

**Subject:**

June Vehicle Central Programs (VCP) Motor Vehicle Newsletter



## **MOTOR VEHICLE NEWSLETTER**

### **Iowa DOT Central Programs Bureau**

## **June 2024**

#### **Reminder of Legislation**

Among other legislation that passed this year, two commonly occurring vehicle items go into effect July 1. For further details, see [MVD Information Memo #24-03](#)

1. Bonded title requirements change for low-value vehicles. HF 2316 eliminated the bond requirement for vehicles that are 12+ model years old and worth \$1,000 or less. During the application process, MVD will determine if there are no liens or ownership claims, the vehicle is 12+ years old and worth \$1,000 or less. If all of this is true, MVD will notify the vehicle owner and the county treasurer that the vehicle is approved to be titled without bond. The owner must apply for title and registration within 30 days of MVD's notification. Any title issued under this provision, 12+ years old/under \$1,000, will not print 'bond' as a designation.
2. Previous owner will be removed from title certificates and title snapshots. HF 2185 removed the requirement that the last owner's information appear on the printed title. This information will still be retained in ARTS and in the county treasurer records

system as part of the vehicle's record. This change protects the prior owner against potential fraud or misuse of the information, aligns with other state title requirements, and conforms to federal and state privacy laws.

## Procedure

### **Title Runner Processing**

Background:

"Title runner" – defined here as a third-party service-provider (business or individual) that handles the paperwork for titling and registration of a vehicle on behalf of the vehicle owner/applicant for a fee; employees/agents of dealerships processing paperwork for the dealership are not included.

In 2024, BIIP found many titles obtained through third-party, "title runner" businesses to be applied for using fraudulent social security numbers (SSN), mainly listing a Mexican passport number in place of an SSN. Title runners may use fraudulent SSNs, or apply for their customer as a business with an FEIN/EIN and listing the person's name as the name of a business. This business application can be problematic because a person may obtain an FEIN from the federal Internal Revenue Service (IRS) without providing proof of residence or citizenship. The following guidance is recommended practice to counteract titles obtained by third parties using fraudulent customer information.

Guidance for County Processing:

1. Maintain a standard at your county office. Do not single out individuals or specific groups. For example, if you are collecting certain information for one title runner, collect that same information for all title runners.
2. Require a title runner to have a properly executed POA from their customer for each transaction. DOT Form 411021 *Power of Attorney Authorization* is provided on Seamless, but other forms may be accepted if they contain all necessary information.
3. Request copy of social security card, driver's license, or nonoperator's ID card when the application requires creation of new customer record for the individual applicant.
  - You may flag title runner transactions for BIIP review when the application is for a customer already existing in the system. A BIIP investigator will validate the SSN that has already been added into ARTS.
4. Request copy of IRS form ss-4 when the application includes an FEIN/EIN and is submitted as a business application. Make sure the FEIN was issued before the vehicle purchase date.
  - FEIN and EIN are the same thing, Federal Employer Identification Number.
5. Place a sticky note on a customer when creating a new customer record using a Work Authorization form with SSN. The sticky note should note the expiration date for the current work authorization. Remember to check the "Show Notification" box when creating the New Note.

6. In Payment Manager, list the payor as the Primary. Then, use Add Customer to list the title runner as an additional customer. For example, if John's Titling Services brings in a check from the applicant, Jane Doe, Jane would be checked as Primary. Ensure consistency in the customer number you use when pulling customer data to add the title runner.
7. If POA is completed to allow for it, the county may hand the title runner final products from the transaction, such as title certificate, plates, registration receipt (sticker), etc.
8. If you suspect fraud or consumer abuse, you may submit the transaction paperwork to your BIIP investigator for review.

## General Items

### **Cyber Attack on Dealer Software Providers**

Many dealerships across the country lost their software for conducting vehicle sales due to a cyber-attack on a major provider (CDK Global) of a dealer management system (DMS), including some Iowa dealerships. CDK Global is one of many DMS that is the mainframe of the system for dealerships. It holds all the customer information to process vehicle sales, parts, services, inventory, etc. Dealers that are impacted had to go back to the old ways of doing things and process deals by handwriting forms.

Customer data in the CDK Global system is encrypted. There should not be a threat to ARTS. Counties may see more paper deals and less ERT from those impacted dealers.

<https://www.kcci.com/article/cyber-attack-impacting-car-dealerships-nationwide/61195505>

## Informational Memo

### **Qualifying Plates & Living Trusts**

On July 1<sup>st</sup>, a policy memo will be sent out to discuss the changes to qualifying plate requirements and for business trade vehicles, while a vehicle is registered to a living trust. Prior to this policy, individuals that placed vehicles into a living trust were unable to certify for business trade and apply for certain qualifying plates. With this policy change, certain living trusts will be eligible for the same privileges as the individual. Please note that living trusts are extremely rare.

## Inventory & Plates

### **Ordering Plates – Quantities Less Than a Box**

When ordering plates, ARTS defaults to the quantities for a full box. For plates that come in a set of 2, a full box will come with 50 plates. For single plates, a full box is 100 plates.

If ordering less than a full box, ARTS will give you a default message that the quantity ordered is not in full lots.

Click the OK button to dismiss this message. Then you can click on the Place Oder button again and the order will be successfully placed.

### **Sample Plate Displays**

If your county has a sample plate display and need the updated Air Force Retired or Airmans Medal plates, please send a request to [Rhonda.Fowler@iowadot.us](mailto:Rhonda.Fowler@iowadot.us). Please indicate the sizes you need - large, small, or both.

**Iowa Department of Transportation**