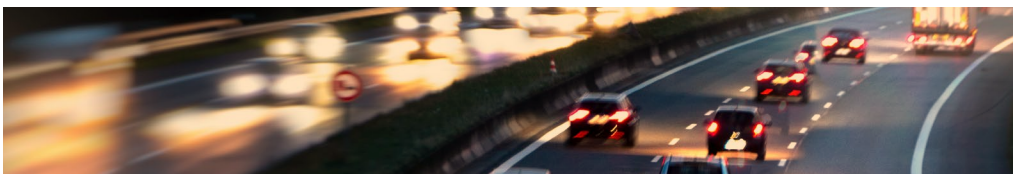
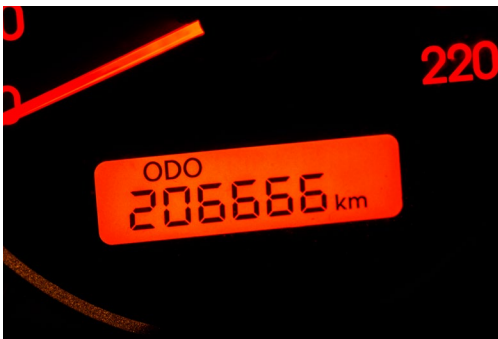




Requirements
Vehicles
Communication
MILEAGE
Titling Policy
IMPLEMENTATION



Odometer Rule Disclosure
Exemption Change *Whitepaper*



October 2020



NHTSA Odometer Rule Changes Disclosure Exemption from Ten Years to Twenty Years

On October 2, 2019, the National Highway Traffic Safety Administration (NHTSA) issued a [final rule on Odometer Disclosure Requirements](#). One of the most important and immediate impacts of the final rule are new requirements regarding the capture of mileage disclosure for a significant number of previously exempted vehicles.

The final rule amends [49 CFR 580.17](#) such that a transferor or lessee must disclose odometer mileage for an expanded number of vehicles extending beyond the previous exemption for vehicles with a model year of ten years to twenty years. **This portion of the rule affects all U.S. jurisdictions regardless of their electronic titling intentions and provides an implementation methodology to incrementally expand the number of vehicles subject to odometer capture beginning January 1, 2021.**

While the original final rule included a 2020 implementation deadline, [NHTSA adjusted that date to January 1, 2021](#), following a petition by AAMVA members.

This portion of the rule affects all U.S. jurisdictions regardless of their electronic titling intentions and provides an implementation methodology to incrementally expand the number of vehicles subject to odometer capture beginning January 1, 2021.

The new 20-year odometer capture exemption requirements apply only to vehicles that are 2011 model year or newer. Vehicles manufactured with a 2010 model year or older remain exempt under the 10-year exemption.

Beginning January 1, 2021, and every year thereafter, states will be obligated to continue to capture odometer disclosures for model year 2011 and later

vehicles. This type of “rolling” exemption is best described as adding an additional model year worth of vehicles each January until the 20-year exemption is fully implemented.

Prior to this final rule, beginning on January 1, 2021, model year 2011 vehicles would have been exempt from odometer disclosure requirements. Now, model year 2011 vehicles will not become exempt from the requirements until January 1, 2031. Today states are required to capture the odometer reading for model year 2011 and will now be required to continue to do so until 2031.

Jurisdiction Actions

Members are encouraged to review the final rule and these potential areas of impact:

Communication

Jurisdictions will need to communicate all business rule changes and requirements to all stakeholders and industry members impacted by the disclosure capture requirement change. Some examples of stakeholders who will need to receive communication regarding the changes may include:

- Jurisdiction staff
- Third-party agents, including county and municipal officials processing transactions on behalf of the jurisdiction
- Dealers and their associations (franchise and non-franchise)
- Vendors and software providers
- Lienholders and their associations
- Auctions
- Insurance industry and their associations
- General public
- Other jurisdictional entities who play a role in the titling process (such as odometer fraud investigators)

The table below is a visual example of application of the new requirements.

Odometer Exemption Applicability to Model Year Vehicles (49 CFR 580.17)		
Vehicle Model Year	Date Vehicle Becomes Exempt from Disclosure	Applicability of Exemption
2000	1/1/2010	10-year exemption
2001	1/1/2011	10-year exemption
2002	1/1/2012	10-year exemption
2003	1/1/2013	10-year exemption
2004	1/1/2014	10-year exemption
2005	1/1/2015	10-year exemption
2006	1/1/2016	10-year exemption
2007	1/1/2017	10-year exemption
2008	1/1/2018	10-year exemption
2009	1/1/2019	10-year exemption
2010	1/1/2020	10-year exemption
2011-2021 Exemption Period		
2011	1/1/2031 (continue to require odometer disclosure on model year 2011 until 1/1/31)	20-year exemption
2012	1/1/2032 (continue to require odometer disclosure on model year 2012 until 1/1/32)	20-year exemption
2013	1/1/2033 (continue to require odometer disclosure on model year 2013 until 1/1/33)	20-year exemption
2014	1/1/2034 (continue to require odometer disclosure on model year 2014 until 1/1/34)	20-year exemption
2015	1/1/2035 (continue to require odometer disclosure on model year 2015 until 1/1/35)	20-year exemption
2016	1/1/2036 (continue to require odometer disclosure on model year 2016 until 1/1/36)	20-year exemption
2017	1/1/2037 (continue to require odometer disclosure on model year 2017 until 1/1/37)	20-year exemption
2018	1/1/2038 (continue to require odometer disclosure on model year 2018 until 1/1/38)	20-year exemption
2019	1/1/2039 (continue to require odometer disclosure on model year 2019 until 1/1/39)	20-year exemption
2020	1/1/2040 (continue to require odometer disclosure on model year 2020 until 1/1/40)	20-year exemption
2021	1/1/2041 (continue to require odometer disclosure on model year 2021 until 1/1/41)	20-year exemption

Internal System Changes

Currently, certain systems may be hardcoded to only allow specific data input under the assumption of a 10-year exemption or may exclude specific vehicle model years from collecting mileage data once the 10-year exemption has been met. Those systems will need to be modified under the new rule to allow for the extension of odometer capture in each year until the 20-year odometer capture requirement is met in calendar year 2031.

External System Changes

The same concerns that apply to internal systems may also apply to external systems such as the systems used by any stakeholders.

Individual Jurisdiction Legislative and/or Rule Changes

Some jurisdictions may have statutes or rules that have the specific reference to the 10-year exemption. This may require changes to align the jurisdictional statutes/rules with the new federal rule. Jurisdictions should consider if their existing requirements are flexible enough to continue collecting the odometer disclosure for the jurisdictionally exempt vehicles.

Title and Form Changes

In many cases jurisdictions have language on their titles, power of attorney forms, mileage disclosure forms, damage disclosure forms, and others specific to the 10-year odometer disclosure exemption that will have to be modified. Replacing these forms and removing them from circulation will take time and could have a fiscal impact to discontinue use of current stock and replace it with updated stock.

Policies, Procedures, Manuals, and Training

Documents for staff, third-party agents, and other stakeholders will need to be updated with the change in requirements for capturing odometer disclosure

information. This information will need to be distributed and communicated. As a result of the update, training will need to be modified and provided for all persons who are a part of the title transaction process.

Website Changes

Any references to the odometer disclosure requirements on jurisdiction and stakeholder websites will need to be updated.

Impacts of Staggered Implementation

It is likely that some jurisdictions may implement the rolling year exemption on different dates based on when their state laws and regulations are modified. The following scenario may be helpful to understand challenges jurisdictions may encounter, whether they implement on January 1, 2021 or receive a title transfer from a state who has not yet implemented:

Jurisdiction A makes all system, form, procedure, training, communication, and other changes as required and will fully implement the change beginning January 1, 2021. Therefore, for any transfer that occurs on or after 1/01/2021 on a model year 2011 or newer model year vehicle will be required to complete an odometer disclosure.

Jurisdiction B must make statute changes via their legislature to change the 10-year exemption to the rolling 20-year exemption. They will not have the change implemented by January 1, 2021 and do not know a specific date in which they will be able to make the change. Therefore, in Jurisdiction B on 1/01/2021 a model year 2011 vehicle would be exempt from the odometer disclosure.

John Smith sells a 2011 vehicle to Jane Doe on 1/02/2021. Jane Doe applies for a title in Jurisdiction B and receives her title with “exempt” on the face of the title in the odometer reading.

Jane Doe trades her vehicle into Dealer ABC. Odometer disclosures are not completed because the title has been marked “exempt.”

Dealer ABC sells this same vehicle to Doug Smith on 2/15/2021. Doug Smith is a resident of Jurisdiction A and submits his title application to Jurisdiction A. Jurisdiction A recognizes the vehicle as a 2011 vehicle is not exempt under the federal rule but was exempted by a former jurisdiction odometer exemption.

Faced with this situation, Jurisdiction A will need to determine the odometer disclosure information that will appear on the titles they issue.

These are options for Jurisdiction A to consider:

- Carry forward the exempt odometer indicator on the title and the title record for any vehicle that has been previously exempted from odometer disclosure requirements by a former jurisdiction.

- Mark the title and the title record “True Mileage Unknown” (TMU) for any vehicle that has been previously exempted from odometer disclosure requirements by a previous jurisdiction.
- Determine the actual odometer reading by investigating the history of the vehicle and obtaining affidavits attesting to the actual mileage and then record the odometer reading as actual mileage.

Jurisdictions should keep in mind that by creating a gap in recorded odometer reading there could be an opening for fraud and in some cases the value of a vehicle may be reduced. In addition, these options are not meant as a replacement for meeting federal odometer disclosure requirements. Any state not enacting the disclosure requirements starting January 1, 2021 are encouraged to communicate directly with NHTSA for compliance purposes.

OUR VISION

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