

Trends In Auto Loan Servicing | No. 12

OPTIMIZING TITLE MANAGEMENT: LENDERS, DEALERS, INSURERS & CONSUMERS

The right digital toolset drives efficiency in lender and dealer interactions. Adopting these tools saves time, money, reduces errors and keeps the entire lien & title release process moving. With more and more states moving to an electronic process, now is the time to take a fresh look at your process.

Cox Lender Expert Deshaun Sheppard interviews Kait Gavin, VP of Operations Tilting Solutions to discuss ways to optimize the entire lien and title release process across lenders, dealers, insurers and consumers.



Deshaun Sheppard: Welcome everyone to our quarterly vodcast, where we keep up with trends in auto servicing that we're seeing here at Cox Automotive. I have a very special guest with us today, Kait Gavin, who is our VP of operations overseeing Dealertrack's Title Solutions. With Cheryl Miller recently retiring, there's been some restructuring of Lender Solutions leadership, so we have Kate here today who is returning her focus on everything regarding registration and titling. So, Kait, please tell us a little bit about your history here at Cox and what your refocus means.



Kait Gavin: Sure, absolutely. Thanks for having me. So, believe it or not, I'm almost on my seven year anniversary at Cox Automotive. I started my journey here leading the registration and titling solutions for dealers, and over the years, expanded responsibility to take on F&I. And I'm super excited to have the "titling band" back together--bringing together our dealer and lender-facing titling solutions. And these solutions not only support those two client segments, but also fleet lease and rental clients, OEMs, agents, and more. Prior to joining Cox Automotive, I spent about 16 years in the finance industry in a variety of roles, from operations to finance, IT, and vendor management. And I feel like working for a number of great companies and great leaders has prepared me really well for driving registration and titling solutions into the digital future. So I'm going to be focused on driving

synergy between the titling teams, sharing knowledge and sharing tools and resources. There's just so many great ways to drive efficiency in the industry by increasing collaboration between dealers and lenders. And I think one thing that will help us is we can understand the needs and workflows of both segments and then figure out how, with our products and services, we can continue to enhance those integrations to drive a positive experience, which we're constantly doing.



Deshaun Sheppard: Awesome, great stuff. We're certainly glad to have you share all of that expertise with us. And we thank you for hearing me out when I chased you down at our recent lender summit and told you that we needed to have you on our vodcast. So just to get right to it, with you having a laser focus on all things registration and titling, what do you see the industry currently doing well, and where can the industry do better?



Kait Gavin: Sure, absolutely. So the industry, I think, is evolving faster than it has before by embracing digital tools from the start of the car buying process, all the way through registration and titling. And we are moving away from physical forms, from "wet" signatures, which is really great progress. And this advancement was necessary to support the needs of

consumers, who are also starting to do more of that car buying experience online--and this trend has resulted in consumers buying vehicles from states further away from home. What that means from a registration and titling perspective is it adds complexity because there's thousands of business rules, forms, tax and fee calculations, etc. that dealers have to master when you're dealing with interstate registration and titling transactions. So having the right tools in place to help guide that process is more critical now than it ever was before. And so what we're looking at is ways to adopt digitization, which can help drive a more seamless online car buying experience, but also drive efficiency for dealers, lenders, DMVs and others in this ecosystem. And I think a great example of that is Accelerated Title. It's really the culmination of our technology and service expertise, where this tool that we've launched helps to expedite the pay off and title release process when consumers elect to trade in their vehicles.



Deshaun Shepperd: I obviously have to agree that that's a perfect example. Anyone who watches our quarterly vodcast knows that Accelerated Title is my personal favorite topic. But, you know, it's totally a perfect example of how adopting digital tools can fully streamline processes that we're used to being manual, right? Now, let's explore the fact that more states and their motor vehicle departments are adopting electronic registrations, and they have their reasons and use cases for doing so. But I'll stick to my lender-centric swim lane. So, we have New Jersey, recently initiated the electronic lien and title process. Maine is in a pilot phase, so they're coming soon. I'm hearing rumblings that Mississippi and Illinois are getting

close. And then there's something like ten states with legislation in the works. Things are certainly moving since my vodcast last year with Sarah Hunsicker, when she gave her outlook on the future of ELT. Now, what makes our jobs at Cox Automotive fun is that each state has their own flavor of ELT, and their process may change over time. As a recent example of that, I understand our teams are currently preparing for any platform updates once North Carolina undergoes their vendor change. I've always been pretty vocal about the lender's benefits of going digital. As states continue to adopt and add their own flavors to our world. But I'd love to tap into your dealer experience and expertise. So could you give us the dealer perspective on their benefits when ditching paper processes, and how that also benefits the lenders as well?



Kait Gavin: Sure, absolutely. And I think what we'll see is that those pain points that the dealers face are very similar to the pain points that the lenders face if they have to use a manual process. So manual processes tend to be more time consuming, requiring additional labor to process transactions. And it can not only be more time intensive and expensive, but also it could be less reliable. I also touched on previously the growth in cross border registration and titling transactions, and that adds complexity, especially if you're relying on a manual process. So I think having the right system to navigate that complexity and share with dealers what the right forms are to use, and what the tax and fee calculation should look like just helps to drive efficiency in that process. And then lastly, with a paper process, I think that there is concern across the industry about how to

best protect the data that's contained on those documents. So how do you make sure that those documents are secured and then shredded when appropriate. And so the more we can digitize and get to digital forms, digital signatures, I think we'll see dealers benefit from efficiency, from speed. We also connect our dealers in the registration and titling space, in 16 different states directly with the DMV. And what that allows them to do is see in real time if the registration and titling transaction was successful, or if there was an error with the transaction that needs to be corrected and adjusted. So having that real-time feedback drives not only a great client experience for the dealers, but also for their consumers that they're working on behalf of. And so it's great news that these states are adopting electronic lien and title and electronic registration and titling solutions. I think you hit those numbers. We know that there's 32 states with electronic lien and title solutions. I think about 13 more in the planning and development phase, as well as 36 states that have launched electronic registration and titling programs. So it's really nice to see everybody embracing technology and moving away from paper in this process.



Deshaun Shepperd: It is really nice to see, especially for those of us who have been in the industry for quite some time now. I remember there was a time where there were only five states that were electronic. So that has been, you know, moving pretty dramatically. And, it's wild to see that we're now at over 30 states. So, it sounds like you pointed out all of the same reasons that the lenders had for replacing manual processes. It's just from a different business lens. And it also sounds like one of the reasons why you're at the

helm of all things related to titling. So, you know, I'm sure that you realize with that last question, I was leading into what I stated previously was my favorite topic, and that's Accelerated Title, which is speeding the payoff and title release process. Now you're probably experiencing this as well, but on a weekly basis, I receive an email or at the very least see an ad that entices me to sell my current vehicle. Carvana. CarMax. They don't even know what I drive, but they want my car. What type of feedback have you received from dealers in regards to lenders who are on Accelerated Title versus those who aren't?



Kait Gavin: Sure, we've gotten just some great feedback from the dealers when they're able to leverage Accelerated Title and have a lender that's on the network. The process for them is just so much simpler and easier. To paint that picture, right, if a lender is not on Accelerated Title or, in the old days, I'll say, the dealers used to have to pick up the phone to call the lender to get the payoff quote. They'd write a check, put it in the mail off to the lender. The lender would cash the check and then release the title. So for the dealer, that could mean days or weeks to get the title. And with Accelerated Title, they can not only retrieve that payoff electronically, they can also make that payment electronically, view the title image and the title details, and then have the title release expedited so that they can receive the title in as little as 4 to 6 days. And that means a lot to dealers when time is money. I think one of the quotes that I have from Jonathan Bowling, variable operations director at Liechty Automotive Group, describes it best when he said "The faster you can get the titles, the faster you can resell the cars and turn

inventory. And that's what it's all about right now." I think that sums it up really well. Whether the dealer is looking to retail the vehicle or wholesale the vehicle, Accelerated Title can really drive a great benefit. And we knew from our Manheim data that it shows that a vehicle in a lane with a clear title is twice as likely to sell on first pass, and likely for more money if they can share that the title is present. So it's a really powerful tool to help drive great benefits for the dealers.



Deshaun Shepperd: Love the data. Nobody has data like Cox has data, right? Now, as far as the dealer benefits, one thing that I'm also hearing on my side of things is that it's starting to become the number one process for dealers that use Accelerated Title whenever they receive a traded in vehicle. The very first thing that they do is jump on the Accelerated Title program, and if they don't see a lender on the program, then they're doing the old fashioned way. As you described, making a phone call, sending paper checks and expecting a normal release of the title, instead of, you know, the expedited fashion that you could receive through the program. So, you know, it's obviously keeping the relationship between dealers and lenders happy, but even the consumers as well, who are trading those vehicles in and also expecting an easy and fast experience. Let's not also forget the total loss function of Accelerated Title that allows lenders and insurance companies to streamline the negotiation of the settlement value payouts through ACH, the handling of letters of guarantee, and the release of those titles as well. So as we continue to harp on digitizing manual processes wherever you can, it's also clear that the

state DMVs, from everything that we discussed today, it appears that they're feeling the same way with over half of the country officially adopting the electronic title process. So thank you, Kait, for joining me today and all your insight. I know I speak for so many on the teams when I say, we're very happy to have your expertise and vision guiding where we take our registration and title solutions next.

Kait Gavin: Oh, thanks so much for having me. This is great.

Deshaun Shepperd: Thank you Kait.