

September 2016

Lien Perfection Without the Title – CIADA has been working on this project with the state for more than a year – now implemented so dealers can start immediately utilizing this process to safeguard their business.

Great news – the Division of Motor Vehicles has notified all Colorado Counties to perfect liens without the title being present (if necessary). Doing this protects your dealership from losing a vehicle to a bankruptcy trustee or having to buy back a contract because the lien was not perfected within 30 days.

The goal is still to have the title along with all of the other required documents submitted to the county before 30 days. But now when the title is absolutely not possible to obtain within 30 days, one can perfect the lien using just the application for title and financing documents to stay within the required 30-day window. NOTE: Vehicles cannot be registered until title is submitted to the county.

PLEASE LET ME KNOW IF YOU HAVE ANY TROUBLE PERFECTING THE LIEN WITHOUT A TITLE. To help I will need the county, name of employee and reason for not perfecting the lien.

Below are excerpts from the Colorado Department of Revenue / Motor Vehicle Division memo that was distributed to all counties last week. This memo clarifies the “Lien Perfection” process.

The statutory requirements around lien perfection and filing have not changed; the memo was provided at the request of auto dealers (Associations) due to inconsistencies they are reporting across the state for perfecting liens.

To clarify there are two separate but distinct terms used in lien processing. They are “Perfected” and “File” both are explained below:

“Perfected” is simply the date a security agreement and certificate of title **or** application for title is presented to the county, regardless of whether the title work is complete or needs to be rejected. By date stamping the “Date Received” and using this date as the file date the lien perfection date is being honored and the statutory requirements are being met.

“File” is the creation of, or addition to, an electronic record maintained for a certificate of title by the director or an authorized agent of the director.

Based on this review, counties should perfect a lien if an application for title (DR 2395 Application Title and/or Registration Application) is received with the mortgage paperwork. The county does not need to wait for the certificate of title to perfect the lien if the DR 2395 is completed and received.

When the application is submitted with security agreement only: County should stamp the application and the security agreement with the received date (PERFECT the lien), and return the application, security agreement and payment (if remitted) to the lender/dealer asking for title and other supporting documents.

Once the entire title packet is received and accepted, the county shall enter the record and officially FILE the lien using the date originally stamped as the received date.

If the counties feel a dealer is abusing the lien perfection or failing to complete the facilitation of the lien filing, they can log a complaint with the Department of Revenue Auto Industry Division or the Motor Vehicle Dealer Board.

Thanks, and please contact me with any questions.

Todd