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DEPARTMENT OF TRANSPORTATION

Driver and Vehicle Services Update

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This bulletin may be downloaded by visiting the Driver and Vehicle Services
website at www.dmv.pa.gov

Tom Wolf, Governor

Leslie S. Richards, Secretary

BULLETIN NO. 16-7

April 2016

- Floorplanners Not Recording Liens
- Mobile Home Cancellation Update
- New Pennsylvania Certificate of Title Design

FLOORPLANNERS NOT RECORDING LIENS

Recently PennDOT was asked by some industry representatives about practices involving floorplan lenders and dealerships. The concern was whether any of these practices are in violation of the Pennsylvania Vehicle Code. Since it is common practice for dealerships to finance their vehicle inventory through a lender, the Department is providing the following as a reminder of Pennsylvania Vehicle Code requirements.

Industry representatives shared that some lenders are obtaining possession of the proof of ownership document (manufacturer's certificate of origin or certificates of title) for the financed vehicles from the dealer without recording their lien on the proof of ownership document. These lenders are holding these documents until each vehicle is sold. Such arrangements violate the Pennsylvania Vehicle Code. A lienholder may only hold the proof of ownership document if their lien is recorded on the document.

Additionally, if the vehicle does not have a lien, the dealership is required to have the proof of ownership document on hand so it may assign ownership of the vehicle at the time of the sale and delivery of the vehicle as required.

PennDOT was also asked about lenders who require the dealer to submit the customer's application to the lending institution, who will then attach the proof of ownership document and forward the application to PennDOT. The Pennsylvania Vehicle Code requires the dealer to mail or deliver the application to PennDOT

within 20 days of the sale of the vehicle or within 5 days if the dealer is also an authorized messenger service. Dealers are prohibited from mailing or delivering the applications to lenders rather than to PennDOT.

The proper way for dealers and lenders to handle titles for financed vehicles is to have the floorplanner's lien recorded on the proof of ownership document. This is how a lender can hold the proof of ownership documents for financed vehicles and the dealer can offer the vehicle for sale. In addition, with the lien recorded on the dealer's proof of ownership document, the Secure Power of Attorney process can be used by dealers to complete an application for title for their customers and obtain the vehicle's proof of ownership document from the lender. Otherwise, if no lien is recorded on the document, the dealer must maintain the vehicle's proof of ownership at the dealership where the vehicles are being held for sale.

MOBILE HOME CANCELLATION UPDATE

An enhancement to the receipt process for mobile home title cancellations (M stop) was implemented March 21, 2016.

The new receipt process automatically generates the receipt through an overnight batch process when the M-stop is applied to the record. The receipt includes the customer's name, address, Vehicle Identification Number (VIN), and the make and year of the mobile home. The receipt also includes instructions for re-establishing a title record should the customer need to re-title the mobile home. In addition, this new receipt process will create an image of the receipt in our Electronic Document Management System (EDMS) for retrieval at a later date, if needed.

NEW PENNSYLVANIA CERTIFICATE OF TITLE

Form MV-4, "Pennsylvania Certificate of Title," has been revised. The new edition date is 12-15. The changes made were:

- Updated colors to be solid light blue with dark blue border.
- Added 3D microprint to notarization block on the front of the certificate of title.
- On the reverse side, the dark blue ink was removed from the section headers in Sections B and C.

All other security features remain the same. Previous editions of the Pennsylvania Certificate of Title are still valid.

**AGENTS ARE REQUIRED TO ENSURE ALL OF THEIR EMPLOYEES RECEIVE PENNDOT'S DRIVER
AND VEHICLE SERVICES UPDATE BULLETINS**