

Initial Statement of Reasons

Title 13, Division 1, Chapter 1

Article 3. Vehicle Registration and Titling

**§ 153.00. Definitions.**

Subsection (a) is amended to revise the definition of "Business documents" to mean a record or records from a state or local public agency, an agency of another state government, or a federal government agency indicating current authority to conduct business involving auto loans. This amendment is necessary to expand the definition from a license or charter to include all records from state, local, or federal agencies providing authority to conduct business related to auto loans.

Subsections (d)(1) and (d)(2) are adopted to provide further clarification related to the definition of "Lienholder" by adding reference to "Direct Lienholders" and "Indirect Lienholders." These terms are not used in Article 3, however the department determined the distinction between direct and indirect lienholders is necessary within the ELT program, even though the regulations only use the word "Lienholder."

Subsection (f) is amended to revise the definition of a "Service Provider" to mean the person or entity permitted to send, receive, store, or convert electronic titles on behalf of a Lienholder under this article.

Note: Authority cited: Sections 1651 and 4450.5, Vehicle Code. Reference: Sections 370, 4450.5 and 4451, Vehicle Code.

**§ 153.02. Service Provider's Permit.**

Subsection (b) contains a non-substantive amendment to correct grammar and capitalization.

Note: Authority cited: Sections 1651 and 4450.5, Vehicle Code. Reference: Section 4450.5, Vehicle Code.

**§ 153.04. Service Provider's Permit Application.**

Subsection (a)(1) is amended to update the revision date of the ELT Service Provider Application, form REG 670, from 1/2019 to 11/2025. The REG 670 is the department-designated form used by a Service Provider applicant to apply for a Service Provider Permit. The current version of the form is dated January 2019. The form consists of two pages and solicits information such as the service provider's name, address, the type of ownership, owner name, identification of a business contact, as well as an indication of whether services have ever been

offered to lienholders. The form REG 670 also contains general information related to the service provider program and requires the applicant to provide initials that serves as their agreement to several terms. This information allows the department to establish a service provider account and relay important program details. The department has made two amendments to the form REG 670, referenced with a revised date of November 2025.

The first change appears on page 2 under Section 6 (General), item 2. The current version of the form reads as follows:

2. In the event the DMV discontinues the ELT program, the DMV shall terminate a Service Provider's participation in the ELT Program upon giving a 30 day written notice to the participant.

The form is revised to remove verbiage related to the department discontinuing its ELT program and now reads as follows:

2. DMV may terminate a Service Provider's participation in the ELT Program upon giving a 30 day written notice to the participant.

The department determined this revision necessary in circumstances where a service provider should be removed from the program. If the termination becomes necessary, the department will provide the service provider with 30 days notice.

The form REG 670 is also amended to add a section at the end of the form related to the department's Privacy notice on collection of personal information. The privacy notice cites several statutes related to the privacy of personal information and informs the applicant that the information could be shared with other service providers, governmental entities or commercial entities.

The privacy notice also explains to the applicant how the department uses the information provided on the form, that all the information solicited on the form is mandatory and that failure to provide mandatory information may result in the application being rejected. Lastly, the form contains emails, addresses, and telephone numbers for applicants who have questions related to the ELT program or questions related to the privacy statement.

#### **§ 153.06. Review of Service Provider's Application.**

Subsection (a) contains a non-substantive amendment to capitalize the word "Permit."

Subsection (b) is amended to update the revision date of the ELT Service Provider Permit, form REG 672, from 1/2019 to 11/2025. The REG 672 is a half-page permit, currently reflecting a revision date of January 2019, that is provided to the service provider after the application has been approved by the department. The department is revising the REG 672 to remove the field that reflects the printed name of the permittee and the signature of the permittee. The department is removing these fields as the permittee is already referenced on the permit. The duplication is unnecessary. The revised form will reflect a revision date of November 2025.

Subsection (c) is amended to make clear that, during its application review process, the department may refuse to approve an application for any of the reasons for which an application would be refused in Section 153.12, including an incomplete application, violations of specified regulatory provisions, fraudulent activities by a provider or its agent, employee, contractor or designee, or because the applicant has not resolved the basis for a previous suspension or revocation. This provision is necessary as it explains all outcomes the department may take during its review. As currently written, Section 153.06 only references the department's allotted review time, in subsection (a), and the issuance of a permit after the application is approved, in subsection (b). Adopting subsection (c) makes clear that the department may also choose to refuse the application during its review.

#### **§ 153.08. Term of Service Provider's Permit.**

Subsection (a) contains a non-substantive amendment to capitalize the word "Permit."

Subsection (b) contains a non-substantive amendment to capitalize the word "Permit" and to remove the revision date of the form REG 670. The revision date is referenced in Section 153.04 where the form is incorporated by reference. Repeating the form revision date at every reference to the REG 670 is unnecessary.

Subsection (c) contains three non-substantive amendments to capitalize the words "Program" and "Permit" and to remove reference to "department's Electronic Lien and Title administrator" and replace with "Program." The email referenced in the regulation will be directed to Program staff rather than to the administrator directly.

#### **§ 153.10. Renewal of Service Provider's Permit.**

Subsection (a) is amended to make a non-substantive amendment to clarify the term "permit" by adopting the term "Service Provider's Permit."

Subsection (b) contains a non-substantive amendment to capitalize the word "Permit's."

Subsections (b)(1), (b)(2), and (b)(3) are amended to remove the revision date of the forms REG 670, REG 678, and REG 677. The form revision dates are referenced in Section 153.04, subsections (a)(1), (a)(3), and (a)(4), respectively. Repeating the form revision date after every form reference is unnecessary.

Subsection (c) contains various non-substantive grammatical corrections. Subsection (c) is also amended to remove language notifying the service provider that failure to renew the permit will cause an interruption in the service provider's ability to conduct data transmissions. The department is adopting a new rule that makes the service provider aware that the department may require them to transfer each of its Lienholders to the Lienholder's preferred service provider replacement. This provision will ensure the Lienholder does not experience any lack of service due to the Service Provider's failure to renew their Service Provider's permit.

#### **§ 153.12. Refusal to Approve Application for Service Provider's Permit or to Approve Renewal of Service Provider's Permit.**

Subsection (a) contains two non-substantive amendments to capitalize the word "Permit."

Subsection (a)(3) is amended to make two non-substantive amendments. The first amendment capitalizes the word "Provider." The second removes the word "constitutes" and replaces with "to be." Both are applicable in that they both mean the department has established an act or omission to be fraudulent. The department is choosing to use the term "to be."

Subsection (a)(4) is adopted to establish unresolved issues from a previous suspension as a rationale for which the department can refuse approval or renewal of a Service Provider's Permit. This provision is necessary to ensure the Provider rectifies previous situations that lead to a suspension or revocation prior to applying for a Service Provider's Permit.

#### **§ 153.14. Suspension or Revocation of Service Provider's Permit.**

Subsection (a) contains a non-substantive amendment to capitalize the word "Permit."

Subsections (a)(1) and (a)(2) contain non-substantive amendments to remove the word "For" at the beginning of each subsection. Subsection (a)(2) is further amended to remove the word "constitutes" and replace with "to be." Both are

applicable in that they both mean the department has established an act or omission to be fraudulent. The department is choosing to use the term “to be.”

Subsection (a)(4) is adopted to establish the Provider’s failure to respond to communications or directives for more than 30 days as a basis for the Permit to be suspended. The department will issue communications or directives when the conduct of the Provider leaves the department’s records or a customer’s personal information at risk. If the department has not received an indication that the Provider is taking steps to address the deficiency, the department will take action against the Permit until it can establish that the Provider has addressed the issues raised by the department.

Subsection (b) contains a non-substantive amendment to capitalize the word “Permit.”

Subsection (b)(1) contains two non-substantive amendments to remove the word “For” at the beginning of the subsection and to adopt reference to Section 153.14.

Subsection (b)(2) contains a non-substantive amendment to remove the word “For” at the beginning of each subsection.

Subsection (b)(4) is adopted to establish the Provider’s ongoing failure to respond to communications or directives for more than 30 days as a basis for the Permit to be revoked. The department will issue communications or directives when the conduct of the Provider leaves the department’s records or a customer’s personal information at risk. If the department has not received an indication that the Provider is taking steps to address the deficiency, the department will take action against the Permit.

Subsection (c) is adopted to establish the required actions a Service Provider when their Permit is suspended or revoked. Currently, Section 153.14 identifies the reason for which a license will be suspended or refused, but the regulation is silent in identifying actions required of or are prohibited by Permittee during the suspension or revocation. The adopted text will clearly identify, not only the reasons for a suspension or a revocation, but also the actions required by a Permittee during the suspension or revocation.

Subsection (c)(1) is adopted to make clear that a Service Provider whose permit is suspended or revoked cannot provide service to any additional Lienholders while they are suspended. This amendment is intended to reduce the impact to additional Lienholders who may want to use the services of the suspended Service Provider.

Subsection (c)(2) is adopted to require the Service Provider to transfer each of its Lienholders to the Lienholder's preferred replacement Service Provider. This provision will ensure the Lienholder will experience no lapse in service due to the Service Providers suspension or revocation.

Subsection (d) is adopted to make clear that, if a Service Provider demands a hearing, they will not have to transfer the Lienholders to another Service Provider. That requirement will be stayed until a decision is made after the hearing has been held. This provision will allow the Service Provider to continue operating while providing them their due process. The Service Provider will still be prohibited from acquiring additional Lienholders while they move through the hearing process.

#### **§ 153.16. Demand for Hearing after Refusal to Approve or Renew, Suspension or Revocation of Service Provider's Permit.**

Subsections (a) and (b) contain non-substantive amendments to correct capitalization on the words "Permit" and "section."

#### **§ 153.18. Reinstatement of Service Provider's Permit.**

Subsection (a) is amended to make clarifying changes related to the process of reinstatement, although the overall reinstatement process is unchanged. Currently, the rule states that the Service Provider shall cease all transmission until the department has verified the Service Provider has taken corrective actions and the department has lifted the suspension. The revised text makes clear that the Service Provider will cease all transactions when they are suspended. The revision also states that, once the department has verified the Service Provider has taken the appropriate actions, the suspension will be ended. Additional text is added to make clear that, once the suspension is ended, the Service Provider can begin assuming additional Lienholders. As already stated, there is no change to the overall reinstatement process, however, the revised text creates additional clarity.

#### **§ 153.20. Lienholder's Permit.**

Subsection (a) contains a non-substantive amendment to capitalize the word "Program."

Subsection (b) is amended for clarity. As subsection (b) is currently written, one could assume they could begin processing title information by having applied for a permit. The revised text is necessary to make clear that a Lienholder cannot process title information until they have applied for and been issued a Lienholder's Permit that authorizes them to participate in the ELT program.

A non-substantive change is also made to capitalize the word “Program” at the end of the reference to the “Electronic Lien and Title Program.”

### **§ 153.22. Lienholder's Permit Application.**

Subsection (a) is amended to make a clarifying edit by removing the term “A Lienholder.” Section 153.22 identifies the application process for a Lienholder's Permit. At the time of application, the applicant would not be considered a Lienholder. The text is amended, instead, to state that, in order to apply for a Lienholder's Permit, the applicant shall submit the specified documents to the department.

Subsection (a)(1) is amended to update the revision date of the ELT Lienholder Application, form REG 671, from 1/2019 to 11/2025. The REG 671 is the department-designated form used by an applicant for a Lienholder Permit. The current version of the form is dated January 2019 and consists of two pages. The form requires the applicant to provide information such as the type of lienholder, the lienholder name and address. The form REG 671 also contains general information related to the lienholder program and requires the applicant to provide initials that serves as their agreement to several terms. This information allows the department to establish a lienholder account and relay important program details.

The department has made two amendments to the form REG 671, referenced with a revised date of November 2025. The first change appears on page 2 under Section 6 (General), item 1. The current version of the form reads as follows:

2. In the event the DMV discontinues the ELT program, the DMV shall terminate a Lienholder's participation in the ELT Program upon giving a 30-day written notice to the participant.

The form is revised to remove verbiage related to the department discontinuing its ELT program and now reads as follows:

2. DMV may terminate a Lienholder's participation in the ELT Program upon giving a 30-day written notice to the participant.

The department determined this revision necessary in circumstances where a lienholder should be removed from the program. If the termination becomes necessary, the department will provide the service provider with 30 days notice.

The form REG 671 is also amended to add a section at the end of the form related to the department's Privacy notice on collection of personal information. The privacy notice cites several statutes related to the privacy of

personal information and informs the applicant that the information could be shared with other service providers, governmental entities or commercial entities.

The privacy notice also explains to the applicant how the department uses the information provided on the form, that all the information solicited on the form is mandatory and that failure to provide mandatory information may result in the application being rejected. Lastly, the form contains emails, addresses, and telephone numbers for applicants who have questions related to the ELT program or questions related to the privacy statement.

Subsections (a)(3) and (a)(4) are amended to remove the revision dates of the forms REG 678 and REG 677. The revision dates are referenced in Section 153.04, subsections (a)(3) and (a)(4), respectively. Referencing the form revision date with each form reference is unnecessary.

Subsection (b) is adopted to require an existing Lienholder Permit holder wanting to make changes to their Lienholder's Permit to submit to the department an ELT Change Request, form REG 673. The form allows the Lienholder to clearly identify the requested changes and allows the department to make corresponding changes to the Lienholder's Permit in the department's records. The REG 673 is the department-designated form used when an ELT Program participant needs to update information. Currently, the form references a revision date of January 2019. There are no changes to the form with exception to the Privacy section that has been added to the bottom of the form, with an updated revision date of November 2025. The privacy notice cites several statutes related to the privacy of personal information and informs the applicant that the information could be shared with other service providers, governmental entities or commercial entities.

The privacy notice also explains to the applicant how the department uses the information provided on the form, that all the information solicited on the form is mandatory and that failure to provide mandatory information may result in the application being rejected. Lastly, the form contains emails, addresses, and telephone numbers for applicants who have questions related to the ELT program or questions related to the privacy statement.

Subsection (c) is adopted to make clear that a Lienholder may also use the form REG 671 to change their Service Provider. Subsection (c) is also adopted to make clear that, when a Lienholder selects another Service Provider, the current Service Provider will be required to transfer the Lienholder's electronic titles to the Lienholder's replacement Service Provider upon the department's approval of the change. This provision is necessary as a regulation does not currently exist



that establishes the process for changing a Service Provider. This adoption will add clarity to that change process as it notifies a Lienholder of the form necessary to request the Service Provider change, it makes clear that it is the responsibility of the current Service Provider to make the transfer of electronic titles, and it also makes clear the transfer can only occur once the department approves the Service Provider change request.

#### **§ 153.24. Review of Lienholder's Permit Application.**

Subsection (a) contains two non-substantive amendments to change the capitalization on the word "Permit" and to replace the phrase "...lienholder and their..." with "...Lienholder and its..."

Subsection (a) is also amended to establish that the department will notify the applicant and the selected Service Provider of whether their application is complete within 30 days of the day of receipt. There are no changes to the review process of the Lienholder Permit. The revisions make the rule clearer.

Subsection (b) is amended to update the revision date of the Electronic Lien and Title (ELT) Lienholder Permit, form REG 672 F, from 1/2019 to 11/2025. The REG 672 F is a half-page permit, currently reflecting a revision date of January 2019, that is provided to the lienholder after the application has been approved by the department. The department is revising the REG 672 to remove the field that reflects the printed name of the permittee and the signature of the permittee. The department is removing these fields as the permittee is already referenced on the permit. The duplication is unnecessary. The form is also amended to update references to the corresponding regulations. The revised form will reflect a revision date of November 2025.

#### **§ 153.26. Term of Lienholder's Permit.**

Subsection (a) contains two non-substantive amendments to change capitalization on the word Permit and change the word "Lienholder" to "Lienholder's."

Subsection (a) is further amended to remove text referencing the Lienholder's Permit being valid until they request to withdraw from the program for reasons provided in Section 153.28. As currently written, subsection (a) allows a Lienholder to withdraw from the ELT Program for one of the reasons listed in Section 153.28. Section 153.28 identify those reasons as the Lienholder having been acquired by or merged with another permitted Lienholder who assumes all the Lienholders titles, or closure of the business. Instead, subsection (a) is revised to establish that a Lienholder's Permit will be valid unless they either withdraw from the ELT program, as specified in subsection (a)(1), or if the ELT

Program suspends or revokes the Lienholder's Permit. The reasons for withdrawal referenced in Section 153.28 are unchanged, however, the change to this subsection will ensure Section 153.26 focuses on the term of the permit, rather than the reason for the program withdrawal.

Currently, subsection (b) requires any change to a Lienholder's Permit to be submitted on an ELT Change Request, form REG 673.

Subsection (b) is amended to remove reference to changes being submitted on a form REG 673. That requirement was adopted in 153.22(b). Subsection (b) is further amended to adopt the requirement that the Lienholder's Permit may be suspended if the Lienholder does not respond to communications or directives from the Program for more than 30 days. The department issues communications and directives to relay important information to and request information from program participants. Receiving information from program participants is necessary to ensure the program run efficiently. Because some of the communications could involve issues related to the Lienholder's Permit or the processing of transactions, it is necessary for the Lienholder to make contact with the department as quickly as possible. This provision is necessary to convey the importance of responding to the department's communications and directives without delay. To ensure the integrity of the department's records and the integrity of the ELT Program, the department has determined it necessary to take action against the Lienholder when a communication or directive is not responded to within 30 days. The department expects that 30 days is more than sufficient time for the Lienholder to make contact with the department. Furthermore, subsection (b) is amended to adopt the provision allowing the department to revoke the Lienholder's Permit if they fail to respond to the department's directives and communications for an additional 30 days after the suspension is effective. Lastly, the department is adopting the provision that the Lienholder must apply for a new Permit if the Permit is revoked. These provisions are necessary as they convey the importance of the Lienholder to maintain communication with the department and explain the penalties associated for failing to meet those requirements.

Subsection (c) is adopted to make clear that the Lienholder, if revoked, could be required to transfer the electronic titles to paper. This provision is necessary to make the Lienholder aware of their responsibilities if the Permit is revoked. The department will determine whether the titles will be transferred at the time of the revocation.

**§ 153.28. Lienholder Withdrawal from the Electronic Lien and Title Program and Conversion of Electronic Titles.**

Subsection (a) is amended to make a non-substantive amendment to remove reference to the “Electronic Lien and Title program” and replace with “ELT Program.”

Subsection (b) is amended to remove reference to the ELT Program Withdrawal Request, form REG 674 and, instead, adopt subsections (b)(1) and (b)(2). As currently written, subsection (b) requires a Lienholder to submit a form REG 674 when requesting to withdraw from the ELT Program. However, the Lienholder is also required to request the Service Provider to convert all the Lienholder’s electronic titles to paper titles.

For clarity, the department is removing reference to the form REG 674 subsection (b) and is adopting that requirement in subsection (b)(2). Subsection (b)(1) is adopted to establish the requirement that, as part of the withdrawal request, the Lienholder request the electronic titles be transferred to paper.

Subsection (b)(2) incorporates by reference the ELT Program Withdrawal Request, form REG 674, with a revision date of 11/2025. The REG 674 is the department-designated form used when a lienholder chooses to withdraw from the ELT program. Currently, the form reflects a revision date of January 2019. The form REG 674 requires the lienholder to provide their name, provide their initials on the withdrawal request agreement, and sign a certification. The form is amended to make three changes to the form and will be updated with a revision date of November 2025. The revisions are both contained in Section 2 of the form, related to the Withdrawal Request Agreement. The first amendment is in item 1 where the current form requires the lienholder to acknowledge the withdrawal request will go into effect on the next quarterly implementation. The revised form requires the lienholder to acknowledge the withdrawal request will not into effect once the application has been processed. This change will benefit lienholders wanting to withdraw from the program by expediting the withdrawal process and preventing them from having to wait, potentially, several months for the withdrawal to become final.

The second amendment is in item 3 where the current form requires the lienholder to agree that all electronic titles under the account shall be converted into paper titles within 30 days of receiving approval to withdraw from the ELT program. The revised form requires the lienholder to acknowledge that the withdraw request will not be approved until all electronic titles have been converted to paper. This process change will ensure a lienholder takes prompt action to transfer their electronic records to paper titles knowing their withdrawal cannot become effective until they have done so.

Lastly, the form is amended to add the Privacy Notice at the end of the form. The privacy notice cites several statutes related to the privacy of personal information and informs the applicant that the information could be shared with other service providers, governmental entities or commercial entities.

The privacy notice also explains to the applicant how the department uses the information provided on the form, that all the information solicited on the form is mandatory and that failure to provide mandatory information may result in the application being rejected. Lastly, the form contains emails, addresses, and telephone numbers for applicants who have questions related to the ELT program or questions related to the privacy statement.

Subsection (c) is amended to make clear that, if a Service Provider fails to transfer electronic titles to paper at the request of the Lienholder, the department may require the Service Provider to convert the electronic titles to paper titles. The amendment will ensure the titles are transferred and assist the Lienholder in their withdrawal request. Currently, subsection (c) requires the Lienholder to request the conversion to paper titles within 30 days after receiving withdrawal approval from the department. However, in order to prevent unnecessary delays in the withdrawal process, the department is removing the requirement that the conversion request be made within 30 days after receiving the approval. Instead, the conversion request comes as a prerequisite to the department approving the withdrawal. The process change will ensure all withdrawal requirements are completed as efficiently as possible without having to wait for 30 days.

Subsection (d) is adopted to make clear that the department will not approve the withdrawal request until the withdrawal conditions, identified in subsections (b)(1) and (b)(2) have been met. This provision will ensure that all electronic titles are converted to paper prior to the withdrawal being completed.

#### *ECONOMIC AND FISCAL IMPACT DETERMINATIONS*

- Cost Or Savings to Any State Agency: None.
- Other Non-Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings in Federal Funding to the State: None.
- Cost Impact on Representative Private Persons or Businesses: The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
- Effect on Housing Costs: None.
- Local Agency/School District Mandates: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a

mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

- Small Business Impact: This proposed action may impact small businesses.
- Potential significant statewide adverse economic impact: The proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

#### *ECONOMIC IMPACT ASSESSMENT*

(Government Code section 11346.3)

In considering this proposed regulatory action, the department has determined that this action will not result in any of the following:

##### 1) Creation or elimination of jobs within the state

The department does not anticipate this action will have any impact on the creation or elimination of jobs within California. The amendments update forms, revise suspension/revocation sanctions to include non-communication with the department, and require title conversion to paper as a prerequisite to approval for withdrawal. These amendments largely impact the business operations of ELT providers, not the jobs.

##### 2) Creation of new businesses or the elimination of existing businesses within the state

The department does not anticipate this action will have any impact on the creation or elimination of existing businesses within California. These amendments largely impact the business operations of ELT providers, but not to the extent that it would result in either the creation or elimination of existing businesses.

##### 3) Expansion of businesses currently doing business within the state

The department does not anticipate this action will expand businesses currently doing business within California. The changes make clarifying changes that ensure title conversions, updates forms, and reduces the wait times for certain transactions to be approved by the department.

##### 4) Benefits to the health and welfare of California residents, worker safety or the state's environment

The department does not anticipate this action will have any impact on worker safety, the state's environment, or the health of California residents. This action may benefit California residents by reducing the instances of title fraud.

*DEPARTMENTAL DOCUMENTATION SUPPORTING GOVERNMENT CODE SECTIONS  
11346.2(b)(3) THROUGH (b)(5)*

- Studies, Reports or Documents - Government Code section 11346.2(b)(3): None.
- Reasonable Alternatives and Department's Response – Government Code section 11346.2(b)(4)(A): No alternatives have yet been presented that would be as effective.
- Reasonable Alternatives That Would Lessen Any Adverse Impact on Small Business – Government Code section 11346.2(b)(4)(B): No alternatives have yet been presented that would lessen any adverse impact on small businesses.
- Evidence Supporting Determination of No Significant Adverse Economic Impact on Business – Government Code section 11346.2(b)(5): The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.