

Lien Solutions

What makes for a positive customer experience for motor vehicle lenders?

Meeting the needs of an under-served segment



By Rick Vanko

In the title management journey, dealers and lenders don't travel the same roads. Lenders need support from service providers that is designed for the long haul.

When it comes to motor vehicle assets, lenders and dealers have distinct priorities. Yet, in today's market, it's the dealers who get most of the attention from service providers. Their focus is on getting a large quantity of transactions done quickly with requisite title processing – never mind the details. Lenders, on the other hand, have a different and arguably more vital range of needs and priorities, across a much broader time horizon. For them, title processing is only the first step, followed by ongoing title management that requires and deserves a different level

of support. Lenders' portfolios represent valuable collateral on outstanding loans, and need to be secured and stewarded over the life of each loan. Working quickly and seamlessly is important but, given lenders' longer-term vested interests, a comprehensive approach to vehicle title management is a must-have. To ensure secure and perfected lending, it's essential to work with a service provider fully attuned to lenders' needs and ready to deliver best practices at every stage throughout the life of the title.

What Lenders Face: Addressing Key Needs and Painpoints

It has become abundantly clear that lenders in the motor vehicle marketplace are keen to meet three primary goals:

- Perfect loans faster and more efficiently.
- Manage the titles of financed vehicles easily and effectively over time.
- Provide a good customer experience

To achieve these goals, a lender in the motor vehicle space must overcome a number of key challenges.

An underserved market

First, one needs to know the right places to look for support. A strong suite of lien services – such as fixing rejections and following up on unperfected liens – is invaluable to lenders

seeking to achieve better protection for their portfolios. This begins with title processing and extends to the longer-term management of liens, both in the automotive space and beyond. Today, many lenders process titles themselves, or even have borrowers do the on-the-ground work of filing their own titles. Unfortunately, this can result in a significant number of unperfected liens. For lenders who do seek the support of an outside provider, they often find that these services are geared toward dealer transactions and requirements. The lack of lender-specific support becomes only more pronounced after filing, when lenders turn their attention to the management of their titles. Lenders often have the need to manage vehicle titles across multiple jurisdictions, contend with a cumbersome workflow and redundant steps, and lack full

visibility into their portfolios. This not only leads to inefficient workflow and financial risks for lenders themselves, but can result in a less than optimal experience for their customers. There's a better route, though. Lenders can, and do, reduce risk and improve overall results by engaging a lien services provider equipped with a single, end-to-end web-based solution for title processing and management. A practical partner ready to address the particular needs of lenders is key.

Understanding what's needed

Sound lending begins with comprehensive, detailed due diligence. That's as true of a loan secured with a motor vehicle as with any other asset. So, effective title processing and management starts by understanding exactly what information will be needed. For example, are you ready to document the specific nature of the assets and how they will be used? How much do you know about your borrowers – such as who they are, what their credit history is and what other credit obligations they might have? While some information requirements might appear straightforward, motor vehicle lending can become complicated very quickly. Different DMV (Department of Motor Vehicles) jurisdictions can require different types of information and they expect that data to be presented in specific ways. Regulations can also vary depending upon the intended use of a motor vehicle asset, and lenders must be aware of these upfront if they are to be sure of securing the asset. Only an experienced service provider with a nationwide footprint is privy to all the various details that must be covered. They know how to source that information quickly and effectively, and they understand exactly what to do with it. When the health of your portfolio rests on the foundation of solid due diligence and underwriting, it can be vital to team with a partner ready to source all the right data, and able to vet its provenance and quality.

Addressing and automating estimates

Estimating taxes and fees for title processing is a necessary and often onerous part of a transaction. Without a detailed understanding of what's needed for each jurisdiction and how much it costs, lenders can't accurately communicate those costs to borrowers and ensure that their own expenses are covered. And because costs can vary by location, vehicle type, intended usage, customer type and other factors, accurate estimating can be a significant challenge. An experienced provider can enable immediate access to this detailed information. What's more, automating the estimate process can make that process even faster and more streamlined. So, a provider with advanced technological capabilities is important to setting off on the right foot.

Simplifying and enhancing workflow

When all requisite information and costs have been identified, it's time to act. That's when workflow becomes key – making sure all necessary actions are identified, ensuring that all involved parties are fully connected, and guaranteeing that all the boxes are ticked.

When securing vehicle assets, it's important for a lender to equip its people with a best-practice solution designed to bring a number of essential enhancements to workflow:

Speed: The issue mentioned most often by lenders is speed of turnaround for transactions. That's the case whether processing a new vehicle title or releasing a lien. Ensuring that things get done quickly – and accurately – is key to risk management and can have significant economic impact for a lender. The longer a loan remains unperfected, the greater the risk to the lender. And, any mistakes and missteps along the way can hinder the intended benefits of lien perfection.

Reliability and ease of use: Many lenders find themselves working with legacy systems that are antiquated, prone to error and not user friendly. Speed and accuracy are only possible when systems are easy to use and work as they're supposed to. Some lenders maintain the status quo in the belief that any new system or technology will be expensive and difficult to adopt. But, by selecting the right lien services provider, a lender can ensure quick adoption and ultimately save money. They reap the benefits of systems that not only are easier, but can be more economical than dealing with the mistakes and repeated steps of traditional approaches.

Automation: During the critical phase of estimating, and throughout processing and management, automation can help to eliminate steps, save time and – most importantly – reduce error. Manual processes can lead to oversights, and often require redundant actions, including the need to input the same data multiple times and in multiple places. What's more, they are notoriously susceptible to mistakes, which require steps to be repeated yet again. Manual and paper-based systems also make it hard to see clearly across a portfolio, obscuring the ability to confirm and correct problems. A lien solution supplier who has invested wisely in new technologies can deliver the automation that mitigates these stumbling blocks while enhancing effectiveness.



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Integration and support: Supporting lenders successfully means working well with them and with their systems. That requires seamless integration with existing loan origination systems and the ability to proceed from step to step efficiently. A best-in-class provider will be ready to align their systems and technologies with a lender's own processes and infrastructure. And, for as much as digitalization brings process and outcome improvement, lenders still need to know there's someone to turn to who has their best interests at heart. That means having access to personal service, with experts ready to assist with titling in all 50 states and throughout the entire lifecycle of loans.

Making the Right Choice: Best Practices Across Your Workflow

Leaving title processing to chance or laboring through the many time-consuming steps to do it yourself...undertaking the painstaking research to identify all required documents and fees...and *still* dealing with too many titles on the exception report – all these challenges and more can be addressed by a leading lien service solution. This means that job number one for a lender is to select wisely when considering a partner to help in comprehensive lien management. When reviewing options, consider what's on offer at every stage of workflow to ensure maximum impact across operations. Here's what savvy lenders look for at each stage:

Estimate

What's needed:

Knowing how much it will cost to file a title, and exactly what information will be required, can be an immediate obstacle to successful title management. Replacing uncertainty with understanding brings both practical impact and much needed peace of mind.

The benefits:

- Eliminate guesswork and save time
- Get accurate costs in advance
- Know exactly what documents are required

Order

What's needed:

Once the cost of a transaction has been estimated successfully, one is theoretically ready to move directly into ordering. The right automated platform can ensure the immediate progression from information-gathering to implementation, eliminating human and task-oriented processes.

The benefits:

- Streamline workflow
- Convert estimates to orders with a single click
- Eliminate the need to re-key data

File

What's needed:

A title is not complete, nor an interest in an asset perfected, until a filing is successfully completed. Using an experienced vendor can ease the process of interfacing with motor vehicle departments, getting fees paid promptly and precisely, reducing errors, and speeding the protection of equity.

The benefits:

- Gain efficiency by using experts to complete and submit all paperwork, including application forms and updated title
- Have the vendor issue checks to the various government agencies
- Obtain quicker resolutions and fewer rejections

Track

What's needed:

The key to successful long-term portfolio management is knowing exactly what's going on – and what needs to happen – in that portfolio. A single source for a comprehensive view of all outstanding liens is essential. The right digital dashboard, with a complete suite of supporting services, is the best way to ensure complete control and confidence.

The benefits:

- Use a single location for tracking, which delivers:
 - A comprehensive dashboard for a complete portfolio view
 - One solution for managing all motor vehicle collateral
 - All processes in one application, from processing to management, to make for a simpler workflow
- Ensure perfection of assets by seeing images of completed transactions

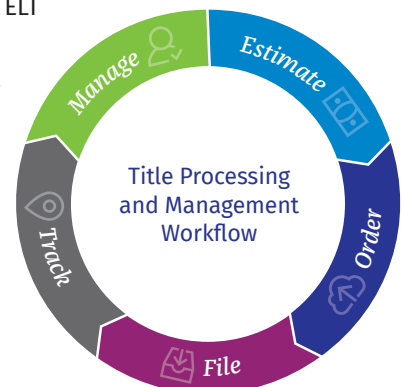
Manage

What's needed:

Diligent lenders must look across the entire lifespan of a loan to ensure that perfection not only is attained but maintained. What's more, it's not unusual for portfolios to span jurisdictions across states. That puts a premium on an efficient solution that lasts throughout the life of a portfolio of liens, and is ready wherever business is done. A strong provider will combine a deep knowledge of a lender's specific needs with a detailed understanding of how to conduct business in all markets and for all lien types, including motor vehicle.

The benefits:

- Manage an entire portfolio across time and across all states
 - Reduce vendors, consolidating to those with cross-portfolio expertise
 - Bring deep lien servicing experience to motor vehicle title management
 - Streamline processes across the portfolio
- Gain a holistic view of liens and secured assets
- Tap deep knowledge specific to the motor vehicle industry
- Help ensure compliance with ELT requirements
 - As ELT grows in popularity, stay abreast of changes in the law and processes for every jurisdiction
 - Increase productivity and decrease release difficulties
 - Lower instances of fraud



In Conclusion: Tap Support Designed for the Needs of Lenders

In the world of motor vehicle liens, lenders have the most at stake but often have the least support. But, savvy financial institutions know that there are better options available. To overcome the challenges to securing and maintaining perfection, an accomplished lien services provider is ready to address lien management from start to finish.

A best in class provider will not only understand a lender's specific needs, but can provide access to the complete range of expertise and tools for meeting them. The right relationship will deliver value not only at the initial phase of title processing, but throughout the entire spectrum and time-span of title management. That includes ongoing tracking, managing and releasing of liens. The stakes to making the right selection

can be high. For a lender, title processing and management is much more than just a bureaucratic consideration. Each lien represents a financial stake in valuable collateral. Reducing risk and ensuring intended financial outcomes requires that perfection is attained quickly for all interests in motor vehicle assets – and that these interests are maintained over the life of each loan. Selecting the right support depends primarily on two key factors: 1) tapping lender-focused experts fluent in one's particular challenges and, 2) connecting with the tools and processes that translate this understanding into efficient, effective workflow. This best practice is vital to ensuring the benefits of perfection across a portfolio of motor vehicle liens, now and over time.

About the Author

Rick Vanko is Product Manager for iLien Motor Vehicle at Lien Solutions. He has more than 25 years of experience supporting the Lien Solutions portfolio of automated lien and risk management products and the key financial services and mortgage clients that use them.

About Lien Solutions

The lifecycle of a loan is complicated, highly technical, and fraught with fluctuating levels of risk. Financial professionals are entrusted with the enormous task of vetting, executing, and managing lien portfolios on a daily basis.

In the face of often overwhelming complexity, Wolters Kluwer's Lien Solutions deliver answers with power and simplicity.

We are the nation's leading lien services partner. For over 30 years, we have delivered expert lien counsel, recording services, and life-of-loan solutions.

Our goal is to be an indispensable resource to every client, by helping them efficiently and effectively navigate lien perfection and risk reduction, every day. Financial professionals look to us as the industry leading expert in every jurisdiction in the United States. We provide authoritative content, a service-oriented culture, and the easy-to-use iLien suite of products—addressing solutions for asset-backed loans, real-estate, and vehicle title processing and management.

Wolters Kluwer's Lien Solutions make profound improvements to our clients business processes and delivers positive, measurable impact on their business performance. We give them confidence in their lending decisions throughout the life cycle of every loan.