

New Requirements Related to E-Lien Filing in Motor Vehicle Consumer Loans

Banking Brief: Financial Services Insights

on July 19, 2023

Indiana recently enacted laws allowing creditors involved in consumer credit transactions secured by motor vehicles or other titled assets to record their liens electronically. This is progress but there are other requirements that come with this development. The Indiana Consumer Credit Division recently issued an advisory letter dated June 30, 2023, summarizing additional duties that come with this advance. Those duties include:

- All state chartered financial institutions and other creditors involved in consumer credit sales or loans must comply beginning July 1, 2023.
- Creditors subject to these rules and placing twelve (12) or more liens on titles with the BMV per year must use the e-filing program.
- Covered creditors must use approved service providers to file their electronic liens.
- The fees charged by the third party vendor plus a \$3.00 fee may be passed on to the borrower.
- However, these fees must be disclosed to the consumer as a finance charge and included in UCCC and Reg-Z disclosures.
- The advisory letter contains other policy positions on these matters and should be consulted.

With advances that provide efficiency come duties and responsibilities. Be prepared to take advantage of the benefits and the obligations that come with progress.