

CVR Electronic Transfer Program

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General Questions

1. *What is CVR?*

CVR is an acronym for Computerized Vehicle Registration. CVR is a general partnership between ADP Dealer Services and the Reynolds and Reynolds Company. The company was formed in 1992 to provide electronic title transfer and registration services on behalf of its dealer clients. CVR currently supports programs in California, Florida, Virginia, Maryland, Massachusetts, New Jersey, Texas, Wisconsin, Arkansas, Mississippi, Tennessee and North Carolina. Several other states are in various stages of development to offer registration, title and inquiry services in the near future.

2. *In a nutshell, how does it work?*

CVR software allows dealers to generate and offload data for vehicle sales and registration from their existing computer systems. The data is held and tested on a CVR server for transmission to the Driver & Vehicle Services Division (DVS). Dealers are permitted to inventory registration plates for vehicles purchased. Dealer customers are given the option to have their title application submitted electronically and to obtain their registration plates immediately in exchange for payment of an additional fee.

3. *I heard the words “additional fee” and my ears perked up. So, this is a program we sell our customers? How much do we charge?*

Yes. The enabling legislation permits dealers to charge an “Optional electronic transfer fee” for services agreed upon between the parties for electronic transmission of ownership records. The charge must be separately stated and

identified as "optional electronic transfer fee" on your purchase agreement. At least half of the fee must be paid to an electronic transmission service provider. (See last page for more information)

4. *So, if we can charge a 100% markup, how much does the CVR service cost us?*

The transaction fee you pay CVR is \$12 per transaction. That means you could charge the customer up to \$24.

Note there is also installation and monthly support fees due CVR. See FAQ regarding the CVR Services Pricing Schedule below.

DVS advised MADA that dealers may not pass along the installation and monthly support fees to the customer.

5. *It sounds like this is a big step for DVS. What's the state getting out of this?*

DVS is very supportive of the CVR Program. Widespread use of the program will allow DVS to change the way it reviews and audits title applications. DVS expects to place primary responsibility for accurate and complete applications with trained and certified deputies and dealers and then allow deputies to release new titles to be printed.

6. *How about the Deputy Registrars? How do they fit in?*

The support and expertise of the Deputies is crucial to the successful operation of the CVR Program. Deputies will continue to collect the title applications and official documents to support the electronic transfer record. Deputies will have an increased role in auditing dealer paperwork and actually instructing the state's computers to print titles and mail them to vehicle buyers.

7. *I thought this was an "electronic" transfer and registration. We still have to file paperwork?*

Yes. Even though the electronic transfer and registration doesn't rely on the preparation and movement of paper documents, they are still required by law. Dealers must continue preparing title applications and supporting documents for filing with the Registrars. Increasingly, the paper documents will be used only as backup, audit and spot checking.

Certification and Training

8. *So, why is training and certification required?*

It's required by statute. The Minnesota Legislature passed enabling legislation for the CVR program during the 2005 session. The enabling legislation allows DVS to only make electronic transfers available to dealers with appropriately "trained" personal. The CVR system won't work if dealers don't submit quality data and quality paperwork. Title applications – even for new vehicle sales– are complex and must meet exacting legal standards. Taxes and fees must be accurately calculated. If dealers aren't trained to submit the paperwork right – the first time – the system will bottleneck at the deputy office instead of the DVS central.

9. *I guess I understand the need to have a trained, certified title clerk. But, do all my title clerks have to be certified?*

DVS and MADA encourage training for all experienced title clerks. In a smaller store, one certified person might be sufficient. Each dealership participating with CVR must have at least one certified title clerk with overall responsibility for the accuracy and completeness of title applications.

10. *Tell me more about the certification.*

There are 3 modules: New to the Fleet, and Sales Tax and Minnesota Titles.

Each module runs for about 2 hours. Experienced DVS personnel conduct the classes. There is written materials with hands-on examples and lots of time for questions. Classes are kept to a manageable size of 25 or so.

11. *So, in order to be certified, my title clerks will have to show proficiency in all facets of motor vehicle titling, registration and the sales tax procedures that are related to them?*

That's correct. At the end of each module training session, there is a test. A 70% test grade is a minimum for each module.

12. *So, if I understand the certification program correctly, once I've passed all three classes, I become "Certified." Am I certified for life?*

No. Certification lasts for 3 years.

13. *How is MADA involved in the Certification?*

MADA handles the registration, facilities and materials for the classes. MADA also keeps track of who's certified for DVS.

CVR Forms and Contract Questions

14. *So, we're going to have to sign a bunch of forms?*

Yes, there are documents that CVR requires and documents that DVS requires. The DVS documents are described later. Here's a list of the CVR forms:

- (1) CVR Master Services Agreement
- (2) CVR Services Pricing Schedule
- (3) CVR Client Contract and Information Sheet
- (4) CVR Electronic Funds Transfer Agreement

15. *I don't have the authority to sign this Agreement. How come your letter is addressed to me.*

We're mailing contract packages to the person that your dealership designated as the CVR Contract Contact person when you expressed interest in the CVR product. If you're not the owner of the dealership or have the authority to sign on the dealership's behalf, please forward the documents to the appropriate person for signature.

16. *You didn't send us a Master Services Agreement with the package of forms.*

Dealers who signed up for the Fee Calculator product already signed a Master Services Agreement. You don't need to sign another one.

17. *The Master Services Agreement is 8 pages long. Why all the legalize?*

This is the standard contract that CVR has used with thousands of dealers in 18 states since 1998. MADA has reviewed it and we don't see any particular "clinkers."

18. *I spilled coffee on one of the Master Services Agreement forms that you mailed me. Can I just execute a photocopy and mail that in for counter-signature.*

No. CVR lawyers insist that the Master Services Agreement be one of their original watermarked forms. However, it is OK to photocopy the Pricing Schedules.

19. *What's the term of my commitment? Am I locked into some 5-year deal?*

Because dealers are allowed to electronically transfer and inventory license plates under an agreement with DVS that can be terminated at any time, there is no long term commitment to CVR. The CVR Master Services Agreement provides for a 60 day notice of termination.

20. *The CVR Services Pricing Schedule shows a one time start up fee of \$750. Do I have to send that in right away along with the contracts?*

No. None of the charges will be collected until the CVR technician installs the application in your store.

21. *Do big dealers pay less than small dealers for any of the startup, monthly or transaction fees?*

No. Everybody pays the same.

22. *We'd prefer not to use Electronic Funds Transfer with the CVR Program.*

That's not an option. DVS insists that taxes and registration fees flow electronically. CVR also insists on electronic transfer.

DVS Contracts

23. *What do we need to sign for DVS?*

There's one new document. It's called a "Electronic Dealer Vehicle Registration Application."

24. *I looked at the contract. Paragraphs 1b and c require us to maintain "acceptable rates" of late transactions and errors. What's an acceptable rate?*

DVS doesn't know yet. It's going to take some time and experience with the program. CVR provides DVS with a variety of usage reports. If your dealership's error ratios are outside the norm, your participation in the program could be in jeopardy.

25. *Paragraph 1d provides that the dealer is responsible for the "cost of all unaccounted inventory." What does that mean?*

When MADA asked that question of DVS, we were told that in the event of lost stickers, DVS would look to regulations governing Deputy Registrars' loss of inventory for guidance. Those regulations provide at a minimum the "replacement cost for each replacement sticker" which would be a few cents to a maximum of the full vehicle registration tax which could be several hundred dollars. The regulation provides a variety of factors to determine the amount based on the negligence or culpability of the Registrar.

26. *Paragraph 2 seems to suggest that the person signing on behalf of the dealership is somehow personally liable in the event that something bad happens. Is that the case?*

No. The provision is a little circular, but the term “Dealer” is a defined term and means the dealership entity – not an officer or signer.

27. *Tell me about the different levels of authority outlined in Paragraph 3.*

Earlier in this FAQ, we talked about certification. Each dealership must have at least one certified person in order to participate in the CVR Program. Certified individuals receive a “full credential” from CVR which will enable them to “push the button” to finalize the transaction and forward it to your designated Deputy Register.

However, other employees – typically in F&I – who also use the system, view customer records and pull plates from inventory are not required to be “certified.” They receive a more limited credential from CVR.

28. *There’s a reference in Paragraph 5 to a “Dealership Web Application Contract.” What’s that?*

This contract between the dealership and DVS allows your designated employees to access DVS records via the Internet. Since the CVR Program also allows your employees access to DVS records, this document must be in place. All dealers currently eligible for the CVR program have already signed this document.

29. *I pulled out our Dealership Web Application Contract and looked through it. It provides that every employee who views online DVS title and registration information to sign an agreement with us called a “Dealer Employee Web Application Agreement.” We already have these in place for some of our office employees. Do we need these for employees who access the CVR system?*

Yes. All employees who has access to DVS title and registration records must sign one of these. This includes your F & I employees who use the CVR system with a customer to verify their current records. Forms are available on the DVS web site at <http://www.dps.state.mn.us/dvs>

30. *Any other particular provisions to highlight?*

Note that the agreement is at will. Either the dealership or DVS may terminate it at any time. Also note that you should retain records for 6 years.

Timing and Installation

31. *So, we signed all the contracts and mailed the whole package back to MADA. What happens next?*

A CVR employee will contact you within 2 weeks. A CVR Installer will arrange to come to your dealership to install the application and train your employees on how to use it.

32. *What are the minimum technical requirements for the PC's where the CVR application is installed?*

It should be a Windows machine running Windows 2000, XP or Vista.

33. *Who's the contact at MADA?*

Questions about Certification and training may be directed to Sandy Brom at MADA. Sandy may be reached at 651-291-2400 or brom@mada.org.

Questions about the contracts may be directed to Jim Schutjer 651-789-2935 or schutjer@mada.org.

