placed on a stolen vehicle making that vehicle appear to be valid.

⁶ “Brand washing” refers to the brand being removed from a title. Brand washing can occur if the motor vehicle is retitled in another state and the new state does not check with the originating state or with all states that previously issued a title on that vehicle, to determine whether the vehicle has any existing brands on their records. Such brands may not have been noted on the current title document.

⁷ A vehicle traded in under the Car Allowance Rebate System that was required to be destroyed and carry a brand that denotes the vehicle is not roadworthy.

Iowa reported (continued):

“Both of these examples [in the last bullet above] show the value of having NMVTIS checks completed, as the value of these vehicles is significant and the consumer protection provided is great. The stolen hits⁸ on vehicles that have been recovered, but not removed from NCIC’s vehicle theft file, benefit the public by eliminating the possibility of someone being wrongfully arrested for possession of a stolen vehicle. The stolen hit is released prior to titling.”

—Major Paul J. Steier

Iowa Office of Motor Vehicle Enforcement (MVE), Investigations

“In the examples cited by Major Steier, neither would have come to MVE’s attention without the efforts of our NMVTIS staff. Both situations could have resulted in folks acquiring, what they thought were, an original Harley Davidson and an original 1965 Shelby Cobra . . . neither of which were true. I know it’s a lot of effort, so it is definitely good to hear the feedback/payoff for that effort.”

—Iowa Vehicle Services staff that help support NMVTIS

“I would have to agree that without the review of the NMVTIS error/warning reports by the Office of Vehicle Services that the issues identified to Motor Vehicle Enforcement would not have resulted in the success involving these vehicles and numerous other corrections we have identified and had corrected by the counties.”

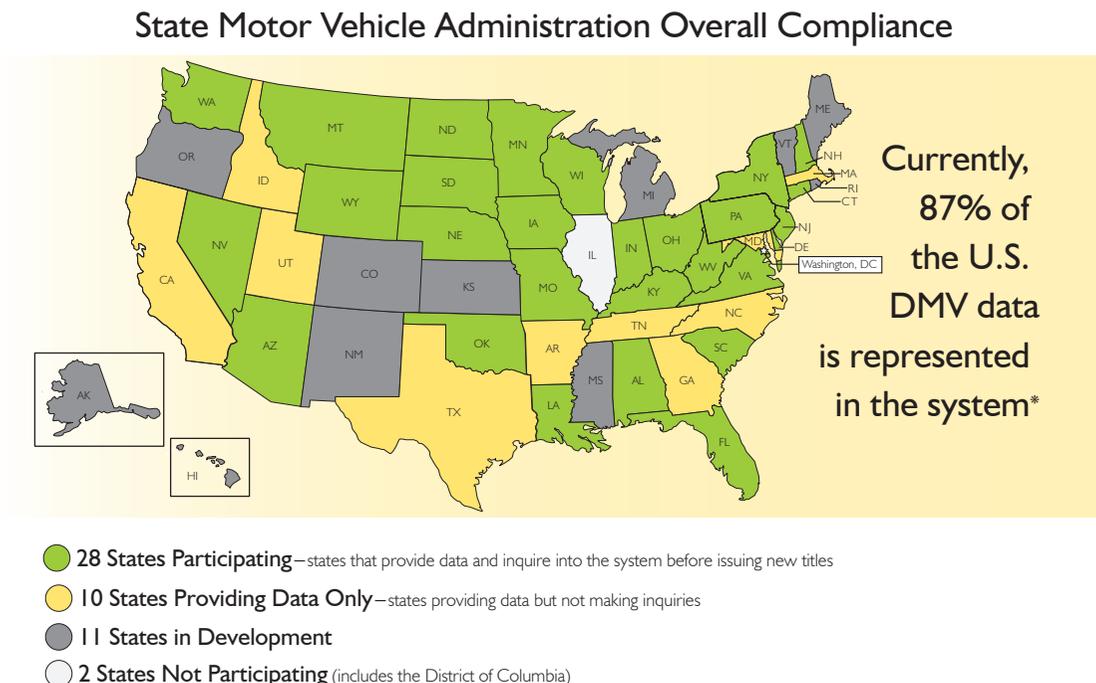
“Continued review of NMVTIS reports and records will bring the department continued success in identifying such issues.”

⁸ A ‘hit’ occurs when a VIN inquiry results in a match being found on the vehicle theft file.

Kentucky reported:

- 234 stolen vehicle hits were identified through the NMVTIS theft file, prompting investigations.
- 2,970 vehicles were identified through NMVTIS that were attempted to be titled that carried the “CARS” brand.
- Cost savings due to automated notification of vehicles titled out of state by NMVTIS—sending surrendered titles or reports to be manually processed is cumbersome, tardy, and expensive, plus sending and tracking tax notices for vehicles/owners moved out of state, but still on the tax rolls can be eliminated.

FIGURE 1: NMVTIS STATE PROGRAM STATUS MAP



*Based on the most current Federal Highway Administration Data (2008)

September 2010

This map represents state motor vehicle titling agencies’ level of compliance with NMVTIS. These state agencies have separate responsibilities and reporting requirements under the NMVTIS rules and regulations than do other reporting entities, such as, junk/salvage yards and insurance carriers. Per the NMVTIS rules and regulations, state compliance includes providing data to NMVTIS, making title inquiries, and paying user fees.

What People Are Saying...

During this reporting period, NMVTIS hit a milestone with 87% of the U.S. DMV data represented in the system. AAMVA reached out to its members to get their reactions on the record-breaking news. Here's what some had to say:

"The increase in the number of jurisdictions contributing data to NMVTIS along with the auto recyclers, junk and salvage yards, and insurance carriers contributing data to NMVTIS has significantly improved NMVTIS data. In addition, the web-based portal for NMVTIS queries is a tremendous benefit to those jurisdictions (like Alabama) that have not fully integrated NMVTIS into their motor vehicle systems at this time."

—**Brenda R. Coone**
Director, Alabama Department of Revenue

"We think it is great that NMVTIS has hit 87%! NMVTIS was created to help prevent stolen vehicles from being titled but we have found it is also very useful in finding title brands⁹ that have been omitted by mistake, correcting these brands is critical for accurate titling information thus benefitting all states."

—**Jennifer Cohan**
Director, Delaware Division of Motor Vehicles

⁹ Descriptive labels used in regard to the status of a motor vehicle, such as "junk," "salvage," and "flood." Brands are designated by the states.

"During this period of time we were able to reduce our man-hours used for recording an out-of-state title transfer by another 50%, bringing the total reduction to 75% of our original man-hours. We look forward to the time when two of our neighboring states reach compliance with the NMVTIS rule so that we can move this number much closer to 100%."

—**Betty Johnson**
Administrator, Nebraska Department of Motor Vehicles

"We think it is fabulous that NMVTIS has reached 87%. NMVTIS is a very powerful tool in sharing of vital title information. Let's make it 100%! It's a win-win situation for all."

—**Priscilla Vaughan**
Chief Supervisor, New Hampshire Division of Motor Vehicle, Bureau of Title & Anti-Theft

"The increased participation by surrounding states is a positive sign for our eventual use of NMVTIS. Six years ago when we started (unsuccessfully) to hook up to NMVTIS, the return on investment wasn't nearly as great as it is today due to the number of U.S. titled vehicles now uploaded into the system."

—**Tom McClellan**
Administrator, Oregon Driver and Motor Vehicle Services Division

"I think it is great news! Now is the time to take NMVTIS to the next level."

—**Deb Hillmer**
Director, South Dakota Division of Motor Vehicles

Kentucky reported (continued):

- Brand washing from a vehicle branded in another state, “rebuilt” in Kentucky and returned to that other state.

New Hampshire reported:

- 11,636 brands were identified through NMVTIS and carried forward onto titles.
- More junk yards reported to the state since the requirement was established to report to NMVTIS, helping to keep track of where vehicles are and preventing fraud.
- 897 stolen vehicle hits were identified through the NMVTIS theft file, prompting investigations.

Pennsylvania reported:

- 17 vehicles were identified through NMVTIS that were attempted to be titled that carried the “CARS” brand.
- 18 stolen vehicles were identified through NMVTIS; the estimated fair market value of these stolen vehicles was \$80,320.

South Dakota reported:

- Four stolen vehicles were recovered by law enforcement as a result of NMVTIS hits.
- NMVTIS prevented issuance of hundreds of titles missing brands or with lower odometer mileage, more from clerical error than fraudulent intent.
- One cloned VIN was verified using NMVTIS and another was under investigation.
- Rejected approximately 60 applications for duplicate titles submitted by mail where South Dakota was no longer the state of title.
- NMVTIS automatically updated 5,385 title records with change state of title or 17% of vehicles surrendered to other states, allowing limited staff resources more time to provide other services.

Wisconsin reported:

- Out of 100 total hits on NMVTIS, 88 were confirmed stolen.
- While conducting an audit of a Wisconsin dealership, NMVTIS discovered that 95% of the vehicles titled were not branded correctly. The NMVTIS check allowed for the correct brands to be printed on the titles.
- A dealer investigator researched a case of potential insurance fraud using NMVTIS. A consumer attempted to register a 2005 Subaru using a VIN number from a 2002 Subaru

that had been junked. As a result, both vehicles’ registrations were suspended.

- NMVTIS provides title and registration integrity at third party agencies and businesses (e.g. service/gas stations, grocery stores, police stations, credit unions, etc.) that provide title, registration and/or registration renewal services for walk-in customers. This alleviates the burden of already overwhelmed DMV field offices by allowing consumers to perform certain titling transactions at a location other than a government field office.

Paying User Fees

States are required to pay user fees as established by the operator with the approval of DOJ. With approval by its board of directors, in 2001 AAMVA established a tier-based system of user fees for states founded on the number of vehicles titled in each state. To avoid discouraging use of NMVTIS, states are not charged fees based on their number of transactions in the system. Should revenue from other system services reach a sufficient level, state user fees may be offset or possibly eliminated. This provision, in conjunction with other aspects of NMVTIS administration, is designed to limit any negative financial impact on states.

Just prior to this reporting period, DOJ awarded AAMVA a grant for NMVTIS implementation to begin October 1, 2010, which obviated the need for states to remit user fees during this reporting period.

PROGRAM AREAS

State Program Statistics

Note: These counts are based on records versus the number of VINs in the system (see figures 2–7).

FIGURE 2: Nearly 104 million transactions (title inquiries, title updates and brand updates) were conducted by states during the reporting period

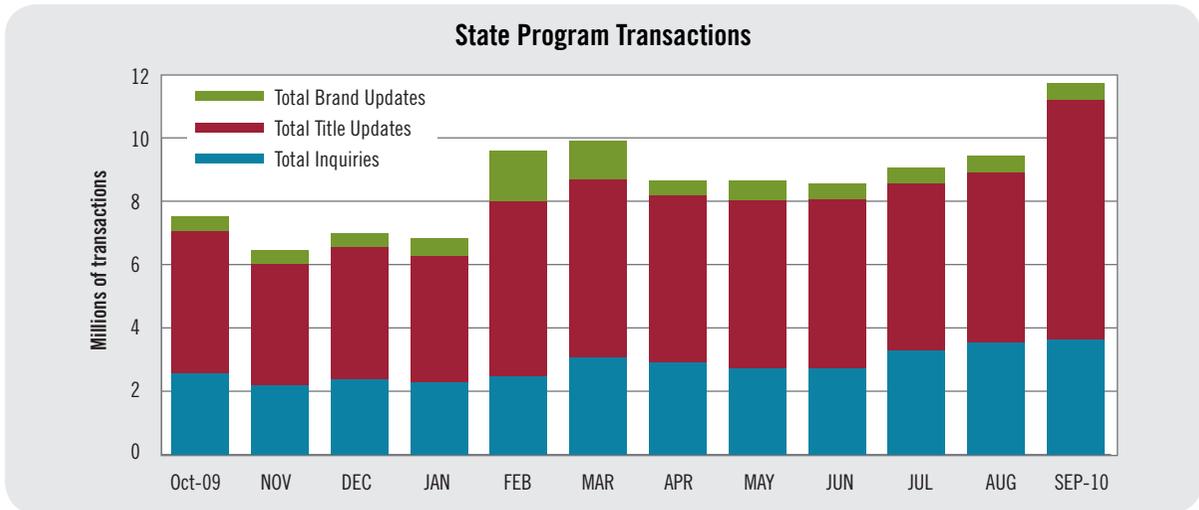


FIGURE 3: Current title records in NMVTIS from the 28 states participating during this reporting period, numbered nearly 370 million by September 30, 2010.

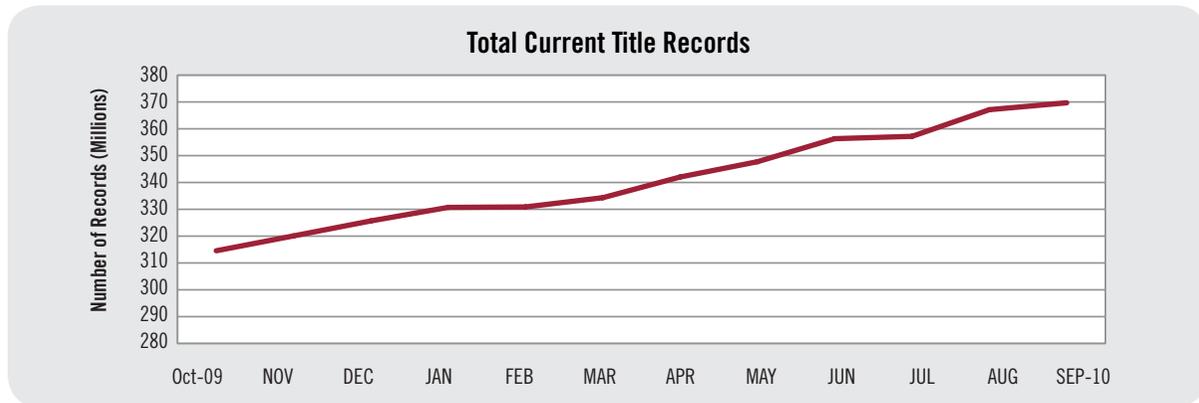


FIGURE 4: During the reporting period, a total of 267 million vehicle records were moved from the Current Title file into the Title History file due to those vehicles being transferred from one state to another.

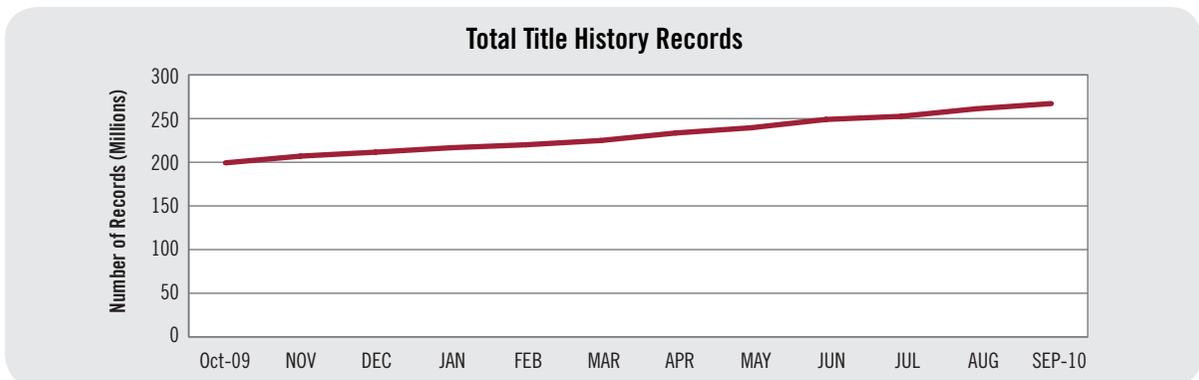


FIGURE 5: Brands captured in NMVTIS steadily increased during the reporting period.

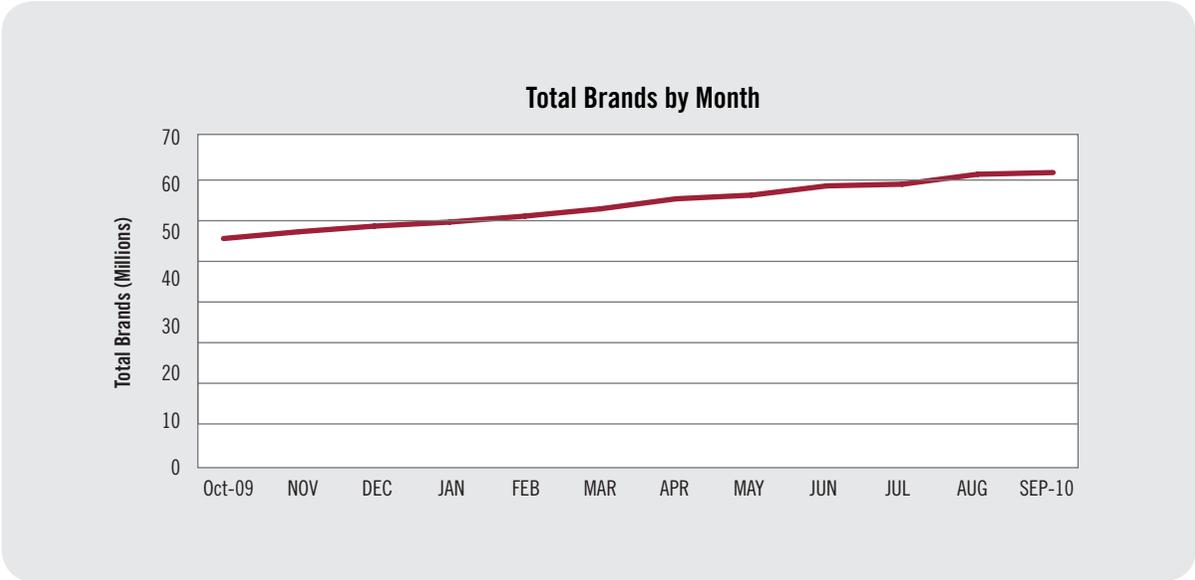
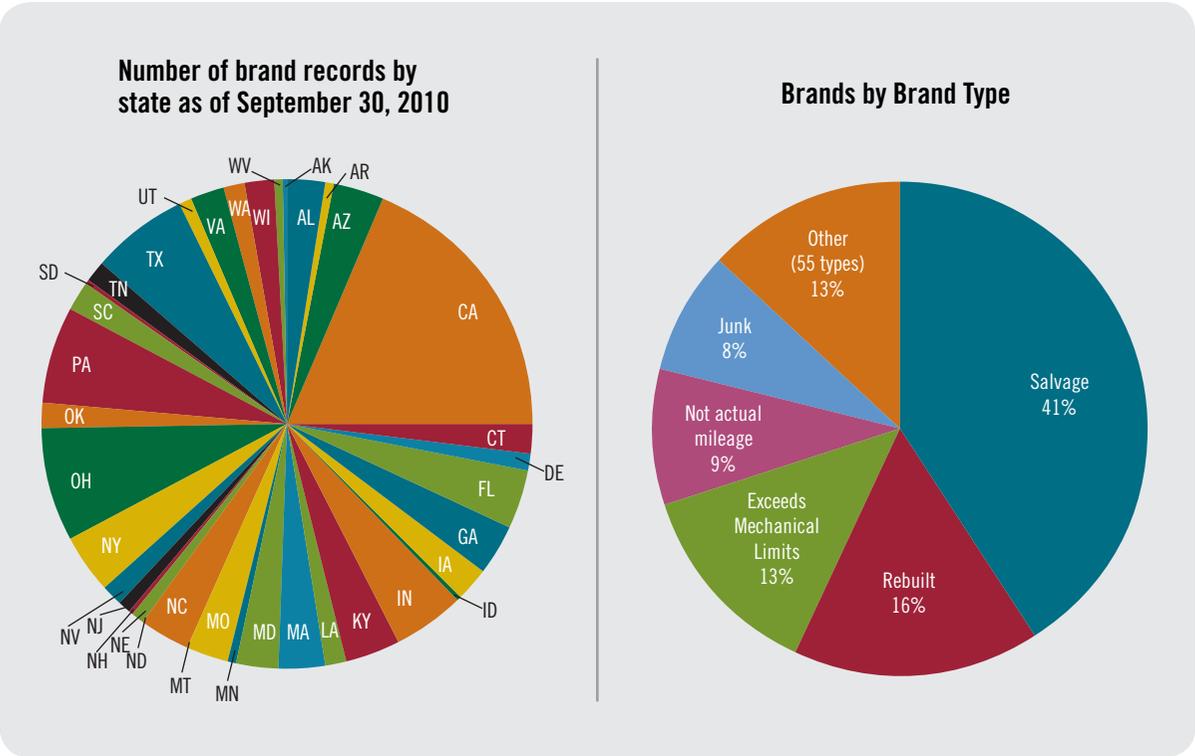


FIGURE 6

FIGURE 7



PROGRAM AREAS

CONSUMER ACCESS PROGRAM

The Anti Car Theft Act allows “prospective purchasers” (commercial and individual consumers) to inquire NMVTIS to investigate used cars they are considering for purchase. The federal court ruling in September 2008 required that information from NMVTIS be available to the public by January 30, 2009. Effectively, consumers have access to online, real-time NMVTIS current title information, vehicle brand and title history, and junk, salvage and insurance total loss data.

Prior to implementing that requirement, state motor vehicle administrators raised concerns about the potential impact that a vehicle history service may have on their vehicle record sale revenues. To address this concern, the contracts with approved NMVTIS data providers were crafted to require that once the NMVTIS record is provided, they must offer a redirect to the state of title shown on the record. The consumer may then choose to be connected to the state that actually held or holds the title record to obtain more detailed information, as NMVTIS is only intended to provide a subset of the state title data. Approved NMVTIS data providers provide data to a prospective purchaser in a NMVTIS Vehicle History Report. The report contains the following:

- Current state of title and title issue date
- Vehicle brand history
- Odometer reading at the time of titling
- Junk, salvage or insurance total loss information

During the reporting period, the amount of state title information that was available to the public increased as a result of the resolution on the outstanding lawsuit regarding California state title information. As of February 20, 2010, California title information became available, immediately increasing the percentage of the DMV data available to consumers from 64% to 78%. As part of the expanded access to California title information, the two approved NMVTIS data providers participated in a 90-day pilot project to monitor the workload impact of the additional California data. The results showed the overall impact on workload was minimal.

For nine of the 12 months, the two pioneer NMVTIS data providers (Auto Data Direct and Carco Group) were the only sources for NMVTIS information to the public. These companies began to take steps to enhance their websites, explore market expansion opportunities to provide NMVTIS information to commercial consumers such as dealers and auto auctions. Another NMVTIS data provider was contracted and went into service in September 2010—instaVIN, became the third organization to provide consumer access to NMVTIS data. The

approved NMVTIS data providers continued being charged a fee by the system operator for each inquiry that results in a record found in the system.

Fees charged to consumers for a NMVTIS Vehicle History Report range from as low as \$2.99 to \$6.99 and reflect a change in pricing from the prior reporting period. The price changes can be attributed to a number of factors—the value added by the additional junk, salvage and total loss information added to the system and the availability of more state title data. It is noteworthy, the number of consumer inquiries to the system increased month-to-month when compared to last period (see *Figure 8 on page 16*). The overall volumes are still low, further deferring a return on the investment made by these approved NMVTIS data providers. Notwithstanding this challenge, there were numerous inquiries and explorations made regarding how an entity becomes an approved NMVTIS data provider. There was one additional company in active development and expected to launch another service later in 2010.

Consumer Access Program Benefits

As mentioned above, prior to purchasing a vehicle, 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 vehicles¹⁰.

¹⁰ www.vehiclehistory.gov

Auto Data Direct added a feature as part of their website that surveyed customers who purchased an NMVTIS Vehicle History Report. Here are some examples of the types of responses that were provided:

QUESTION:**How useful was the vehicle history report?**

- “Useful, it confirmed another report furnished by the seller.”
- “The report was very useful and we were wanting to know the title [state] history of the vehicle at the time.”
- “The report led me to the last state of which the car was titled. It gave me a lead to start with. Helpful.”
- “It added an extra layer of reassurance for people interested in buying my car. Definitely helped its value.”
- “It was helpful. We found out an accident happened prior to the seller’s purchase of the vehicle and therefore, he may have not known it was reconstructed.”

QUESTION:**Did you discover any new or unexpected information about the vehicle(s) you researched?**

- “I was surprised to find that the vehicle had so many titles. On two others I discovered that the car had been a rental vehicle. On one, the title the report showed did not match the title the owner offered me.”
- “It didn’t provide new info, but confirmed what other sources said.”
- “Did learn the vehicle didn’t even appear to have been in the state the seller said it was from.”
- “Yes, I did. It had a salvaged title. I chose not to buy the car because of the title.”

Other Data

Discussions occurred with the Department of Justice, the system operator and approved NMVTIS data providers to explore the potential of including other data that would increase consumer awareness and public safety. One particular data element that is being explored is a “stolen” vehicle indicator.

What People Are Saying...

“CARCO has aggressively pursued a large number of Business to Business (“B to B”) and Business to Consumer (“B to C”) opportunities. In the “B to B” arena, we have developed strategic partnerships with various entities that will work with us to market NMVTIS. Also, some of the largest insurance companies in the United States have tested the data for underwriting purposes. In respect to the “B to C” realm, we have pursued both traditional advertising strategies, and those enabled by social media. For example, we produced two “viral” clips (“The VIN Doctor” and “The VIN Whisperer”) for YouTube and other Internet platforms. Both of these virals gave NMVTIS excellent social media exposure. These were followed by our development of an iPhone application (“check-thatvin,” a free download) that also has received very good market penetration. We look forward to working with AAMVA to bring NMVTIS to its full potential.”

—James Owens
President, Carco Group Inc.

“ADD is anxious for the day when all 50 states participate in providing vehicle history and title information. When full participation from all jurisdictions is achieved, NMVTIS will truly become the best resource available for states, law enforcement, and all consumers that depend on up to date and accurate data to make informed business decisions. Only then will NMVTIS reach the financial and consumer protection sustainability envisioned for this powerful program.”

—Jim Taylor
President, Auto Data Direct, Inc.

PROGRAM AREAS

Consumer Access Program Statistics

FIGURE 8: More than 94,000 inquiries were made by consumers during the reporting period. During the previous reporting period, 30,000 inquiries were made.

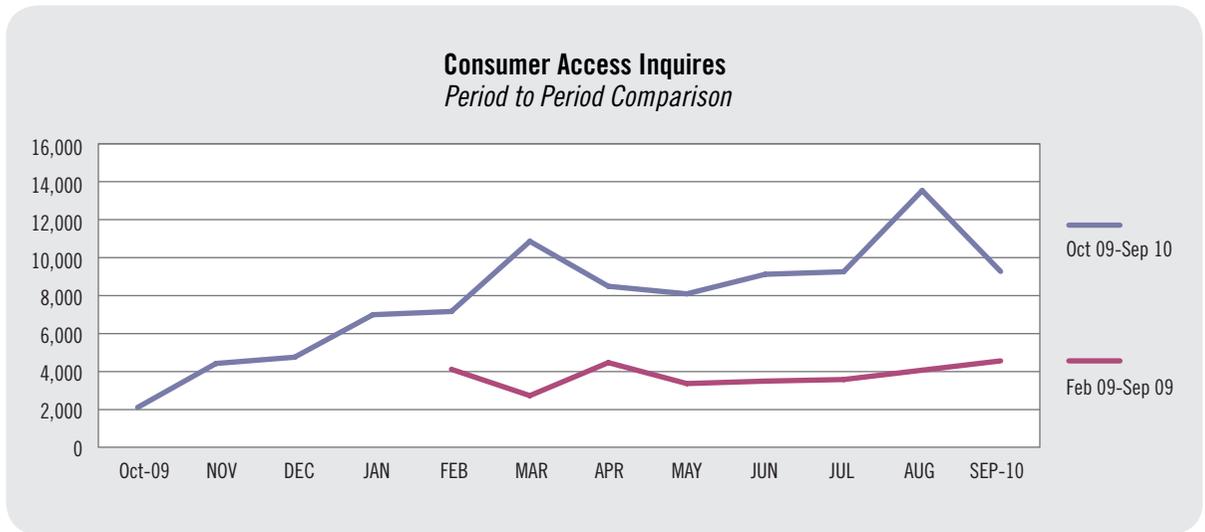
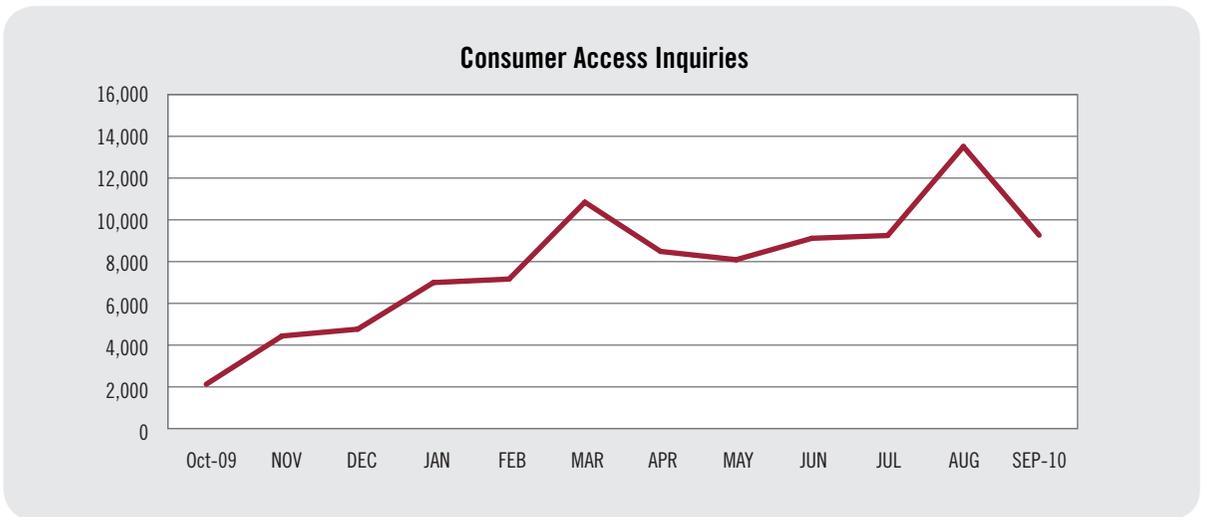


FIGURE 9: There were steady increases in inquiries made by consumers during the reporting period.



THIRD PARTY REPORTING PROGRAM

The Anti Car Theft Act requires that, in addition to state motor vehicle agencies, other third parties must report vehicle information into NMVTIS. Specifically, junk and salvage yards, auto recyclers and insurance companies were required to report (not less frequently than monthly) vehicles deemed “junk,” “salvage” or “total loss” to NMVTIS beginning March 31, 2009. There are a couple of reporting exceptions: 1) entities that handle fewer than five vehicles per year deemed salvage (including total loss) or junk and 2) 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. During this reporting period no state reported the required data on behalf of these entities.

AAMVA designed an approach to collect the data via third parties that would serve in the capacity of “consolidators.” These consolidators serve as portals for the reporting entities to submit the data required by law. These consolidators are required to offer an automated system-to-system data transfer, as well as non-automated manual processing (fax/mail). These requirements are designed to address the wide range and different levels of technical capability of all reporting entities (junk, salvage yards, auto recyclers and insurance companies).

Prior to this reporting period, Auto Data Direct and Insurance Services Office served as data consolidators. Following development and testing efforts completed in December 2009, Audatex became a NMVTIS data consolidator. Additionally, due to growing concerns from stakeholder organizations and individual reporting entities regarding access to lower cost services—particularly, for the low volume entities—the system operator added a basic, no fee reporting service in June 2010. The basic service provides entities the ability to submit vehicle reports one vehicle identification number at a time via a web-based portal. Shortly following the system operator’s launching of its basic service, Auto Data Direct also launched a similar basic, no-fee service to allow entities to submit single vehicle reports. Both basic services were well received and provided any entities with financial difficulty to still be able to comply with the regulation and report their junk, salvage and total loss vehicles. Further, AAMVA made enhancements to the reporting program, including the ability for entities to amend data previously reported. For example, because some junk or salvage yards may hold vehicles for several months or years before a final disposition (e.g., crushed, sold, scrap) is known, a junk and salvage yard may then need to provide an additional or supplemental report should the disposition change from what was initially reported.

State agencies in Maryland and New York began discussions with the system operator regarding serving as a consolidator for entities licensed in their states. States are encouraged to

consider becoming consolidators on behalf of entities in their states as an opportunity to generate additional revenues. In September 2010, the Maryland Department of State Police signed a contract to begin development and testing efforts to serve as a consolidator for entities in Maryland. Development work was just beginning at the end of the reporting period.

Third Party Reporting Program Benefits

“ISO ClaimSearch is the P&C insurance industry’s primary claims and fraud database system. As a data consolidator for NMVTIS reporting, we appreciate the opportunity to provide added value to our customers by facilitating their compliance with this very worthwhile program of NMVTIS and the Department of Justice.”

—**Richard Della Rocca**
Vice President, ISO Claims Solutions

“At Auto Data Direct (ADD) our focus has been on education—helping the affected industries understand what steps need to be taken to get compliant. Industry awareness leads to compliance, and DOJ’s effort to reach out to the salvage entities in August definitely helped raise industry awareness. ADD’s goal is to provide tools and solutions to facilitate reporting, and we’re proud to offer no-cost reporting options, from Cash for Clunkers upload to the creation of our free reporting program in June 2010.”

—**Jay Svendsen**
National Sales Manager, Auto Data Direct, Inc.

Third Party Reporting Program Compliance Efforts

The DOJ has had responsibility for the oversight and operation of NMVTIS since 1996. As part of that role, BJA is responsible for enforcing civil fines on those individuals or entities engaged in the business of acquiring or owning junk automobiles or salvage automobiles for resale, rebuilding, restoration, or crushing. Failure to report to NMVTIS is punishable by a civil fine of \$1,000 per violation.

During this period, BJA undertook a number of initiatives as part of its enforcement responsibility. BJA’s overall approach to enforcement has been to emphasize educating the field and establishing a civil enforcement process. In August 2010, BJA undertook a major NMVTIS education campaign with mass mailings for the junk/salvage/recycler industries. Over 20,000 [letters](#) were sent to NMVTIS reporting entities across the country. As part of civil enforcement, BJA created a non-reporting referral process to enable the general public to use the NMVTIS website to send confidential emails concerning non-reporting companies. During July and August 2010, BJA coordinated with the National Highway Traffic Safety Administration (NHTSA) inspectors to conduct mutual site visits of

PROGRAM AREAS

junk/salvage/recycler facilities to identify non-reported CARS vehicles. These monitoring visits were conducted in Delaware, Maryland, New Jersey, and New York. BJA also developed office-based monitoring capabilities that would allow staff to review NMVTIS records to identify non-reporting entities. This capability allows BJA to review auction and insurance industry submissions to determine which businesses have not submitted timely reports. As part of this established process, non-reporting businesses were contacted by phone and 30-day non-reporting notices were mailed.

Third Party Reporting Program Statistics

FIGURE 10: During this reporting period, there was an increase of approximately 15 million JSI records reported into NMVTIS.

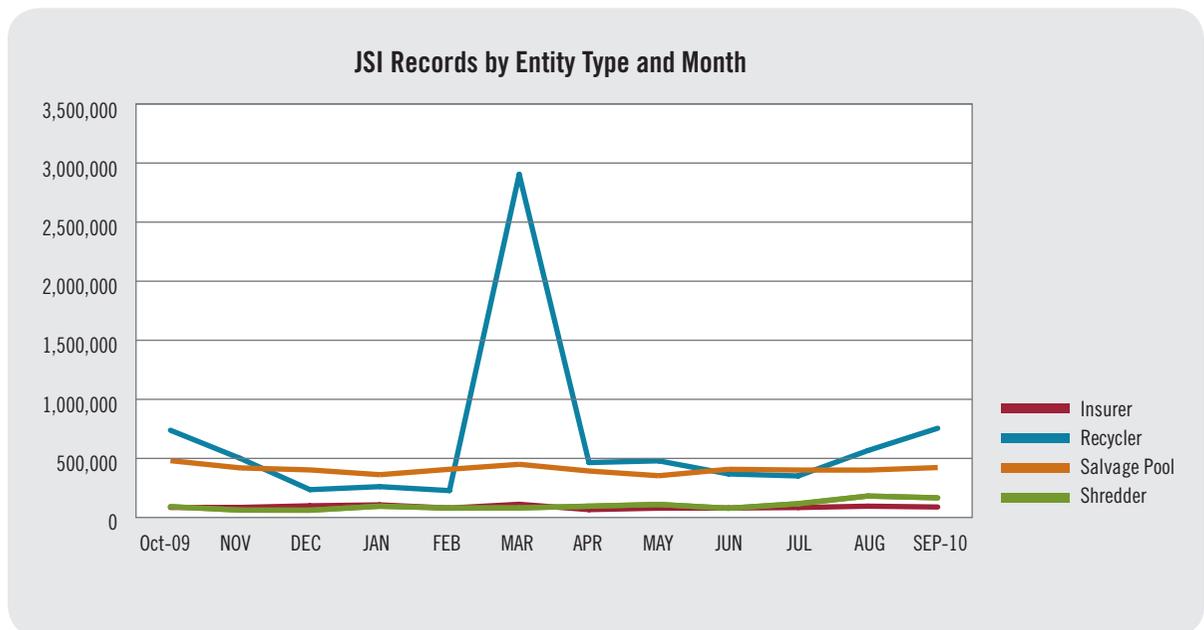


FIGURE 11: The number of types of entities (including insurers, recyclers, salvage pools and shredders) reporting by month grew from over 2,500 entities in October 2009 to more than 3,100 in September 2010.

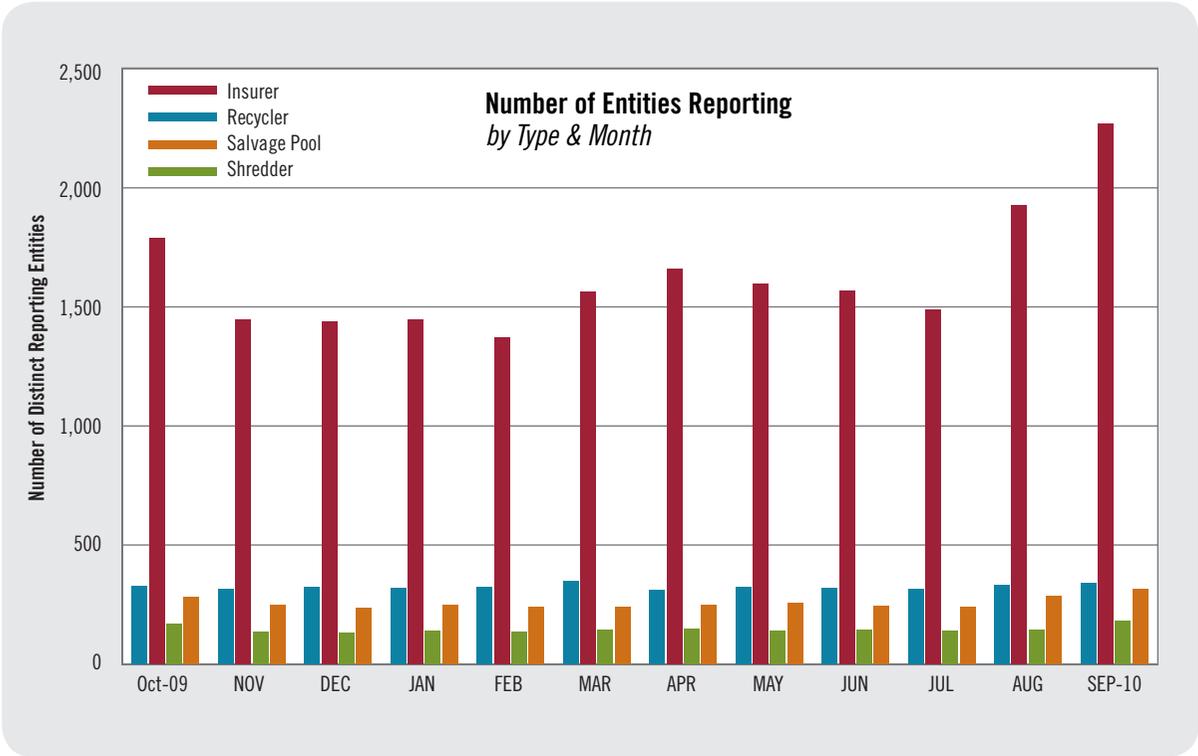
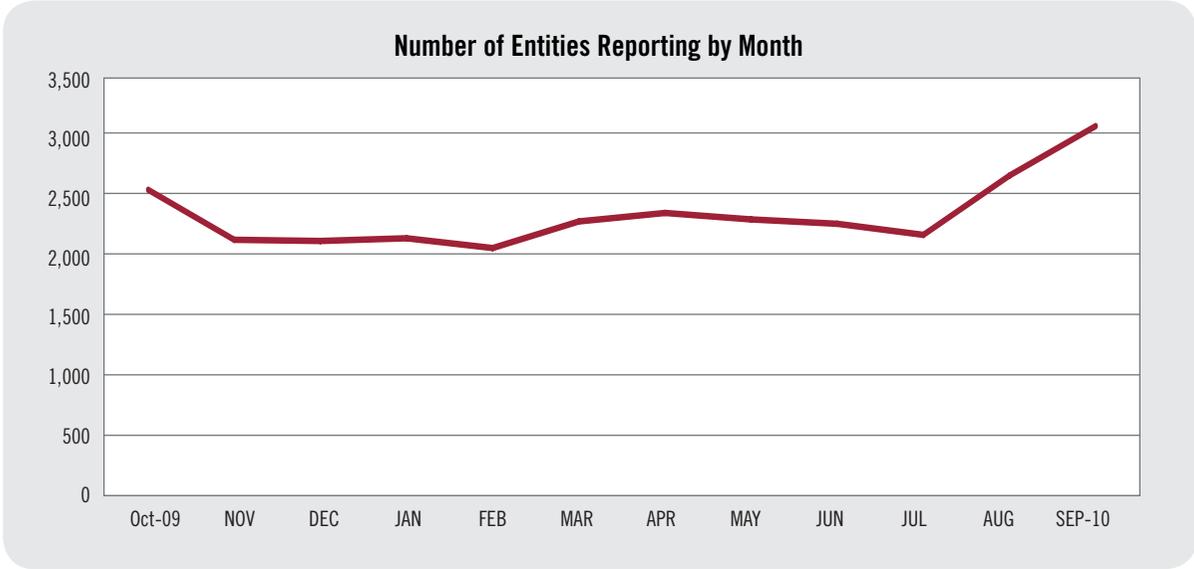
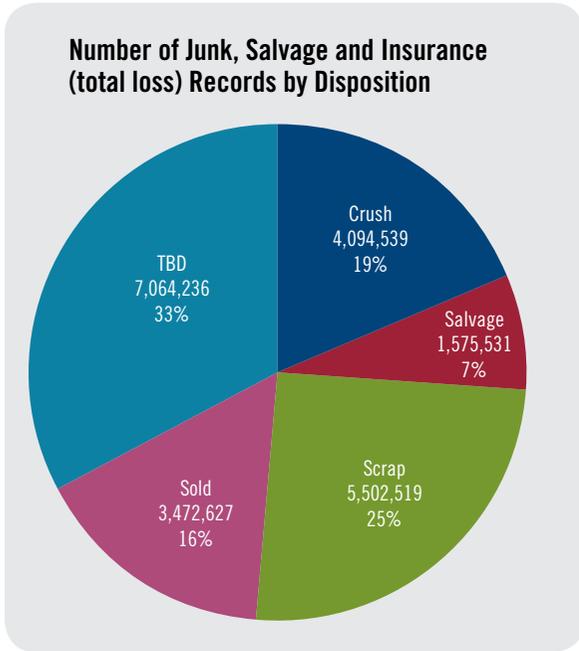


FIGURE 12: Number of Entities Reporting by Month



PROGRAM AREAS

FIGURE 13: Disposition of Records during the period



LAW ENFORCEMENT ACCESS PROGRAM

Under the Anti Car Theft Act, law enforcement agencies are authorized users of NMVTIS data. The system is seen as a key tool for the law enforcement community. During the reporting period the system operator continued to support the efforts of law enforcement and the number of users expanded—four hundred forty-four users conducted 2,474 inquiries using the secure law enforcement network, the Regional Information Sharing Systems (RISS) (see *Exhibit 3*).

Future plans include enabling law enforcement to access the NMVTIS LE Access Tool using the Law Enforcement Online (LEO) hosted by the Federal Bureau of Investigation (FBI); integrating the NCIC Vehicle Theft File hosted by the FBI; access to the junk salvage and insurance data file and the development of additional search capabilities (e.g. bulk search and other search criteria).

The potential for investigators to use NMVTIS is highlighted by Major Greg Terp, the Chair of the NMVTIS Advisory Board and member of the Miami-Dade Police Department Special Patrol Bureau:

“NMVTIS information has the potential to be a key tool for law enforcement investigators by providing access to state title data and junk, salvage and insurance total loss information that would normally not be readily accessible. It increases the likelihood of investigators identifying criminal activity sooner.”

—*Greg Terp*

*Chair NMVTIS Advisory Board and Major,
Miami-Dade Police Department Special Patrol Bureau*

Law Enforcement Program Benefits

The NMVTIS Law Enforcement Access Tool provides law enforcement with the information necessary to investigate crimes associated with motor vehicles, including vehicles involved in violent crimes, smuggling operations (narcotics, weapons, human trafficking and currency), and fraud. NMVTIS enhances law enforcement’s ability to:

- Identify stolen motor vehicles
- Identify vehicle theft rings
- Identify other criminal enterprises involving vehicles

In summary, NMVTIS supports law enforcement efforts and improves investigative abilities.

PROGRAM AREAS

CONSUMER ASSISTANCE TO RECYCLE AND SAVE ACT OF 2009 (Car Allowance Rebate System—CARS)

Under the June 2009 Consumer Assistance to Recycle and Save Act, all the vehicles traded in were also reported to NMVTIS and branded with a special CARS program vehicle brand that denotes that the vehicle should never be road-worthy. Additionally, the legislation required that junk and salvage yards are required to report any CARS programs traded in vehicle to NMVTIS to record that the vehicle has been destroyed.

During this reporting period, although the CARS program no longer accepted traded in vehicles, the National Highway Transportation Safety Administration (NHTSA) continued to monitor and enforce compliance to ensure that vehicles traded in under the program were destroyed as required. Those compliance efforts involved researching NMVTIS data to ensure that CARS vehicles were being reporting as junk. This was supported by the provision of weekly data files to NHTSA. The weekly reports include any CARS vehicles that have been reported to NMVTIS by a junk or salvage yard or auto recycler and the applicable disposition of “scrap” or “crush.”

Files provided to NHTSA indicated that of over 675,000 vehicles that were traded in under the CARS programs, 595,248 vehicles were reported to NMVTIS by third party reporting entities. In addition, CARS enforcement and compliance personnel have direct online access to NMVTIS title, brand and junk, salvage and insurance total loss data. More than 32,500 online inquires were conducted.

OUTREACH/AWARENESS OF NMVTIS

The focus of outreach efforts during the reporting period was to raise the awareness and understanding of the NMVTIS requirements. AAMVA conducted webinars with states that described the overall legislative requirements and regulations as well as the system specifications. AAMVA staff participated in regional and international conferences with state motor vehicles representatives to provide updates on the system as well as to respond to questions and issues. Updates on NMVTIS were also provided to AAMVA's Board of Directors at each of its four meetings. The updates are fundamental to ensuring the members of the AAMVA Board are fully aware of the systems, its intent, status and future. Additionally, AAMVA and BJA staff attended auto recycler industry association events where updates on the status of development of the system and the requirements as they relate to the third party reporting program were made. BJA staff also made presentations to the International Association of Auto Theft Investigators (IAATI) to illustrate how the NMVTIS Law Enforcement Access Tool works and the data that is available to investigators.

Finally, outreach and awareness efforts continued with the North American Export Committee (NAEC) where representatives of the law enforcement community, insurance special investigative units and financial sectors participate to work toward identifying opportunities/resources to mitigate the risk associated with vehicles being exported illegally/fraudulently. Historically, the NAEC has been a staunch advocate of the value of NMVTIS and made it one of its top strategy efforts.

FINANCIAL REPORTS

Note: The financial information presented in this section is based on the [independent financial audit](#) conducted for this period.

During the reporting period, AAMVA undertook a series of ongoing initiatives aimed at enhancing overall fiscal management related to the NMTIS program. AAMVA worked collaboratively with the DOJ to ensure the appropriate and necessary fiscal and operational processes and controls are in place for an effective and timely reporting of programmatic and financial information across the NMTIS program.

Highlights of these enhancements include but are not limited to the following:

- Introduction of new Defense Contract Audit Agency (DCAA) compliant resource management and time/attendance module (Unanet) to ensure the accurate tracking of costs relating to NMTIS program activities
- Implementation of an enhanced activity-based costing platform designed to seamlessly integrate with the new Unanet platform and AAMVA's project accounting infrastructure providing for greater transparency, integrity and timeliness of reporting
- Implementation of a business intelligence platform designed to integrate with all financial systems providing for enhanced financial reporting, analytics and planning capabilities
- Establishment of dedicated and centralized contract administration and program control functions designed to complement and administer new systems infrastructure while driving enhanced internal controls and performance management

Operationally, AAMVA continues to investigate and assess opportunities to reduce costs across the NMTIS program. Given the technical nature of the platform, a significant component of ongoing operational costs relate to the underlying datacenter and hosting infrastructure required to support a program as large and complex as NMTIS. During FY 2010, AAMVA renegotiated its data center and hosting agreement with IBM and it is anticipated this will reduce recurring monthly fees by an average of 10% per month, effective October 2010.

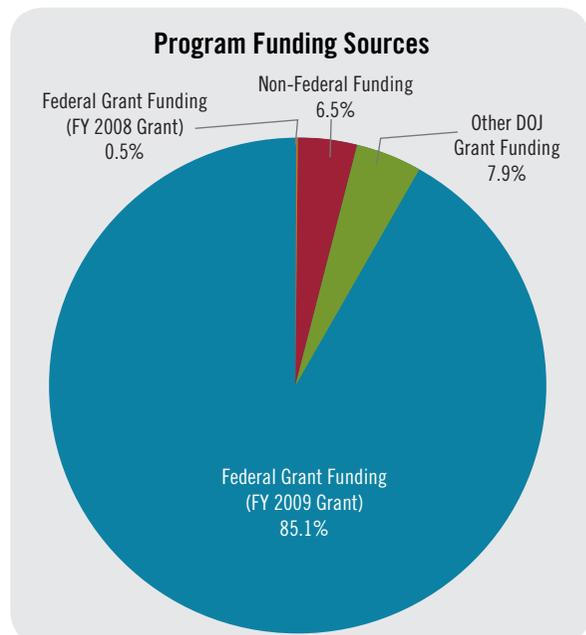
NMTIS PROGRAM FUNDING SOURCES

For the fiscal year ended September 30, 2010, NMTIS funding was derived from a number of sources including federal grants of \$5,171,723 and non-federal funding of \$400,526 (see Figures 14-15).

FIGURE 14

PROGRAM FUNDING SOURCES	REVENUE	%
Federal Grant Funding (FY 2009 Grant)	\$4,705,429	84.4%
Federal Grant Funding (FY 2008 Grant)	\$28,692	0.5%
Non-Federal Funding ¹¹	\$400,526	7.2%
Other DOJ Grant Funding	\$437,602	7.9%
TOTAL	\$5,572,249	100%

FIGURE 15



¹¹ Includes CARS and Consumer Access.

FINANCIAL REPORTS

NMVTIS PROGRAM COSTS

For the purposes of presentation (Figure 16), NMVTIS program initiatives have been segmented into “Pillars” of similar activities defined as follows:

- **Base Operations:** support day-to-day operations of the NMVTIS platform, representing \$3,810,791 or 73.5% of program costs
- **Base Implementation:** includes the activities associated with supporting states in their efforts to implement NMVTIS and represents \$856,507 or 16.5% of program costs

- **Enhancements:** encompasses initiatives directed at adding or changing NMVTIS platform features and/or functionality such as the development of standalone applications or third party access and reporting applications and represent \$516,186 or 10.0% of program costs

FIGURE 16

Distribution of Program Costs for the period 10/01/09 - 09/30/10

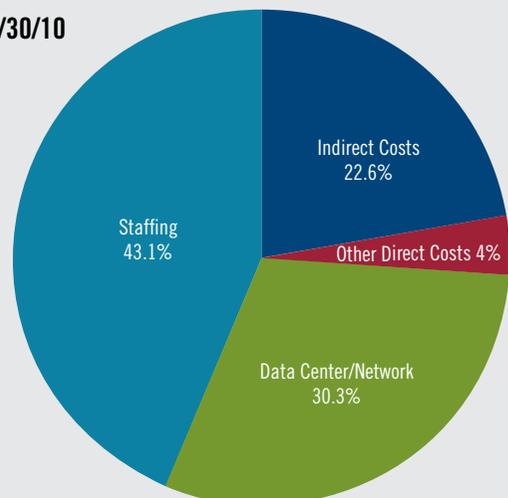
USE OF FUNDING	BASE OPERATIONS	BASE IMPLEMENTATION	ENHANCEMENTS	TOTAL
Federal Grant Funding (FY 2009 Grant)	\$3,742,841	\$734,616	\$205,606	\$4,683,062
Federal Grant Funding (FY 2008 Grant)	\$26,256	\$0	\$0	\$26,256
Non-Federal Funding ¹²	\$41,694	\$0	\$0	\$41,694
Other DOJ Grant Funding	\$0	\$121,891	\$310,580	\$432,471
TOTAL	\$3,810,791	\$856,507	\$516,186	\$5,183,483
	73.5%	16.5%	10%	100%

¹² Includes CARS

FIGURE 17

Distribution of Program Costs for the period 10/01/09 - 09/30/10

CATEGORY	\$	%
Direct Labor/Fringe	\$579,240	11.2%
Contractor Labor	\$1,651,783	31.9%
Data Center/Network	\$1,569,497	30.3%
Other Direct Costs	\$209,186	4%
Indirect Costs	\$1,173,777	22.6%
TOTAL	\$5,183,483	100%



LOOKING AHEAD

This year has seen great progress for NMVTIS, with more states providing their data and using NMVTIS as part of their day-to-day titling procedures. The number of entities reporting junk, salvage and total loss data into NMVTIS increased as did the use of NMVTIS data by consumers and law enforcement. All aspects of the program are moving from infancy into adolescence. Looking into the coming year, the areas of continued focus include:

- **Financial Sustainability:**

By federal statute, NMVTIS is intended to be self-funded by its users and not be reliant upon federal appropriations for sustainability. As occurred in the previous reporting period, the grant awarded during this period allowed fees from state motor vehicle agencies to be waived. This is not anticipated to be the case moving forward, as a revised fee structure will be considered. The continued challenge for the system operator is to generate user fees from all possible sources. The need for a sustainable financial model is critical for the future of the system. Financial sustainability is tied to the value of NMVTIS vehicle history including junk, salvage and total loss data. That value is inexplicably linked to have all state title data within NMVTIS.

Other opportunities to enhance the value of the NMVTIS data need to be explored. This can be concurrently accomplished with efforts to encourage states and reporting entities to report their data to NMVTIS. The addition of a stolen vehicle indicator has the significant potential to set the NMVTIS Vehicle History Report apart from other reports.

- **Compliance:**

Now that all applicable compliance dates for participation by states and reporting entities have passed, there will be the need to take steps toward monitoring and ensuring participation and compliance. Although a large number of entities are reporting to NMVTIS, they also are aware that some of their competitors are not currently reporting. In order to maintain and increase reporting, there would need to be a greater effort to actively monitor and enforce compliance to report from all required entities.

What People Are Saying...

“NMVTIS must focus on improving compliance levels by reporting entities, and to continue to clarify and document policies regarding covered industry segments that are required to report. Compliance has now reached a critical mass allowing NMVTIS to serve its intended role as a clearing house to support the state efforts to reduce title fraud and to provide better awareness to the public of prior salvage and total loss vehicle histories. With the expansion of the public portal services now available under NMVTIS, this year should allow for more effective dissemination of the NMVTIS information.

Perhaps the greatest policy objective for NMVTIS in the coming year is for NMVTIS to transition from a grant-subsidized program still under development into a system with substantially full compliance operating under a sustainable funding paradigm.”

—*Howard Nusbaum*
Administrator, NSVRP

“ADD is anxious for the day when all 50 states participate in providing vehicle history and title information. When full participation from all jurisdictions is achieved, NMVTIS will truly become the best resource available for states, law enforcement, and all consumers that depend on up-to-date and accurate data to make informed business decisions. Only then will NMVTIS reach the financial and consumer protection sustainability envisioned for this powerful program.”

—*Jim Taylor, President*
Auto Data Direct, Inc.

KEY NMVTIS MILESTONES

NMVTIS Legislation

Validation Reports

Program Activity

Funding to Support NMVTIS

1992
Anti Car Theft Act

1996
DOT awards initial grants to states to develop NMVTIS

1998
DOJ awards grants to states and AAMVA to develop NMVTIS

1999/2000
DOJ combines FY grants to states and AAMVA

2001
Logistics Management Institute (LMI) publishes NMVTIS Cost-Benefit Analysis Project Report

1992

1996

1997

1998

1999

2000

2001

1997
DOJ awards grants to states to develop NMVTIS

1999
General Accounting Office (GAO) recommends DOJ conduct a cost-benefit analysis

1999
July–December NMVTIS State Pilot conducted

1999
October–Memorandum of Understanding executed by DOJ and AAMVA

1996
Anti Car Theft Improvements Act (oversight of NMVTIS transfers from DOT to DOJ)

2000
AAMVA publishes the NMVTIS Pilot Evaluation Report

2003
DOJ awards grants to states and AAMVA

2007
DOJ awards grants to states and AAMVA

2009
DOJ awards grants to states and AAMVA (activities to begin)

2010
January 1—States required to report specific information to NMVTIS and perform title verifications using NMVTIS

2003

2004

2006

2007

2008

2009

2010

2004
DOJ awards grants to states and AAMVA

2008
DOJ awards grants to one state and AAMVA

2009
NMVTIS Final Rule published

2009
January 30—Data in NMVTIS is available to consumers

2009
March—DOJ law enforcement pilot started
March 31—Required JSI to report specific information to NMVTIS on a monthly basis

2009
April 1—JSI data is available to consumers

2006
Integrated Justice Information Systems (IJIS) Institute issues its Technology Assistance Report (assessment of NMVTIS technology)

ACRONYMS and ABBREVIATIONS

ACRONYMS

AAMVA – American Association of Motor Vehicle Administrators

ACTA – Anti Car Theft Act

ADD – Auto Data Direct

BJA – Bureau of Justice Assistance

CARS – Car Allowance Rebate System (formerly Consumer Assistance to Recycle and Save)

DCAA – Defense Contract Audit Agency

DOJ – (U.S.) Department of Justice

DOT – (U.S.) Department of Transportation

FBI – Federal Bureau of Investigation

GAO – (U.S.) General Accounting Office

IAATI – International Association of Auto Theft Investigators

IACP – International Association of Chiefs of Police

IJIS – Integrated Justice Information Systems

ISO – Insurance Services Office

JAG – Justice Assistance Grant

JSI – Junk, Salvage and Insurance

NAB – NMVTIS Advisory Board

NADA – National Automobile Dealers Association

NAEC – North American Export Committee

NCIC – National Crime Information Center

NCS – Network Control Software

NICB – National Insurance Crime Bureau

NSA – National Sheriffs' Association

NSVRP – National Salvage Vehicle Reporting Program

NMVTIS – National Motor Vehicle Title Information System

RFP – Request for Proposal

SFTP – Secure File Transfer Protocol

UNI – Unified Network Interface

VIN – Vehicle Identification Number

ABBREVIATIONS

Fed. Reg. – Federal Regulation

U.S.C. – United States Code

EXHIBITS

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 in support of **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 law enforcement
- Develop a privacy policy to ensure appropriate privacy protections consistent with DOJ's Privacy and Civil Liberties Policy, the Driver's Privacy 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, and DOJ may require the operator to use web services for all new connections to NMVTIS
- Publish and post on www.vehiclehistory.gov an annual report describing the performance of the system during the preceding year which 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
- Conduct regular reviews of compliance by all NMVTIS reporting entities, ensure documentation is in place and confirm other requirements of reporting are being met and provided to DOJ
- Maintain a publicly available, regularly updated listing of all entities reporting to NMVTIS¹³

¹³ NMVTIS Final Rule, Federal Register, Vol. 74, No. 19

EXHIBITS

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 ACTA 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:

1. An automobile's VIN
2. Any description of the automobile included on the certificate of title, including all brand information
3. The name of the individual or entity to whom the title certificate was issued
4. 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 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.¹⁴

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

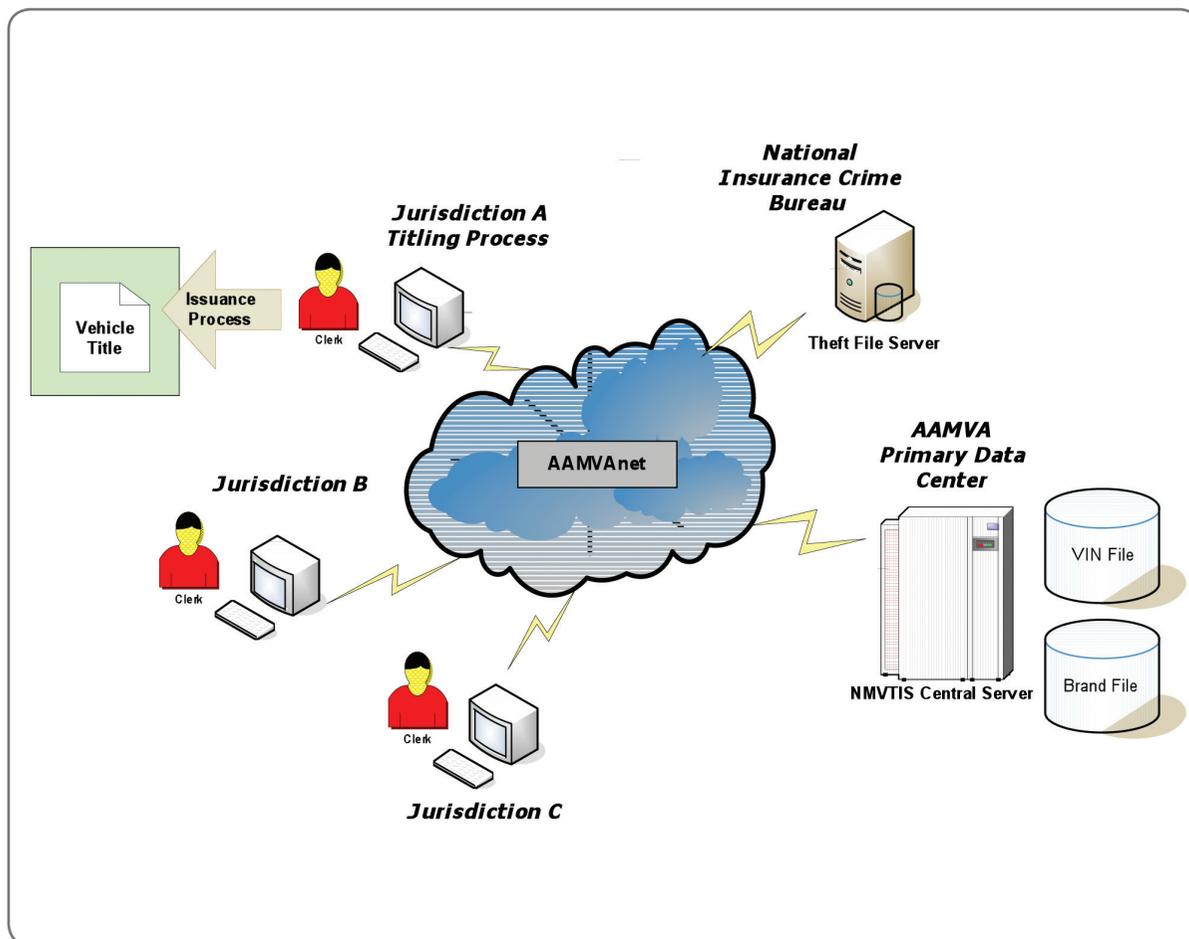
The integrated approach is the optimal approach for states, as it enables the state to truly integrate the NMVTIS application into its titling application, making the title verification and reporting of data almost seamless to the user. The integrated approach is comprehensive and does impact almost all of a state's titling processes. As a result, it is typically done when a state is planning to rewrite their 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, however, is less costly in the long run as the automation 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, as they occur. 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 and Brand) that is stored by AAMVA, theft file data and current state-of-record data stored at the state as part of the inquiry (see Figure 18).

¹⁴ NMVTIS Final Rule, Federal Register, Vol. 74, No. 19

FIGURE 18: Integrated Architecture



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 put into place. This approach is geared toward states with limited IT resources and provides the ability for a state to implement NMVTIS in a relative short time frame. Due to the disconnect between the online standalone solution and the state titling system, this approach is, however, potentially more prone to data entry errors and will also increase the processing time at the counter to process manual inquiries. The increase in titling processing time will translate into increased operating costs for the states.

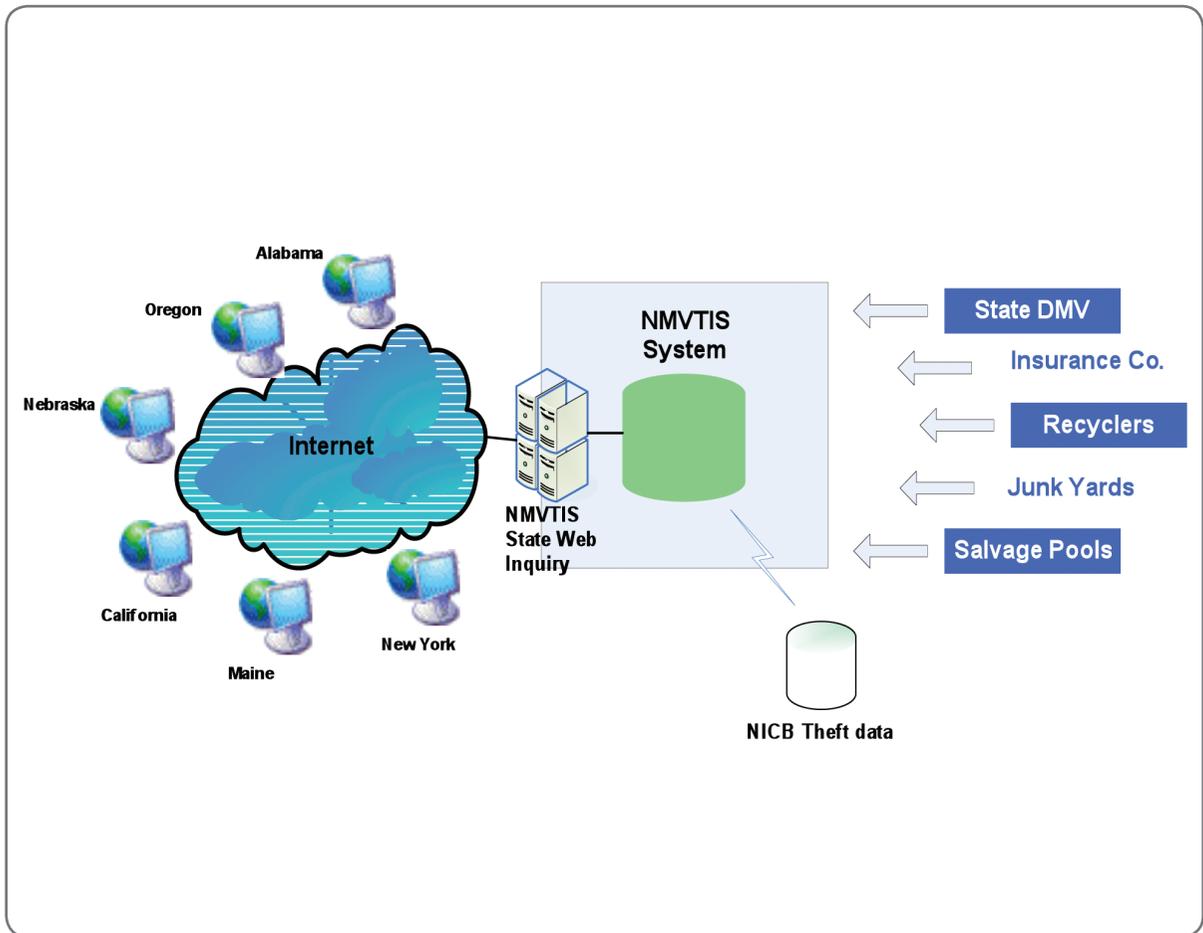
Provision of Data: Vehicle data is typically transmitted via a SFTP process to NMVTIS. States without integrated access

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 standalone web-based inquiry and the batch Inquiry. The web-based, secure portal design (see *Figure 19* on page 32) 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. AAMVA also rolled out the *State Web Single VIN Inquiry* approach during this reporting period. This allows a state to conduct a single inquiry into NMVTIS.

The response to a state under both of these standalone approaches includes data from NMVTIS central files, the theft file and the current state of record.

FIGURE 19: Standalone Architecture

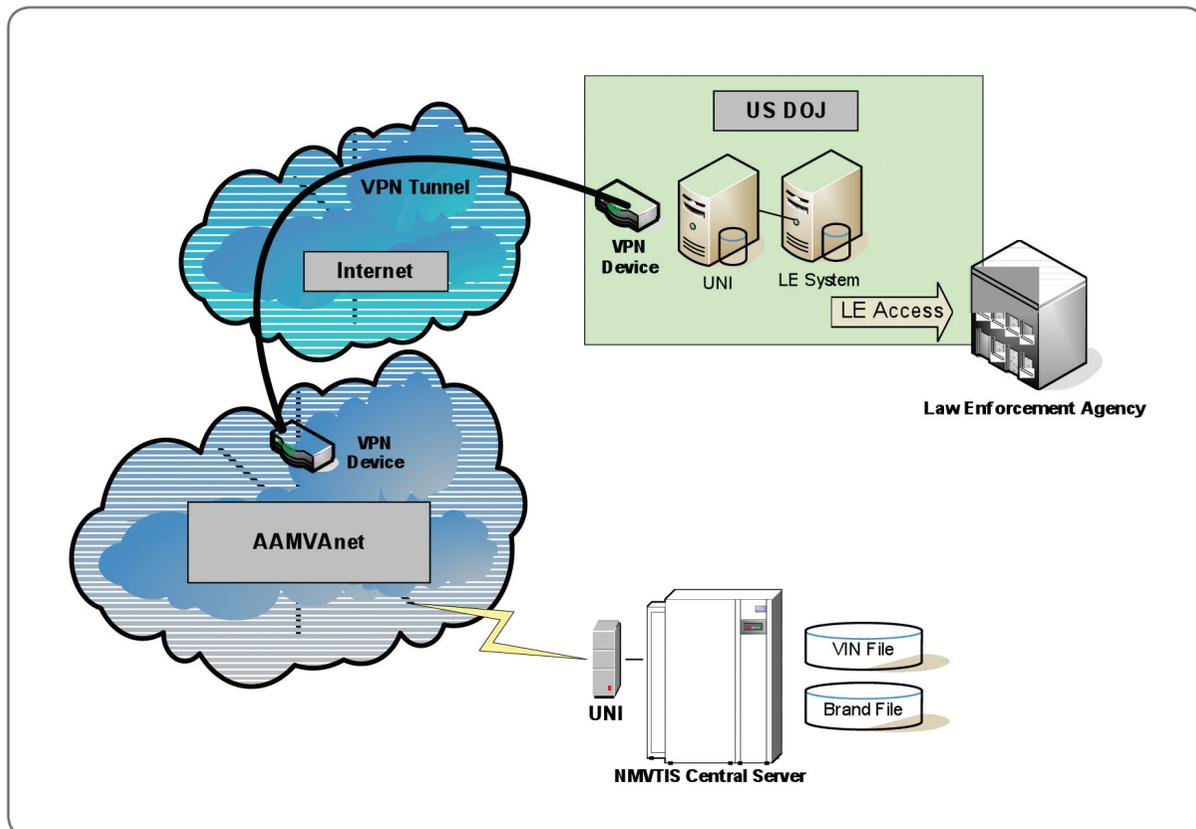


Experience has shown that some states develop the stand-alone approach first, and then when there is the opportunity, they migrate to the integrated approach. Others have moved directly to the integrated approach. The decision appears to be a factor of time, funding and opportunity. The NMVTIS Final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

EXHIBIT 3: LAW ENFORCEMENT ACCESS PROGRAM

The law enforcement community obtains access to NMTIS information via AAMVAnet to the secure law enforcement network, the Regional Information Sharing System (RISS).

FIGURE 20: Law Enforcement Access Program Architecture



APPENDIX

[1992 Anti Car Theft Act](#)

[1996 Anti Car Theft Improvements Act](#)

[2000 NMVTIS Pilot Evaluation Report](#)

[2001 LMI Cost-Benefit Analysis Report](#)

[2006 IJIS Institute Technology Assistance Report](#)

[2009 NMVTIS Final Rule](#)

[2009 NMVTIS Annual Report](#)

[2010 NMVTIS Program Overview](#)

[2010 DOJ enforcement letter to NMVTIS reporting entities](#)

[Consumer Access Provider Disclaimer](#)

[Independent NMVTIS Auditor's Report for the Period October 1, 2009–September 30, 2010](#)

[NMVTIS Advisory Board \(NAB\) Meeting Minutes \(June 2010\)](#)

[VIN Cloning Article by FBI \(2007\)](#)

[VIN Cloning Article by FBI \(2009\)](#)

[DOJ NMVTIS Website](#)

[AAMVA NMVTIS Website](#)