

HOUSE BILL No. 4693

April 24, 1989, Introduced by Reps. Stupak, Gagliardi, Palamara, Sofio, DeMars, Varga, Randall, Giese, Alley, DeBeaussiaert, Pitoniak, Gire, Niederstadt, Hart, Hickner, Maynard, Bartnik and Honigman and referred to the Committee on Marine Affairs and Port Development.

A bill to amend sections 217 and 226a of Act No. 300 of the Public Acts of 1949, entitled as amended

"Michigan vehicle code,"

section 217 as amended by Act No. 470 of the Public Acts of 1988 and section 226a as amended by Act No. 227 of the Public Acts of 1984, being sections 257.217 and 257.226a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 217 and 226a of Act No. 300 of the
2 Public Acts of 1949, section 217 as amended by Act No. 470 of the
3 Public Acts of 1988 and section 226a as amended by Act No. 227 of
4 the Public Acts of 1984, being sections 257.217 and 257.226a of
5 the Michigan Compiled Laws, are amended to read as follows:

6 Sec. 217. (1) An owner of a vehicle subject to registration
7 under this act shall apply to the secretary of state, upon an

1 appropriate form furnished by the secretary of state, for the
2 registration of the vehicle and issuance of a certificate of
3 title for the vehicle. The application shall be accompanied by
4 the required fee. An application for a certificate of title
5 shall bear the signature of the owner written with pen and ink.
6 The application shall contain all of the following:

7 (a) The name, bona fide residence, and mailing address of
8 the owner or business address of a firm, association, or
9 corporation.

10 (b) A description of the vehicle including the make or name,
11 style of body, and model year; if the vehicle is a motor vehicle,
12 the number of miles, not including the tenths of a mile, regis-
13 tered on the vehicle's odometer at the time of transfer; whether
14 the vehicle is to be or has been used as a taxi or police vehi-
15 cle, or by a political subdivision of this state; whether the
16 vehicle has previously been issued a salvage or rebuilt certifi-
17 cate of title; vehicle identification number; and the vehicle's
18 weight fully equipped, if a passenger vehicle registered pursuant
19 to section 801(1)(a), and, if a trailer coach, in addition to the
20 weight the manufacturer's serial number, or in the absence of the
21 serial number, a number assigned by the secretary of state. A
22 number assigned by the secretary of state shall be permanently
23 placed on the trailer coach in the manner and place designated by
24 the secretary of state.

25 (c) A statement of the applicant's title and the names and
26 addresses of the holders of security interests in the vehicle and
27 in an accessory to the vehicle, in the order of their priority.

1 (d) Further information which the secretary of state
2 reasonably requires to enable the secretary of state to determine
3 whether the vehicle is lawfully entitled to registration and the
4 owner entitled to a certificate of title. If the secretary of
5 state is not satisfied as to the ownership of a late model vehi-
6 cle or other vehicle having a value over \$1,500.00, before regis-
7 tering the vehicle and issuing a certificate of title, the secre-
8 tary of state may require the applicant to file a properly exe-
9 cuted surety bond in a form prescribed by the secretary of state
10 and executed by the applicant and a company authorized to conduct
11 a surety business in this state. The bond shall be in an amount
12 equal to twice the value of the vehicle as determined by the sec-
13 retary of state and shall be conditioned to indemnify or reim-
14 burse the secretary of state, any prior owner, and any subsequent
15 purchaser of the vehicle, and their successors in interest,
16 against any expense, loss, or damage, including reasonable
17 attorney's fees, by reason of the issuance of a certificate of
18 title to the vehicle or on account of any defect in the right,
19 title, or interest of the applicant in the vehicle. An inter-
20 ested person has a right of action to recover on the bond for a
21 breach of the conditions of the bond, but the aggregate liability
22 of the surety to all persons shall not exceed the amount of the
23 bond. The bond shall be returned at the end of 3 years, or
24 before 3 years if the vehicle is no longer registered in this
25 state and the currently valid certificate of title is surrendered
26 to the secretary of state, unless the secretary of state has
27 received notification of the pendency of an action to recover on

1 the bond. If the secretary of state is not satisfied as to the
2 ownership of a vehicle which is not a late model vehicle and
3 whose value does not exceed \$1,500.00, the secretary of state
4 shall require the applicant to certify that the applicant is the
5 owner of the vehicle and entitled to register and title the
6 vehicle.

7 (e) Except as provided in subdivision (f), an application
8 for a commercial vehicle shall also have attached a scale weight
9 receipt of the motor vehicle fully equipped as of the time the
10 application is made. A scale weight receipt may not be necessary
11 if there is presented with the application a registration receipt
12 of the previous year that shows on its face the empty weight of
13 the motor vehicle as registered with the secretary of state, that
14 is accompanied by a statement of the applicant that there has not
15 been structural change in the motor vehicle which has increased
16 the empty weight, and that the previous registered weight is the
17 true weight.

18 (f) An application for registration of a vehicle on the
19 basis of elected gross weight shall include a declaration by the
20 applicant specifying the elected gross weight for which applica-
21 tion is being made.

22 (g) If the application is for a certificate of title of a
23 motor vehicle registered pursuant to section 801(1)(q), the
24 application shall include the manufacturer's suggested base list
25 price for the model year of the vehicle. Annually, the secretary
26 of state shall publish a list of the manufacturer's suggested
27 base list price for each vehicle being manufactured. Once a base

1 list price is published by the secretary of state for a model
2 year for a vehicle, the base list price shall not be affected by
3 subsequent increases in the manufacturer's suggested base list
4 price but shall remain the same throughout the model year unless
5 changed in the annual list published by the secretary of state.
6 If the secretary of state's list has not been published for that
7 vehicle by the time of the application for registration, the base
8 list price shall be the manufacturer's suggested retail price as
9 shown on the label required to be affixed to the vehicle under
10 section 3 of the automobile information disclosure act,
11 15 U.S.C. 1232. If the manufacturer's suggested retail price is
12 unavailable, the application shall list the purchase price of the
13 vehicle as defined in section ~~801(3)~~ 801(4).

14 (2) A dealer selling or exchanging vehicles required to be
15 titled, within 15 days after delivering a vehicle to the purchas-
16 er, AND A PERSON ENGAGED IN THE SALE OF VESSELS REQUIRED TO BE
17 NUMBERED BY THE MARINE SAFETY ACT, ACT NO. 303 OF THE PUBLIC ACTS
18 OF 1967, BEING SECTIONS 281.1001 TO 281.1199 OF THE MICHIGAN
19 COMPILED LAWS, WITHIN 15 DAYS AFTER DELIVERING A BOAT TRAILER
20 WEIGHING LESS THAN 2,500 POUNDS TO THE PURCHASER, shall apply to
21 the secretary of state for a new title, if required, and transfer
22 or secure registration plates and secure a certificate of regis-
23 tration for the vehicle OR BOAT TRAILER, in the name of the
24 purchaser. The dealer's license may be suspended or revoked as
25 provided in section 249, for failure to apply for a title when
26 required, or for failure to transfer or secure registration
27 plates and certificate of registration within the 15 days

1 provided. If the dealer OR PERSON fails to apply for a title
2 when required, and to transfer or secure registration plates and
3 secure a certificate of registration and pay the required fees
4 within 15 days of delivery of the vehicle OR BOAT TRAILER, a
5 title and registration for the vehicle OR BOAT TRAILER may be
6 acquired thereafter only upon the payment of a transfer fee of
7 \$15.00 in addition to the fees provided for in section 806. The
8 purchaser of the vehicle OR BOAT TRAILER shall sign the applica-
9 tion, including, when applicable, the declaration specifying the
10 maximum elected gross weight as required by subsection (1)(f),
11 and other necessary papers to enable the dealer OR PERSON to
12 secure the title, registration plates, and transfers from the
13 secretary of state.

14 (3) If a vehicle is delivered to a purchaser who has valid
15 Michigan registration plates which are to be transferred to the
16 vehicle, and an application for title, if required, and registra-
17 tion for the vehicle is not made before delivery of the vehicle
18 to the purchaser, the registration plates shall be affixed to the
19 vehicle immediately, and the dealer shall provide the purchaser
20 with an instrument in writing, on a form prescribed by the secre-
21 tary of state, which shall serve as a temporary registration for
22 the vehicle for a period of 15 days from the date the vehicle is
23 delivered.

24 (4) An application for a certificate of title which indi-
25 cates the existence of a security interest in the vehicle or in
26 an accessory to the vehicle shall, if requested by the security
27 interest holder, be accompanied by a copy of the security

1 agreement which need not be signed. The request may be made of
2 the seller on an annual basis. The secretary of state shall
3 indicate on the copy the date and place of filing of the applica-
4 tion and return the copy to the person submitting the application
5 who shall forward it to the holder of the security interest named
6 in the application.

7 (5) If the seller does not prepare the credit information,
8 contract, note, and mortgage, and the holder, finance company,
9 credit union, or banking institution requires the installment
10 seller to record the lien on the title, the holder, finance com-
11 pany, credit union, or banking institution shall pay the seller a
12 service fee of not more than \$10.00. The service fee shall be
13 paid from the finance charges and shall not be charged to the
14 buyer in addition to the finance charges. The holder, finance
15 company, credit union, or banking institution shall issue its
16 check or bank draft for the principal amount financed, payable
17 jointly to the buyer and seller, and there shall be imprinted on
18 the back side of the check or bank draft the following:

NOTIFICATION TO DEALER OF THE CREATION OF
A SECURITY INTEREST IN A VEHICLE

Name of dealership.....

Address.....

You are hereby notified that:

Name(s) of purchaser.....

Address.....

Has created or is creating a security interest in the following
described vehicle, in favor of the above named lender.

Make of vehicle.....Body style.....

Year.....Vehicle identification number.....

.....
Signature of purchaser

.....
Signature of authorized
representative of dealer

Failure of the holder, finance company, credit union, or banking
institution to comply with these requirements shall free the
installment seller from any obligation to record the lien or from
any and all liability that may arise as a result of the install-
ment sale contract. A service fee shall not be charged to the
buyer.

(6) In the absence of actual malice proved independently and
not inferred from lack of probable cause, a person who in any
manner causes a prosecution for larceny of a motor vehicle; for
embezzlement of a motor vehicle; for any crime an element of
which is the taking of a motor vehicle without authority; or for
buying, receiving, possessing, or aiding in the concealment of a
stolen, embezzled, or converted motor vehicle knowing the motor

1 vehicle has been stolen, embezzled, or converted, shall not be
2 liable for damages in a civil action for causing the
3 prosecution. This subsection shall not be construed to relieve a
4 person from proving any other element necessary to sustain his or
5 her cause of action.

6 Sec. 226a. (1) Temporary registration plates or markers may
7 be issued to licensed dealers in motor vehicles or trailer
8 coaches AND TO PERSONS ENGAGED IN THE SALE OF VESSELS REQUIRED TO
9 BE NUMBERED BY THE MARINE SAFETY ACT, ACT NO. 303 OF THE PUBLIC
10 ACTS OF 1967, BEING SECTIONS 281.1001 TO 281.1199 OF THE MICHIGAN
11 COMPILED LAWS, upon application accompanied by the proper fee,
12 for use by purchasers of motor vehicles, ~~or~~ trailer coaches, OR
13 BOAT TRAILERS WEIGHING LESS THAN 2,500 POUNDS for not to exceed
14 15 days pending receipt of regular registration plates from the
15 dealer OR PERSON. ~~A dealer may issue only~~ ONLY 1 temporary
16 plate or marker MAY BE ISSUED to a purchaser of a motor vehicle,
17 ~~or~~ trailer coach, OR BOAT TRAILER. The temporary registration
18 plates or markers shall be made of such material and design as
19 the secretary of state shall determine.

20 (2) A temporary registration plate or marker shall show in
21 ink the date of issue, a description of the vehicle for which
22 issued, and such other information as the secretary of state may
23 require. A dealer OR PERSON shall immediately notify the secre-
24 tary of state of each temporary registration plate or marker
25 issued by the dealer OR PERSON, on a form prescribed by the sec-
26 retary of state. Upon the attachment of the regular plate to a

1 vehicle for which a temporary registration plate or marker has
2 been issued, the temporary plate shall be destroyed.

3 (3) All temporary registration plates or markers shall be
4 serially numbered and upon issuance the number shall be noted on
5 the statement of vehicle sale form OR IN THE CASE OF A BOAT
6 TRAILER ON A FORM PRESCRIBED BY THE SECRETARY OF STATE.

7 (4) A dealer OR PERSON, upon demand, shall immediately sur-
8 render any temporary registration plates or markers in his or her
9 possession if the secretary of state finds, after investigation,
10 that the dealer OR PERSON has violated this section, and the
11 dealer OR PERSON shall immediately forfeit any right to the tem-
12 porary registration plates or markers.

13 (5) Registration plates may be issued upon application and
14 payment of the proper fee to an individual, partnership, corpora-
15 tion, or association not licensed as a dealer who in the ordinary
16 course of business has occasion to legally repossess a vehicle in
17 which a security interest is held. A registration plate issued
18 pursuant to this subsection shall be used to move and dispose of
19 a vehicle.

20 (6) Registration plates may be issued upon application and
21 payment of the proper fee to an individual, partnership, corpora-
22 tion, or association not licensed as a dealer who in the ordinary
23 course of business has occasion to legally pick up or deliver a
24 vehicle not required to be titled under this act, or to repair or
25 service a vehicle. A registration plate issued under this sub-
26 section shall be used to move such a vehicle.

1 (7) Registration plates may be issued upon application and
2 payment of the proper fee to an individual, partnership,
3 corporation, or association not licensed as a dealer who in the
4 ordinary course of business operates an auto auction, and who in
5 the ordinary course of business has occasion to legally pick up a
6 vehicle which will be offered for sale at the auction, or deliver
7 a vehicle which has been offered for sale at the auction. Such
8 registration plates shall be used only to move vehicles as pro-
9 vided in this subsection. Auto auctions which make application
10 for such registration plates shall furnish a surety bond as may
11 be required by the secretary of state.