

South Carolina Department of Motor Vehicles  
Post Office Box 1498  
Blythewood, SC 29016



# To Increase Efficiency of the Electronic Lien Title Process

Ida G. Tucker  
Certified Public Manager's Project Report

# **To Increase Efficiency of the South Carolina Electronic Lien Title Process**

## **Introduction**

What is an SC Electronic Lien Title? The South Carolina Electronic Lien Title Program is a paperless method that allows liens to be perfected electronically most often through a service provider allowing the South Carolina Department of Motor Vehicles and financial institutions to exchange electronic lien title data. The electronic lien title process allows banks, credit unions, and title loan companies in the Program to receive an electronic message from the South Carolina Department of Motor Vehicles as a perfected lien notification instead of the normal paper title certificate. The lien remains secured electronically until the lien has been satisfied or the lienholder requests a paper title certificate.

The electronic lien process was implemented to reduce the cost associated with printing, storage, and fraudulent activities involving paper title certificates. In 2008 the South Carolina Legislature amended Section §56-19-265 of the South Carolina Code of Laws to allow the South Carolina Department of Motor Vehicles to provide and accept electronic lien titles to lienholders participating in the SC Electronic Lien Title Program through a network of approved service providers.

The lienholders participating in the Program enjoys the benefits knowing they do not have to:

- Retrieve a title from a conventional file when the lien is satisfied.
- Physically satisfy (sign off) a lien on a title.

- Mail a title to a customer.
- Apply for a duplicate title to replace a lost title.

The Electronic Lien Title Program is beneficial to the South Carolina Department of Motor Vehicles and the lienholders because the program:

- Reduces title fraud.
- Reduction of title paper usage.
- Faster notification of lien satisfactions.
- Access to expedited title printing.
- Reduction in storage of title documents.
- Consolidated monthly billing for title services.
- Better customer service.
- Overall reduces costs.

To ensure the South Carolina Electronic Lien Title process provides excellent quality to customers and stakeholders alike our goal is to increase the efficiency of the Program by promoting and creating a user friendly titling system through upgrades while improving and expanding training on data recognition and verification of the electronic lienholder information.

## **Problem Statement**

The process is characterized by vast systematic and users (CSRs) errors. These errors are compounded with numerous inaccuracies in the titling database where customer numbers (lienholder identifiers) can be selected without alerting the users (CSRs) to a non-electronic lienholder customer number.

Electronic lienholders are assigned a customer number to be identified in perfecting their liens electronically. The assigned customer number is to be provided on the South Carolina Title Application (Form 400) for the lien to be transmitted electronically when submitted to SCDMV.

If the users (CSRs) search by name of the lienholder instead of using the electronic lien title customer number information provided on the title application; the CSRs risk selecting a customer number without the ELT status for the same lienholder. Why? The system design of the current Phoenix program will allow a lien to be perfected as long as a lienholder customer number is selected in Phoenix. When this happens, the lienholder receives a paper title instead of the electronic notification.

These types of errors require re-work for the SCDMV compliance users (CSRs). Erroneous paper titles are then converted manually re-entering the correct electronic lienholder customer number that cause delays in other scheduled tasks.

## **Project Overview**

To determine and recommend changes to improve the electronic lien title process with a goal of increasing the efficiency and effectiveness of the manual process, data were collected in an effort to outline the recommended system restructuring and to improve document training to the users

(CSRs). The review was based on the number of electronic lien titles produced from August 2012 through December 2012 by the South Carolina Department of Motor Vehicles.

The training would define terms of the electronic lien title process in the agency's Procedures and Business Processes online material and provide a guide to document verification process in order to implement a change in the titling process where the correct lienholders are being added to the title certificate or perfected as an electronic lien title.

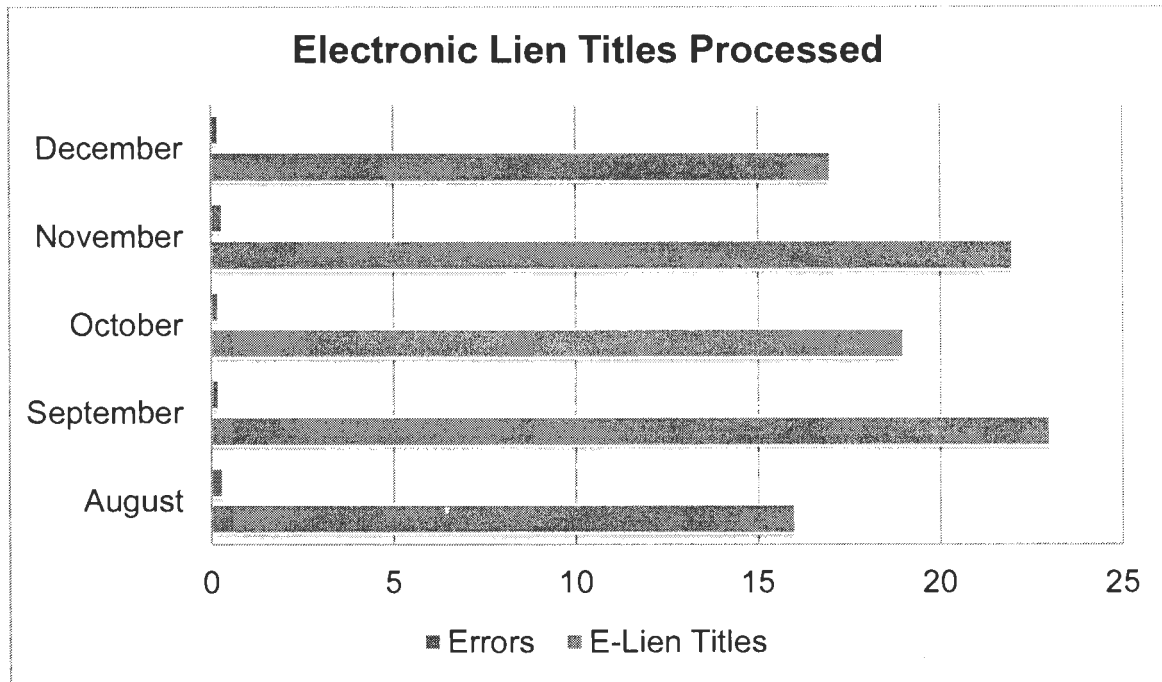
### **Data Collection**

The total amount of electronic lien titles produced by the South Carolina Department of Motor Vehicles are based on the number of corrected ELT title applications with the electronic lienholder customer number and the selection process by the users(CSRs).

The South Carolina Department of Motor Vehicles issues approximately 1 million titles a year and less than one percent of those titles are electronic lien titles. The Department expects the e-lien system growth to continue and to create a public and private technological partnership with other entities interested in the electronic title process, lower costs for both public and private sectors, enhanced customer service, and reduced numbers of duplicate titles.

Percentage of errors equals less than one percent of the total electronic lien titles processed in first half of the fiscal year 2012. The total electronic lien titles processed in August was 16,000, September 24,000, October 19,000, November 23,000, and December 17,100, respectively. (*See Figure 1*)

**Figure 1.**



**Source Data: DMV Phoenix Reports (Number of Electronic Liens in the Thousands)**

Additionally, four interviews were conducted with stakeholders and employees, ideas provided were positive and there was optimism about the future expectations for the South Carolina Electronic Lien Title Program.

The determining factors were establishing a defined electronic processing system and added steps toward a more efficient and productive network environment among the users and third party partners.

1. Another way to reduce the error ratio will be for the State to become 100% electronic in the next two years. All lenders will be required to establish an ELT code and it must be written on the title application. This will minimize the processing time as CSRs won't have to scroll through a list of lienholder customer numbers. (SCDMV HQ, employee)

2. One idea that would require programming but that I think would be beneficial in reducing the number of ELT errors are....on the ADD LIENHOLDER screen in Phoenix, the ELT indicator should show when searching for the lienholder customer number. Also, if an ELT lender is selected, a confirmation message should display informing the CSR that they have selected to add an ELT lender. In my opinion, the CSR would be made aware if they have or have not added a lienholder to the vehicle record. (SCDMV HQ, employee)
  
3. As a stakeholder I would like to see, 1) release errors to require title numbers on the release messages to eliminate duplicate Vehicle Identification Numbers errors, 2) suspense items monitored so suspense items can be reset without the customer (lienholder) having to request their liens to be perfected, and 3) provide an automated way to convert paper titles to electronic lien titles when an error has taken place by the SCDMV to help resolve matters quickly. (Service Provider)
  
4. I believe if the State can provide funding for a more user friendly network where banks, credit unions, and mortgage companies can go online and update the agency's title and registration system from their place of business, the Department of Motor Vehicles could incur a gain in efficiency. (SCDMV HQ, Supervisor)


## **Current Process**

The CSR uses the following process to perfect electronic liens on titles.

- *Procedure TI-006 “Title and Registration Issuance” outlines regulations the Department must follow in order to issue a title.*
- *Business Process “Title Issuance” outlines a step by step process for processing a title in the Phoenix system.*
- *South Carolina Title Application (Form 400)*
- *Electronic lienholder assigned customer number listed on the title application*



Figure 2. South Carolina Title Application (Form 400)

 <b>South Carolina Department of Motor Vehicles</b> <b>Application for Certificate of Title and Registration for Motor Vehicle or</b> <b>Manufactured Home/Mobile Home</b>		<b>Form 400</b> (Rev. 4/10)				
No strikeovers, erasures, or correction fluid is acceptable on this form. For more information, visit our website at www.scdmvonline.com or call our Customer Call Center at (803) 898-5000.						
<b>SECTION A</b> <input type="checkbox"/> <b>EXPEDITE</b> (additional \$20.00 fee) Check here to expedite this title.						
Check the box next to the type of transaction you need. Please enclose the required documents and fees with your completed and signed application. For expedited services (within 3 business days) include an additional \$20.00 fee. Make checks payable to: SC DMV. <b>DO NOT SEND CASH.</b>						
<input type="checkbox"/> <b>NEW TITLE &amp; REGISTRATION</b> 1) Manufacturer Certificate of Origin (MCO) or Title. 2) Paid Property Tax Receipt. 3) \$15.00 title fee and 4) Regular registration fee. 5) Sales Tax (5% of selling price or \$300.00 max.) 6) Insurance Information.	<input type="checkbox"/> <b>TITLE AND PLATE TRANSFER</b> 1) Manufacturer Certificate of Origin (MCO) or Title. 2) Last Previous Tag #. 3) Previous registration in owner's name. 4) \$15.00 title fee. 5) \$10.00 transfer fee. 6) Sales Tax (5% of selling price or \$300.00 max.) 7) Insurance Information.	<input type="checkbox"/> <b>TITLE FOR MOBILE OR MANUFACTURED HOME</b> 1) Manufacturer Certificate of Origin (MCO) or Title. 2) Consumer Inspection Report required for \$300.00 sales tax cap. If mobile home is energy efficient. 3) \$15.00 title fee.				
<input type="checkbox"/> <b>TITLE ONLY</b> 1) Manufacturer Certificate of Origin (MCO) or Title. 2) \$15.00 title fee. 3) Sales Tax (5% of selling price or \$300.00 max.) <input type="checkbox"/> <b>DUPLICATE TITLE</b> 1) <input type="checkbox"/> Lost <input type="checkbox"/> Stolen or <input type="checkbox"/> Destroyed Title 2) \$15.00 title fee.	<input type="checkbox"/> <b>LEASED VEHICLE</b> 1) Do not complete Section D. Complete Section E and all other applicable sections.	<b>MAIL YOUR APPLICATION TO:</b> SC DMV P.O. Box 1498 - 10511 Wilson Blvd. Myrtlewood, SC 29018 - 0024				
<b>SECTION B - VEHICLE INFORMATION</b> Please print or type in black ink only.						
VEHICLE IDENTIFICATION NUMBER	MAKE	YEAR MAKE	BODY STYLE	MODEL	EMPTY WEIGHT	GVW
<b>SECTION C - ODOMETER MILEAGE</b> (Miles not kilometers)						
FEDERAL AND STATE LAW REQUIRES THAT YOU STATE THE MILEAGE IN CONNECTION WITH THE TRANSFER OF OWNERSHIP. FAILURE TO COMPLETE OR PROVIDING A FALSE STATEMENT MAY RESULT IN FINES AND/OR IMPRISONMENT.						
I STATE THAT THE ODOMETER NOW READS _____ (NO TENTHS) AND TO THE BEST OF MY KNOWLEDGE THAT IT REFLECTS THE ACTUAL MILEAGE OF THE VEHICLE DESCRIBED ABOVE UNLESS ONE OF THE FOLLOWING STATEMENTS IS CHECKED.						
DO NOT CHECK ONE OF THE FOLLOWING UNLESS IT APPLIES.						
<input type="checkbox"/> EXEMPT						
<input type="checkbox"/> I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE THE ODOMETER READING REFLECTS THE AMOUNT OF MILEAGE IN EXCESS OF ITS MECHANICAL LIMITS.						
<input type="checkbox"/> I CERTIFY THAT THE ODOMETER READING IS NOT THE ACTUAL MILEAGE. <b>WARNING ODOMETER DISCREPANCY.</b>						
<b>SECTION D - OWNER INFORMATION</b> Your complete legal name must be used on all title and registration documents.						
NEW PRIMARY OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE)		SC CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC. OR FEIN		DATE OF BIRTH		
NEW CO-OWNER COMPLETE LEGAL NAME (LAST, FIRST, MIDDLE)		SHARED OWNERSHIP <input type="checkbox"/> AND <input type="checkbox"/> OR		SC CUSTOMER NO., DRIVER LICENSE NO., SOC. SEC., OR FEIN		DATE OF BIRTH
PRIMARY OWNER'S RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)			CITY	STATE	ZIP CODE	COUNTY
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)			CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)			CITY	STATE SC	ZIP CODE	COUNTY
DAYTIME TELEPHONE NUMBER		TEMPORARY ADDRESS (IF APPLICABLE)		EXPIRATION OF TEMPORARY ADDRESS		
<b>SECTION E - LEASING INFORMATION</b> Complete only for a leased vehicle.						
LEASING COMPANY NAME		PHONE NO.	CONTACT PERSON		CUSTOMER NO.	
ADDRESS			CITY	STATE	ZIP CODE	
NAME OF LESSEE (PERSON LEASING VEHICLE)		DRIVER LICENSE NO., SOC. SEC. NO. OR FEIN		DATE OF BIRTH		
LESSEE'S SC RESIDENCE STREET ADDRESS (APT. NO. IF APPLICABLE)			CITY	STATE SC	ZIP CODE	COUNTY
LESSEE'S MAILING ADDRESS (IF DIFFERENT FROM ABOVE)			CITY	STATE	ZIP CODE	COUNTY
ADDRESS WHERE VEHICLE IS HOUSED (IF DIFFERENT FROM ABOVE)			CITY	STATE SC	ZIP CODE	COUNTY
<b>SECTION F - LIEN INFORMATION</b> If you are a lienholder, are you a SC ELT participant? <input type="checkbox"/> YES <input type="checkbox"/> NO						
CUSTOMER NO., OR FEIN	LIENHOLDER NAME (FIRST LIEN) Write "None" if vehicle is paid in full		DATE OF LIEN	CONTACT PERSON		TELEPHONE NUMBER
MAILING ADDRESS			CITY	STATE	ZIP CODE	
CUSTOMER NO., OR FEIN	LIENHOLDER NAME (SECOND LIEN)		DATE OF LIEN	CONTACT PERSON		TELEPHONE NUMBER
MAILING ADDRESS			CITY	STATE	ZIP CODE	

Section F-Lien information: In this section the lienholder information consist of the ELT customer number and the lienholder's name and mailing address. To perfect an electronic lien title, the CSR must enter the listed customer number on the title application into Phoenix. If no customer number is listed, the CSR searches by name of the lienholder in Phoenix and selects the appropriate customer number for the lienholder listed.

## **Data Analysis**

The initial step I took was to determine what factors are leading or contributing to these errors and it was determined that when a user (CSR) enters the lienholder information from the South Carolina title application (Form 400) into Phoenix then selects “search”, possible lienholder(s) are returned without the ELT lienholder’s indicator listed first. However, if the user (CSR) enters the lienholder’s partial name, the system returns a list of likely lienholders with various customer numbers increasing the level of errors in selecting a non-electronic lien customer number.

Other factors included the CSRs are not paying attention to the lienholder information on the South Carolina title application (Form 400) and carelessly entering variations of the lienholder’s name or entering a completely different lienholder than what is listed on the title application. (*See Figure 2; Section F*)

## **Proposed Process**

To eliminate or reduce the errors that are occurring with the ELT process, improvements in the Phoenix query process is necessary. I propose the following changes:

- To implement a change to accommodate the search criteria for electronic lien customer numbers, a message would be issued as follows: the program would need to identify whether it is an ELT or not using a <Yes> or <No> designation.
- If the user (CSR) selects <Yes>, the system will search lienholders designated as ELT Lienholders and return ELT customer’s numbers that match the information the user entered. The user (CSR) may then select from the new list as before and the lienholder is added to the selection process.

- If no lienholders are found from the original search, a message will be displayed: **Customer not found on database**
- The user (CSR) can then enter the lienholder information to create a new lienholder customer number and add it to the database.
- Documentation training identifying ELT lienholders prior to the entry to Phoenix.

## **Implementation**

Implementation of the proposed changes will require a change in the Department's current Phoenix operation system. The changes would include an extended search routine, server changes, same name and address searches, customer maintenance program, and client changes.

The upgrade to the Phoenix operation system will take several months of testing in a test environment before the recommended changes can be move into production for use. During the testing period, I propose daily monitoring of all title transactions at all levels that include an audit of the lienholder information listed on the South Carolina title application (Form 400) to the internal check list of lienholders available to CSRs via the Department's intranet, DMV branch offices and Headquarters' managers would prepared a check list of commonly use lienholders by lenders and dealers who drop off title applications for processing, and to extend the Wednesday morning training sessions to include fact gathering data on daily transactions discrepancies.

The opinions and data gathered from the branch offices including Headquarters' titling units would be provided to the programmers to assist with the impending implementation.

- The user would select to the current ELT customer number selecting “yes” to update the title record with the electronic lienholder customer number or “no” and proceed with a different search.

The timeline and cost varies due to deadlines for current projects and the level of effort to succeed in expanding the capabilities to make high-level changes would be best estimated to be six weeks.

## **Evaluation**

In reviewing the Electronic Lien and Title process, there are several improvements relevant to reducing errors. The overall process related to Phoenix is the errors are due in part because Phoenix does not have built-in functions to identify user (CSR) errors when entering specific lienholder information. If Phoenix could cross reference or flag information that is incompatible the user (CSR) would be alerted to errors being make before the transaction is completed.

I would propose a built-in reporting system that would further decrease the overflow of unnecessary lien errors. The Phoenix report would identify various transactions with compatible lienholder names, addresses, and customer numbers to a unique identifier that is actually an ELT lienholder customer number. The report would indicate the correct lienholder customer number that should have been used, as well as, the customer number that was selected.

I would use the report to provide internal CSR training on selecting and identifying ELT lienholders and to develop other auditing programs to improve other elements in the South Carolina Electronic Lien Title Program.

I would propose a built-in reporting system that would further decrease the overflow of unnecessary lien errors .The Phoenix report would identify various transactions with compatible lienholder names, addresses, and customer numbers to a unique identifier that is actual an ELT lienholder customer number. The report would indicate the correct lienholder customer number that should needed to be used, as well as, the customer number that was selected.

I would use the report to provide internal CSR training on selecting and identifying ELT lienholders and to develop other auditing programs to improve other elements in the South Carolina Electronic Lien Title Program.

## References

1. (2007). Electronic Lien Titles, Retrieved December 2012 from <<http://www.etablelien.com>>
2. (2013). SC Codes of Laws, Retrieved December 2012 from  
<<http://www.scstatehouse.gov/code/statmast.php>>
3. (SCDMV, Information Technology. personal communication, January 23, 2013)
4. (SCDMV, employee, personal communication, January 28, 2013)
5. (Service Provider, stakeholder, personal communication, January 28, 2013)
6. (SCDMV, supervisor, personal communication, January 29, 2013)