

Electronic Lien and Title (ELT) Program Lienholder's Guide

The purpose of this document is to explain lienholder responsibilities and the various processes related to maintaining an electronic vehicle title, from the initial issuance until a lien is released or assigned. This information is intended to assist lienholders in understanding the processes and act as a guide to perform the transactions associated with an Electronic Lien and Title (ELT).

Enrolling in the ELT Program

All lienholders are required to enroll in Pennsylvania's ELT Program. The enrollment process begins with the lienholder completing Form MV-37 (Application for Enrollment/Change in ELT System) and submitting the form to a PennDOT approved ELT service provider. Lienholders enter into an agreement with their ELT service provider. There is no contract between the lienholder and PennDOT. After providing software and training to the lienholder, the service provider submits Form MV-37 to PennDOT, requesting an implementation date for the lienholder.

Participating in the ELT Program

When the lienholder's approved implementation date arrives, the lienholder is active in the ELT Program, and capable of both receiving ELT data and processing lien maintenance transactions.

The lienholder must begin providing its Financial Institution Number (FIN) to all customers who receive financing for a vehicle. The lienholder or the customer must provide the FIN to the dealer or title agent to record the lien as ELT.

The ELT service provider is contractually required to provide help desk service to lienholders and assist them with all ELT related questions and discrepancies. Lienholders do not have a direct line to PennDOT for resolution of ELT related discrepancies. PennDOT systematically responds to the service providers regarding discrepancies.

Receiving Electronic Titles

When a vehicle is financed and a lien is to be recorded, the dealer or title agent enters the lienholder's FIN on the title application. When the application information is entered into PennDOT's vehicle record system using the FIN, the lienholder receives an electronic message for each ELT through a daily web-based file transfer. Lienholders may electronically respond to each ELT notification by verifying if it is correct, or rejecting if it is not. Rejections will be re-searched by PennDOT and corrected, if necessary.

Maintaining Electronic Titles

Using the software provided by the ELT service provider, each lienholder maintains electronic files of all title records with its lien perfected. Computer filing of perfected liens allows each lienholder to customize how their vehicle loan data is maintained.

While recorded as lienholder on an ELT, the lienholder can maintain lien and vehicle owner information with improved efficiency. The following transactions are available to each lienholder through the service provider:

Release Lien—This transaction allows the lienholder to release its electronic lien, resulting in an unencumbered paper title issued to the vehicle owner.

- Immediately upon satisfaction of encumbrance, the lienholder is required to release its lien.

- A paper title is automatically mailed to the owner at the address on the vehicle record the following business day.
- The paper title must be mailed to the vehicle owner on PennDOT records at the vehicle owner's actual, bona fide address.

Convert ELT to Paper Title—This transaction allows the lienholder to convert an electronic title to a paper title with the lien information intact, resulting in a paper title issued to the lienholder.

- The paper title is mailed to the lienholder at the lienholder's address (based on information on file with PennDOT, associated with the lienholder's FIN) the following business day. The lienholder cannot change its name or address when doing this transaction.
- Once received, the lienholder must maintain the paper titles in a secure location.
- Paper titles should only be produced for the purpose of taking action that requires a paper title (i.e. to assign ownership, transfer ownership to another state, or actions resulting from default of a loan).
- With the implementation of mandatory ELT requirements, lienholders should maintain all title records electronically, converting to paper only to take an action requiring a paper title.
- When a non-PA address is requested by the vehicle owner, the lienholder is permitted to release the ELT indicator, have a paper title mailed to the lienholder address, then manually release the lien on the paper title and mail it to the vehicle owner's non-PA address (with the vehicle owner's PA address remaining on the title and vehicle record).

Release Lien to an Approved Third Party—This transaction allows the lienholder to release its electronic lien when a vehicle loan is paid off by a vehicle dealer or insurance company, resulting in a paper title issued to the dealer or insurance company.

- The lienholder may release its lien and enter the name and address of a dealer or insurance company in the lienholder field for the sole purpose of having a paper title mailed to a dealer or insurance company who has paid off the vehicle loan.
- The paper title is mailed the next business day to the dealer or insurance company at the address entered by the lienholder.
- A post office box alone may not be used as the address for the dealer or insurance company. A street address must also be included.
- This transaction is to be used ONLY when a dealer or insurance company pays off the loan, and may not be used for payoffs from other lien holders, businesses or individuals.
- This transaction may NOT be used to assign a security interest to another lienholder.

Update Lienholder Address—This transaction allows the lienholder to update its address on ELTs issued prior to the address change. **NOTE:** Form MV-37 must be submitted to change the address prior to this update.

Releasing Liens

Any time a lienholder performs a transaction to release a lien to the vehicle owner or to a dealer who pays off a loan, PennDOT receives the information electronically and automatically prints and mails a title the next business day. If a lienholder delays doing the transaction to release the lien in order to verify the payoff funds are available, PennDOT cannot issue a title.

Issuance of the title is entirely dependent on the release transaction performed by the lienholder, so lienholders should advise all customers of the time needed to verify the availability of funds before doing the transaction.

Assigning a Security Interest

At any point in the life of an electronic title, the security interest in the vehicle can be assigned (sold) to another financial institution. Assignment of a security interest is not a transaction that can be performed electronically by the lienholder. In order to do an assignment of a security interest, the ELT need not be converted to a paper title before submitting Form MV-950, "Notification of Assignment of Secured Interest in a Vehicle," and the required fee. If a lienholder assigns a loan portfolio of multiple titles to another lienholder, each ELT record in the portfolio requires a completed Form MV-950 and title fee to be submitted to PennDOT.

Additional Information Every Lienholder Must Know

1. When a lienholder enrolls in the ELT Program, any paper titles already being held by the lienholder may remain as paper. There is no requirement to convert existing paper titles to ELT. A lienholder may convert any paper title issued in its name to ELT.
2. Although new lien perfections are issued as ELT, PennDOT still requires a paper title to do assignments of title and repossessions. When a vehicle owner relocates to another state of residence, the new state will also require a paper title to do a title transfer.
3. Lienholders may not routinely convert ELT records to paper titles for the purpose of managing paper. Conversions to paper should only be done when there is a legitimate need for a paper title, such as with assignments and transfers of title. Lienholders may anticipate the need for a paper title and do a conversion from ELT to paper when a resale, repossession or transfer is imminent for a particular vehicle.
4. Dealers and title agents in Pennsylvania are trained to request the FIN from vehicle buyers when a lien is to be recorded. If the lienholder does not provide the FIN to the buyer and advise the buyer to provide the FIN to the dealer, there can be delays in processing the title application and perfecting the lien.
5. Any time a lienholder changes its name or address, a new Form MV-37 must be submitted to PennDOT to change the information in the ELT system. Titles issued prior to a name or address change on Form MV-37 are not updated by PennDOT automatically.
6. Title transactions will continue to be processed using forms and procedures that are relatively unchanged. Some of the more common lien-related transactions include the following:

Form MV-38L (Application for Duplicate Title or to Record, Renew, Remove a Lien, or to Correct Lien Information by Lienholder)

- **Duplicate Title by Lienholder** - If the existing lien is ELT, the application will be rejected to advise the lienholder that if a paper title is needed, they are required to electronically do a conversion from ELT to a paper title.
- **Record a Lien** - If there is an existing lien, and it is ELT, the ELT lien is considered the first lien and requires the existing lienholder to satisfy its lien. If the applicant is requesting to be recorded as second lienholder and there is an existing lien, the applicant can be added to the record as second lienholder.

- **Renew a Lien** - If the existing lien is ELT, a title is not required with application. A lien renewal fee is required.
- **Satisfy a Lien** - If an existing lien is ELT, but the lien is properly released on the application, a paper title will be issued to the vehicle owner if a title fee is submitted with the application. If no fee is submitted, the application will be rejected. Generally, this transaction is done at the PennDOT counter when a vehicle owner needs a title immediately. The title fee is required.
- **Lienholder's Change/Correction of Name or Address** - If the existing lien is ELT, the applicant's request for name change or correction can be processed without a title if the required documentation and fee are provided with the application. Lienholders are not required to update information on existing titles. If the name or address change does not match the lienholder name or address in the ELT system, the new title must be issued as paper. All conversions of paper title to ELT will automatically get the name and address of the lienholder as it is in the ELT system. If only an address update is needed, the lienholder should use the electronic transaction provided.

Form MV-380 (Application for Duplicate Certificate of Title by Owner)

If the existing lien is ELT, but the lien is properly released on the application, a paper title will be issued to the vehicle owner if a title fee is submitted with the application. If no fee is submitted, the application will be rejected. Generally, this transaction is done at the PennDOT counter when a vehicle owner needs a title immediately. This is not a form that should be completed and mailed to PennDOT when the lien is electronic, since the lien should be released electronically by the lienholder. If the electronic lien shows released on the vehicle record, but the vehicle owner submits a notarized Form MV-380, stating the paper title was never received, the vehicle owner can be issued a free replacement within 90 days of the ELT lien release date. The vehicle owner must allow 10 days for mailing before applying for a replacement title.

Form MV-41 (Application for Correction of Vehicle Record or Verification of Vehicle Identification Number)

Any correction to the vehicle record can be accomplished with Form MV-41. If the lien is electronic, there is no requirement to submit a paper title with the form. There is no fee for correction of a PennDOT error on the record; however, a title fee is required when correcting all other errors, changing owner or vehicle information, or doing a verification on the form.

Form MV-950 (Notification of Assignment of Secured Interest in a Vehicle)

If the existing lien is ELT, Form MV-950 and a title fee are required for each title. A paper title is not required to be submitted with the application when the record indicates the title is ELT. If the new lienholder provides a FIN, the new title is issued as ELT.

Form MV-217A (Application for Certificate of Title by a Financial Institution or Dealer After Default by Owner)

If the existing lien is ELT, the title must be converted to paper for the purpose of repossessing a vehicle. A paper title is required to be submitted with the application, because a repossession requires an assignment of ownership.

NOTE: For additional updates to ELT Program information, please visit our website at www.dmv.pa.gov.