



October 28, 2019

Mr. Jonathan C. Morrison
Chief Counsel
National Highway Traffic Safety Administration
1200 New Jersey Avenue SE
Washington, DC 20590

**Re: Notice and Request for Comments on Docket No. NHTSA – 2019-0092
Electronic Motor Vehicle Transactions Systems**

Dear Mr. Morrison,

Thank you for the opportunity to submit these comments in response to the National Highway Traffic Safety Administration's ("NHTSA") Request for Comments regarding the rule on Electronic Motor Vehicle Transaction Systems ("Rule") published in the Federal Register on September 27, 2019.

Vitu is a leading technology service provider to the motor vehicle industry. Its hallmark is a first-of-its-kind namesake solution for managing Vehicle-to-Government ("V2Gov") transactions in multiple states and across multiple locations — all on one platform. With the mission of expanding and automating V2Gov transactions such as electronic registration and titling ("ERT") for lenders and dealers, vehicle renewals, and fleet registration maintenance, the Vitu platform is reimagining how drivers, businesses and governments interact with vehicles. With over 300 full-time employees, Vitu currently operates in California, Illinois, Indiana, Montana, Oregon and Virginia and will be expanding into four additional states by the end of 2020.

In 2019 Vitu will process over 3.5 million title and registration transactions on behalf of its clients and because of this broad experience in the market, Vitu has direct knowledge of the processes and costs associated with titling and registering vehicles across the country.

Vitu is pleased to support NHTSA's Rule, which would allow states to adopt electronic odometer disclosure systems. Vitu believes that the Rule provides a reasonable standard for accepting electronic signatures for odometer disclosures by ensuring transaction security without imposing overly burdensome requirements on industry. Currently, many in the industry already have the ability to meet the Rule's requirement that electronic signatures comply with the National Institute of Standards ("NIST") level 2 standards. Vitu also believes that establishing a nationwide standard for the use of electronic signatures with vehicle title transactions will create the consistency and predictability that the industry needs to move away from paper, improve the car buying



process for consumers, and reduce the cost of vehicle transactions for governments, industry and consumers.

State Government Support for Digitization

In the States where Vitu currently operates, there has been a great deal of interest in the use of electronic signatures to reduce paperwork and conduct more transactions electronically. In fact, many States have proactively approved the use of digital signatures for titling transactions in the event that NHTSA provides guidance for and approval of their use. Currently, California, Oregon, Montana and Virginia already have statute allowing the use of digital signatures with Federal (NHTSA) approval. No doubt, many more states also have similar language in place. The American Association of Motor Vehicle Administrators (AAMVA) that represents all 50 States has maintained working groups supporting digital signatures and digital titling for many years and will likely be very supportive of the Rule.

To estimate the impact to state governments, one need only review the publications by budget oversight agencies. In many cases, they have provided clear examples of how much paper titling transactions costs motor vehicle agencies to complete. In California for example, the state Legislative Audit Office (LAO) estimates that a paper transaction conducted in person costs the agency over \$23 to complete, while other transactions that can be completed electronically cost the agency just over \$6. These estimates are similar to those that have been produced by Oregon and are likely to be very consistent among many more states.

Even applying the basic math of California's cost differential applied nationally to NHTSA's estimated total odometer related transactions shows a massive savings potential.

Estimated State agency savings: $\$17 \times 48,500,000 = \$824,000,000$

It is not hard to believe that should all titling transactions become electronic that States would save nearly a billion dollars each year in efficiencies. In fact, Vitu believes that a thorough study of the cost savings to State agencies would significantly increase this estimate. And this calculation only relies on States published cost for transactions. What isn't calculated here is the cost for the public to complete these transactions in person or by mail. Apply additional costs for consumer time, shipping and handling, or a visit to a DMV and the total cost of paper transactions could become many times the calculated cost for a government agency.

The move to electronic signatures for transactions requiring odometer disclosures will realize benefits beyond those transactions as once they make the digital transition it is far more likely that all transactions and documents will be available digitally. In other words, the odometer disclosure is the key to unlocking a digital migration for the entire industry.



Dealer Costs for Paper Title Transactions

Due to the current requirement for wet signature on physical documents for title transfers/odometer disclosures, Vitu estimates the additional cost for its dealer clients to complete vehicle title transactions in paper ranges from a minimum of \$27 per transaction to a more likely average of \$53 per transaction. To complete a title transaction in paper a dealer must print all documents related to the sale, manually prepare all titling documents, image the documents, and finally deliver the documents to the DMV via mail or courier. Then, nearly all States require dealers to maintain a physical copy of sale documents on-site for over a year. Following NHTSA's transaction estimate and applying Vitu's conservative dealer cost estimate results a massive saving to the industry.

Estimated Auto Dealer Savings: \$1.3 - \$2.7 Billion

And much like state agencies, when the odometer disclosure becomes electronic, most of the contracting process for vehicle sales is likely to follow. Like every industry, auto sales are rapidly moving online and one of the biggest impediments remains the physical signature requirements. Many lenders including Ford and Toyota's captive programs are pressuring auto dealers to transition to electronic documents for vehicle lending. Only the current wet signature requirements are holding the industry back. As these become digital, so will the entire process of buying a car.

Please feel free to contact me if you have any questions or if we can provide any additional detail on the cost savings calculations provided. Thank you for taking this critical step to provide a clear standard that will undoubtedly propel the industry forward and improve the car buying process for consumers across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "John Brueggeman". The signature is stylized and written over a faint, light-colored rectangular box.

John Brueggeman
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