

**SUBSTITUTE FOR
HOUSE BILL NO. 5363**

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 11, 213, 216, 217, 217c, 222, 226, 226a, 233b, 244, 248, 249, 251, and 251a (MCL 257.11, 257.213, 257.216, 257.217, 257.217c, 257.222, 257.226, 257.226a, 257.233b, 257.244, 257.248, 257.249, 257.251, and 257.251a), section 11 as amended by 1990 PA 154, section 216 as amended by 1996 PA 141, sections 217, 222, and 251 as amended by 2000 PA 397, sections 217c and 249 as amended by 1993 PA 300, section 226 as amended by 2000 PA 36, section 226a as amended by 1998 PA 384, section 233b as added by 1994 PA 305, section 244 as amended by 2000 PA 369, section 248 as amended by 1999 PA 172, and section 251a as added by 1990 PA 265.

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THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~"Dealer"~~ EXCEPT AS PROVIDED IN
2 SUBSECTION (3), "DEALER" means a person ~~engaged~~ WHO IS 1 OR
3 MORE OF THE FOLLOWING:

4 (A) A PERSON WHO IN A 12-MONTH PERIOD DID 1 OR MORE OF THE
5 FOLLOWING:

6 (i) ENGAGED in the business of purchasing, selling, exchang-
7 ing, brokering, LEASING, or dealing in vehicles of a type
8 required to be titled under this act. ~~or parts of those vehi=~~
9 ~~cles, a person who negotiates the purchase, sale, deal, or~~
10 ~~exchange of those vehicles and who has an established place of~~
11 ~~business for those purposes in this state, a person is engaged in~~
12 ~~the actual remanufacturing of engines or transmissions, or both,~~
13 ~~or a person engaged~~

14 (ii) ENGAGED IN THE BUSINESS OF PURCHASING, SELLING,
15 EXCHANGING, BROKERING, OR DEALING IN SALVAGEABLE PARTS OF 5 OR
16 MORE VEHICLES.

17 (iii) ENGAGED in the business of buying 5 OR MORE vehicles
18 to sell vehicle parts or ~~buying vehicles to~~ process into scrap
19 metal.

20 (B) A PERSON ENGAGED IN THE ACTUAL REMANUFACTURING OF
21 ENGINES, TRANSMISSIONS, OR SALVAGEABLE VEHICLE PARTS.

22 (2) THERE IS A REBUTTABLE PRESUMPTION THAT A PERSON WHO IN A
23 12-MONTH PERIOD BUYS AND SELLS, EXCHANGES, BROKERS, LEASES, OR
24 DEALS IN 5 OR MORE VEHICLES, OR BUYS AND SELLS, EXCHANGES,
25 BROKERS, OR DEALS IN SALVAGEABLE PARTS FOR 5 OR MORE VEHICLES, OR
26 BUYS 5 OR MORE VEHICLES TO SELL VEHICLE PARTS OR TO PROCESS INTO

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1 SCRAP METAL IS ENGAGED IN A BUSINESS DESCRIBED IN SUBSECTION
2 (1).

3 (3) Dealer does not include ~~a~~ ANY OF THE FOLLOWING:

4 (A) A FINANCIAL INSTITUTION, AS DEFINED IN SECTION 10 OF
5 1909 PA 99, MCL 129.40, OR AN ENTITY WHOLLY OWNED BY 1 OR MORE
6 FINANCIAL INSTITUTIONS.

7 (B) A BANK HOLDING COMPANY.

8 (C) A person who buys or sells remanufactured vehicle engine
9 and transmission salvageable vehicle parts or who receives in
10 exchange used engines or transmissions if the primary business of
11 the person is the selling of new vehicle parts and the person is
12 not engaged in any other activity that requires a dealer license
13 under this act.

14 (D) FOR PURPOSES OF DEALER LICENSING, A PERSON WHO NEGOTI-
15 ATES THE LEASE OF A VEHICLE OF A TYPE REQUIRED TO BE TITLED UNDER
16 THIS ACT FOR A LEASE TERM OF LESS THAN 120 DAYS.

17 (E) A PERSON WHOSE BUSINESS IS THE FINANCING OF THE PUR-
18 CHASE, SALE, OR LEASE OF VEHICLES OF A TYPE REQUIRED TO BE TITLED
19 UNDER THIS ACT AND THAT IS NOT OTHERWISE ENGAGED IN ACTIVITIES
20 DESCRIBED IN SUBSECTION (1).

21 (F) AN EMPLOYEE OR AGENT OF A DEALER ACTING IN THE SCOPE OF
22 HIS OR HER EMPLOYMENT OR AGENCY.

23 (G) AN INSURER, AS DEFINED IN SECTION 106 OF THE INSURANCE
24 CODE OF 1956, 1956 PA 218, MCL 500.106.

25 (H) A PERSON THAT LEASES 5 OR MORE VEHICLES, OR ANY NUMBER
26 OF VEHICLES WITH A GROSS VEHICLE WEIGHT OF 26,001 OR MORE POUNDS,

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1 TO A SINGLE ENTITY FOR COMMERCIAL BUSINESS, OR OTHER NONHOUSEHOLD
2 USE.

3 Sec. 213. The secretary of state and ~~such~~ THE officers
4 and investigators of the department ~~as he shall designate shall~~
5 ~~have the power~~ WHOM HE OR SHE DESIGNATES HAVE THE FOLLOWING
6 POWERS:

7 (A) ~~1.~~ To inspect any vehicle of a type required to be
8 registered ~~hereunder~~ UNDER THIS ACT AND THE SALVAGEABLE PARTS
9 OF A VEHICLE OF A TYPE REQUIRED TO BE REGISTERED UNDER THIS ACT
10 in any public garage or repair shop or in any place where ~~such~~
11 vehicles are held for sale, LEASE, DISMANTLING, or wrecking, for
12 the purpose of locating stolen vehicles AND PARTS OF STOLEN
13 VEHICLES and investigating the title and registration ~~thereof,~~
14 ~~and in~~ OF VEHICLES. IN enforcing the provisions of this
15 subdivision, ~~shall~~ THE SECRETARY OF STATE AND THE OFFICERS AND
16 INVESTIGATORS have the ~~power~~ POWERS of peace officers.

17 (B) ~~2.~~ To examine the books and records of all persons
18 licensed under this act pertaining to the selling, buying,
19 LEASING, DISMANTLING, BROKERING, or wrecking of vehicles of a
20 type required to be registered ~~hereunder~~ UNDER THIS ACT, and
21 the payment and collection of tax ~~thereon as hereinafter~~ pro-
22 vided FOR IN THIS ACT.

23 (C) ~~3. Of~~ THE POWERS OF peace officers for the purpose of
24 enforcing the provisions of chapter 5. ~~of this act.~~

25 Sec. 216. Every motor vehicle, pickup camper, trailer
26 coach, trailer, semitrailer, and pole trailer, when driven or
27 moved upon a highway, is subject to the registration and

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1 certificate of title provisions of this act except the
2 following:

3 (a) A vehicle driven or moved upon a highway in conformance
4 with the provisions of this act relating to manufacturers, trans-
5 porters, dealers, or nonresidents.

6 (b) A vehicle that is driven or moved upon a highway only
7 for the purpose of crossing that highway from 1 property to
8 another.

9 (c) An implement of husbandry.

10 (d) Special mobile equipment for which the secretary of
11 state may issue a special registration to an individual, partner-
12 ship, corporation, or association not licensed as a dealer to
13 identify the equipment when being moved over the streets and
14 highways upon payment of the required fee.

15 (e) A vehicle that is propelled exclusively by electric
16 power obtained from overhead trolley wires though not operated
17 upon rails.

18 (f) Any vehicle subject to registration, but owned by the
19 government of the United States.

20 (g) A certificate of title need not be obtained for a trail-
21 er, semitrailer, or pole trailer weighing less than 2,500 pounds.
22 ~~respectively.~~

23 (h) A vehicle driven or moved upon the highway only for the
24 purpose of securing a weight receipt from a weighmaster as is
25 required in section 801, or for obtaining a vehicle inspection by
26 a law enforcement agency before titling or registration, and then
27 only by the most direct route.

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1 (i) A certificate of title need not be obtained for a
2 vehicle owned by a manufacturer or dealer and held for sale OR
3 LEASE, even though incidentally moved on the highway or used for
4 purposes of testing or demonstration.

5 (j) A bus or school bus, as defined in section 4b or 57,
6 that is not self-propelled and used exclusively as a construction
7 shanty.

8 (k) A certificate of title need not be obtained for a
9 moped.

10 (l) For 3 days immediately following the date of a properly
11 assigned title OR SIGNED LEASE AGREEMENT from any person other
12 than a vehicle dealer, a registration need not be obtained for a
13 vehicle driven or moved upon the highway for the sole purpose of
14 transporting the vehicle in the most direct route from the place
15 of purchase OR LEASE to a place of storage if the driver has in
16 his or her possession the assigned title showing the date of sale
17 OR LEASE AGREEMENT SHOWING THE DATE OF THE LEASE.

18 (m) A certificate of registration need not be obtained for a
19 pickup camper, ~~. However,~~ BUT a certificate of title shall be
20 obtained. ~~for a pickup camper purchased after January 1, 1991.~~

21 (n) A new motor vehicle driven or moved upon the highway
22 only for the purpose of moving the vehicle from an accident site
23 to a storage location if the vehicle was being transported on a
24 railroad car or semitrailer that was involved in a disabling
25 accident.

26 Sec. 217. (1) An owner of a vehicle that is subject to
27 registration under this act shall apply to the secretary of

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1 state, upon an appropriate form furnished by the secretary of
2 state, for the registration of the vehicle and issuance of a cer-
3 tificate of title for the vehicle. ~~Effective January 1, 1994,~~
4 ~~a~~ A vehicle brought into this state from another state or juris-
5 diction that has a rebuilt, salvage, scrap, or comparable certif-
6 icate of title issued by that other state or jurisdiction shall
7 be issued a rebuilt, salvage, or scrap certificate of title by
8 the secretary of state. The application shall be accompanied by
9 the required fee. An application for a certificate of title
10 shall bear the signature of the owner. The application shall
11 contain all of the following:

12 (a) The owner's name, the owner's bona fide residence, and
13 either of the following:

14 (i) ~~The owner's mailing address, if~~ IF the owner is an
15 individual, THE OWNER'S MAILING ADDRESS.

16 (ii) ~~The owner's business address, if~~ IF the owner is a
17 firm, association, PARTNERSHIP, LIMITED LIABILITY COMPANY, or
18 corporation, THE OWNER'S BUSINESS ADDRESS.

19 (b) A description of the vehicle including the make or name,
20 style of body, and model year; the number of miles, not including
21 the tenths of a mile, registered on the vehicle's odometer at the
22 time of transfer; whether the vehicle is to be or has been used
23 as a taxi or police vehicle, or by a political subdivision of
24 this state, unless the vehicle is owned by a dealer and loaned or
25 leased to a political subdivision of this state for use as a
26 driver education vehicle; whether the vehicle has previously been
27 issued a salvage or rebuilt certificate of title from this state

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1 or a comparable certificate of title from any other state or
2 jurisdiction; vehicle identification number; and the vehicle's
3 weight fully equipped, if a passenger vehicle registered in
4 accordance with section 801(1)(a), and, if a trailer coach or
5 pickup camper, in addition to the weight, the manufacturer's
6 serial number, or in the absence of the serial number, a number
7 assigned by the secretary of state. A number assigned by the
8 secretary of state shall be permanently placed on the trailer
9 coach or pickup camper in the manner and place designated by the
10 secretary of state.

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

14 (d) Further information that the secretary of state reason-
15 ably requires to enable the secretary of state to determine
16 whether the vehicle is lawfully entitled to registration and the
17 owner entitled to a certificate of title. If the secretary of
18 state is not satisfied as to the ownership of a late model vehi-
19 cle or other vehicle having a value over \$2,500.00, before regis-
20 tering the vehicle and issuing a certificate of title, the secre-
21 tary of state may require the applicant to file a properly exe-
22 cuted surety bond in a form prescribed by the secretary of state
23 and executed by the applicant and a company authorized to conduct
24 a surety business in this state. The bond shall be in an amount
25 equal to twice the value of the vehicle as determined by the sec-
26 retary of state and shall be conditioned to indemnify or
27 reimburse the secretary of state, any prior owner, and any

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1 subsequent purchaser OR LESSEE of the vehicle and their
2 successors in interest against any expense, loss, or damage,
3 including reasonable attorney's fees, by reason of the issuance
4 of a certificate of title for the vehicle or on account of any
5 defect in the right, title, or interest of the applicant in the
6 vehicle. An interested person has a right of action to recover
7 on the bond for a breach of the conditions of the bond, but the
8 aggregate liability of the surety to all persons shall not exceed
9 the amount of the bond. The bond shall be returned at the end of
10 3 years, or before 3 years if the vehicle is no longer registered
11 in this state and the currently valid certificate of title is
12 surrendered to the secretary of state, unless the secretary of
13 state has received notification of the pendency of an action to
14 recover on the bond. If the secretary of state is not satisfied
15 as to the ownership of a vehicle that is valued at \$2,500.00 or
16 less and that is not a late model vehicle, the secretary of state
17 shall require the applicant to certify that the applicant is the
18 owner of the vehicle and entitled to register and title the
19 vehicle.

20 (e) Except as provided in subdivision (f), an application
21 for a commercial vehicle shall also have attached a scale weight
22 receipt of the motor vehicle fully equipped as of the time the
23 application is made. A scale weight receipt is not necessary if
24 there is presented with the application a registration receipt of
25 the previous year that shows on its face the empty weight of the
26 motor vehicle as registered with the secretary of state that is
27 accompanied by a statement of the applicant that there has not

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1 been structural change in the motor vehicle that has increased
2 the empty weight and that the previous registered weight is the
3 true weight.

4 (f) An application for registration of a vehicle on the
5 basis of elected gross weight shall include a declaration by the
6 applicant specifying the elected gross weight for which applica-
7 tion is being made.

8 (g) If the application is for a certificate of title of a
9 motor vehicle registered in accordance with section 801(1)(q),
10 the application shall include the manufacturer's suggested base
11 list price for the model year of the vehicle. Annually, the sec-
12 retary of state shall publish a list of the manufacturer's sug-
13 gested base list price for each vehicle being manufactured. Once
14 a base list price is published by the secretary of state for a
15 model year for a vehicle, the base list price shall not be
16 affected by subsequent increases in the manufacturer's suggested
17 base list price but shall remain the same throughout the model
18 year unless changed in the annual list published by the secretary
19 of state. If the secretary of state's list has not been pub-
20 lished for that vehicle by the time of the application for regis-
21 tration, the base list price shall be the manufacturer's sug-
22 gested retail price as shown on the label required to be affixed
23 to the vehicle under section 3 of the automobile information dis-
24 closure act, Public Law 85-506, 15 U.S.C. 1232. If the
25 manufacturer's suggested retail price is unavailable, the appli-
26 cation shall list the purchase price of the vehicle as defined in
27 section 801(4).

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1 (2) ~~Beginning October 1, 1999, the secretary of state shall~~
2 ~~require an~~ AN applicant for registration of a leased pickup
3 truck or passenger vehicle that is subject to registration under
4 this act, except a vehicle that is subject to registration tax
5 under section 801g, ~~to~~ SHALL disclose in writing the lessee's
6 name, the lessee's bona fide residence, and either of the
7 following:

8 (a) ~~The~~ IF THE LESSEE IS AN INDIVIDUAL, THE lessee's
9 Michigan driver license number or Michigan personal identifica-
10 tion number or, if the lessee does not have a Michigan driver
11 license or Michigan personal identification number, the lessee's
12 mailing address. ~~, if the lessee is an individual.~~

13 (b) ~~The lessee's business address, if~~ IF the lessee is a
14 firm, association, PARTNERSHIP, LIMITED LIABILITY COMPANY, or
15 corporation, THE LESSEE'S BUSINESS ADDRESS.

16 (3) The secretary of state shall maintain the information
17 described in subsection (2) on the secretary of state's computer
18 records.

19 (4) A dealer selling, LEASING, or exchanging vehicles
20 required to be titled, within 15 days after delivering a vehicle
21 to the purchaser OR LESSEE, and a person engaged in the sale of
22 vessels required to be numbered by part 801 of the natural
23 resources and environmental protection act, 1994 PA 451, MCL
24 324.80101 to 324.80199, within 15 days after delivering a boat
25 trailer weighing less than 2,500 pounds to the purchaser OR
26 LESSEE, shall apply to the secretary of state for a new title, if
27 required, and transfer or secure registration plates and secure a

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1 certificate of registration for the vehicle or boat trailer, in
2 the name of the purchaser OR LESSEE. The dealer's license may be
3 suspended or revoked in accordance with section 249 for failure
4 to apply for a title when required or for failure to transfer or
5 secure registration plates and certificate of registration within
6 the 15 days required by this section. If the dealer or person
7 fails to apply for a title when required, and to transfer or
8 secure registration plates and secure a certificate of registra-
9 tion and pay the required fees within 15 days of delivery of the
10 vehicle or boat trailer, a title and registration for the vehicle
11 or boat trailer may subsequently be acquired only upon the pay-
12 ment of a transfer fee of \$15.00 in addition to the fees speci-
13 fied in section 806. The purchaser OR LESSEE of the vehicle or
14 THE PURCHASER OF THE boat trailer shall sign the application,
15 including, when applicable, the declaration specifying the maxi-
16 mum elected gross weight, as required by subsection (1)(f), and
17 other necessary papers to enable the dealer or person to secure
18 the title, registration plates, and transfers from the secretary
19 of state.

20 (5) If a vehicle is delivered to a purchaser OR LESSEE who
21 has valid Michigan registration plates that are to be transferred
22 to the vehicle, and an application for title, if required, and
23 registration for the vehicle is not made before delivery of the
24 vehicle to the purchaser OR LESSEE, the registration plates shall
25 be affixed to the vehicle immediately, and the dealer shall pro-
26 vide the purchaser OR LESSEE with an instrument in writing, on a
27 form prescribed by the secretary of state, which shall serve as a

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1 temporary registration for the vehicle for a period of 15 days
2 from the date the vehicle is delivered.

3 (6) An application for a certificate of title that indicates
4 the existence of a security interest in the vehicle or in an
5 accessory to the vehicle, if requested by the security interest
6 holder, shall be accompanied by a copy of the security agreement
7 which need not be signed. The request may be made of the seller
8 on an annual basis. The secretary of state shall indicate on the
9 copy the date and place of filing of the application and return
10 the copy to the person submitting the application who shall for-
11 ward it to the holder of the security interest named in the
12 application.

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

25 "Under Michigan law, the seller must record a first lien in
26 favor of (name of lender) _____ on the vehicle with
27 vehicle identification number _____ and title the

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1 vehicle only in the name(s) shown on the reverse side." On the
2 front of the sales check or draft, the holder, finance company,
3 credit union, or banking institution shall note the name(s) of
4 the prospective owner(s). Failure of the holder, finance com-
5 pany, credit union, or banking institution to comply with these
6 requirements frees the seller from any obligation to record the
7 lien or from any liability that may arise as a result of the
8 failure to record the lien. A service fee shall not be charged
9 to the buyer.

10 (8) In the absence of actual malice proved independently and
11 not inferred from lack of probable cause, a person who in any
12 manner causes a prosecution for larceny of a motor vehicle; for
13 embezzlement of a motor vehicle; for any crime an element of
14 which is the taking of a motor vehicle without authority; or for
15 buying, receiving, possessing, LEASING, or aiding in the conceal-
16 ment of a stolen, embezzled, or converted motor vehicle knowing
17 that the motor vehicle has been stolen, embezzled, or converted,
18 is not liable for damages in a civil action for causing the
19 prosecution. This subsection does not relieve a person from
20 proving any other element necessary to sustain his or her cause
21 of action.

22 Sec. 217c. ~~-(1) An insurance company licensed to conduct~~
23 ~~business in this state that determines that a late model vehicle~~
24 ~~that the company insures has become a distressed vehicle shall~~
25 ~~proceed under either of the following:~~

26 ~~(a) If the insurance company acquires ownership of the~~
27 ~~vehicle through payment of a claim, the owner of the vehicle~~

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1 ~~shall assign the certificate of title to the insurance company~~
2 ~~which shall do all of the following:~~

3 ~~(i) Surrender a properly assigned certificate of title to~~
4 ~~the secretary of state.~~

5 ~~(ii) Apply for a salvage certificate of title. The insur-~~
6 ~~ance company shall not sell the vehicle without first receiving a~~
7 ~~salvage certificate of title which shall be assigned to the~~
8 ~~buyer.~~

9 ~~(b) If after payment of a claim the insurance company per-~~
10 ~~mits the owner of the vehicle to retain ownership, the insurance~~
11 ~~company shall do all of the following:~~

12 ~~(i) Require each owner of the vehicle to sign an application~~
13 ~~for a salvage certificate of title.~~

14 ~~(ii) Attach the owner's certificate of title to the applica-~~
15 ~~tion for a salvage certificate of title or have the owner certify~~
16 ~~that the certificate of title is lost.~~

17 ~~(iii) On behalf of the owner, apply to the secretary of~~
18 ~~state for a salvage certificate of title in the name of the~~
19 ~~owner. The owner shall not sell or otherwise dispose of the~~
20 ~~vehicle without first receiving a salvage certificate of title,~~
21 ~~which shall be assigned to the buyer.~~

22 ~~(2) If an insurance company acquires ownership of a vehicle~~
23 ~~other than a late model vehicle through payment of damages due to~~
24 ~~an accident, the company shall surrender a properly assigned~~
25 ~~title to the buyer upon delivery.~~

26 ~~(3) If a dealer, other than a vehicle scrap metal processor,~~
27 ~~acquires ownership of a late model vehicle that is a distressed~~

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1 ~~vehicle from an owner and receives an assigned certificate of~~
2 ~~title, the dealer shall surrender the assigned certificate of~~
3 ~~title to the secretary of state and apply for a salvage certifi-~~
4 ~~cate of title within 5 days after the dealer receives the~~
5 ~~assigned certificate of title. The dealer may sell the vehicle~~
6 ~~to another dealer by assigning the salvage certificate of title~~
7 ~~to the buyer. If the vehicle is sold to a buyer other than a~~
8 ~~dealer, application shall be made for a salvage certificate in~~
9 ~~the name of the buyer. A vehicle scrap metal processor shall~~
10 ~~surrender an assigned certificate of title to the secretary of~~
11 ~~state within 30 days after acquiring a vehicle for which a cer-~~
12 ~~tificate of title was received. A vehicle scrap metal processor~~
13 ~~shall surrender an assigned salvage certificate of title to the~~
14 ~~secretary of state within 30 days after acquiring a vehicle for~~
15 ~~which a salvage certificate of title was received and report that~~
16 ~~the vehicle was destroyed or scrapped.~~

17 ~~(4) If a person, other than a dealer or insurance company~~
18 ~~that is subject to subsection (1) or (3), acquires ownership of a~~
19 ~~late model vehicle that is a distressed vehicle, the person shall~~
20 ~~surrender the title or assigned certificate of title to the sec-~~
21 ~~retary of state and apply for a salvage certificate of title,~~
22 ~~before the vehicle may be transported. If an owner retains~~
23 ~~ownership of a late model vehicle that should be a distressed~~
24 ~~vehicle, the owner shall surrender the title or assigned certifi-~~
25 ~~cate of title to the owner's insurance company who, before pay-~~
26 ~~ment of a claim, shall apply for a salvage certificate of title~~
27 ~~in the name of the owner.~~

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1 ~~(5) An application for a salvage certificate of title shall~~
2 ~~be made on a form prescribed by the secretary of state accom-~~
3 ~~panied by a fee of \$10.00. The application shall contain all of~~
4 ~~the following:~~

5 ~~(a) The complete name and current address of the owner.~~

6 ~~(b) A description of the vehicle, including its make, style~~
7 ~~of body, model year, weight, color, and vehicle identification~~
8 ~~number.~~

9 ~~(c) A description of the damage to the vehicle.~~

10 ~~(d) Until July 1, 1994, a listing of each major component~~
11 ~~part that was not salvageable.~~

12 ~~(e) Further information as may reasonably be required by the~~
13 ~~secretary of state.~~

14 ~~(6) The secretary of state shall issue the salvage certifi-~~
15 ~~cate within 5 business days after the time the application is~~
16 ~~received at the secretary of state's office in Lansing. Until~~
17 ~~July 1, 1994, each salvage certificate of title shall include a~~
18 ~~listing of each major component part that was not salvageable.~~

19 ~~(7) A salvage certificate of title shall authorize the~~
20 ~~holder of the title to possess, transport, but not drive upon a~~
21 ~~highway, and transfer ownership in, a vehicle. A certificate of~~
22 ~~title or registration plates shall not be issued for a vehicle~~
23 ~~for which a salvage certificate of title was issued unless a spe-~~
24 ~~cially trained police officer certifies that the vehicle identi-~~
25 ~~fication numbers and parts identification numbers have been~~
26 ~~examined as to their accuracy, the applicant has proof of~~
27 ~~ownership of repair parts used, the vehicle complies with the~~

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1 ~~equipment standards of this act, and that certification~~
2 ~~accompanies the application for a certificate of title. Until~~
3 ~~January 1, 1994, an application for a certificate of title shall~~
4 ~~contain a description of each salvageable part used to repair the~~
5 ~~vehicle and any identification number affixed to or inscribed~~
6 ~~upon the part as required by federal law. A fee of \$25.00~~
7 ~~through June 30, 1994 shall be received by the police agency for~~
8 ~~inspection of the vehicle. Upon the satisfactory completion of~~
9 ~~the examination and other requirements for application, a certif-~~
10 ~~icate of title, in the same form as the original, shall be issued~~
11 ~~for the vehicle.~~

12 ~~(8) If a dealer other than a vehicle scrap metal processor~~
13 ~~acquires ownership of an older model vehicle from an owner and~~
14 ~~receives an assigned certificate of title, the dealer shall~~
15 ~~retain the assigned certificate of title as long as the dealer~~
16 ~~retains the vehicle. A vehicle scrap metal processor shall sur-~~
17 ~~render an assigned certificate of title to the secretary of state~~
18 ~~within 30 days after the vehicle is destroyed or scrapped.~~

19 ~~(9) A dealer other than a vehicle scrap metal processor~~
20 ~~selling or assigning a vehicle to a vehicle scrap metal processor~~
21 ~~shall make a record in triplicate on a form to be provided by the~~
22 ~~secretary of state in substantially the following form:~~

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1 ~~Scrap Vehicle Inventory:~~

2 Dealer name _____

3 Dealer address _____

4 Dealer license number _____

5 Conveyed to: _____ Date _____

6 ~~(Vehicle scrap metal processor)~~

7 Vehicles

8 Model Year _____ Vehicle Make _____ VIN _____

9 1. _____

10 2. _____

11 3. _____

12 etc.

13 ~~One copy shall be retained as a permanent record by the dealer, 1~~

14 ~~copy shall be forwarded with the vehicle to be retained by the~~

15 ~~vehicle scrap metal processor, and 1 copy shall be forwarded to~~

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1 ~~the secretary of state along with an assigned certificate of~~
2 ~~title or a salvage certificate.~~

3 ~~(10) A person, other than a used or secondhand vehicle parts~~
4 ~~dealer or a foreign salvage dealer, or an insurance company~~
5 ~~admitted to conduct business in this state, receiving a salvage~~
6 ~~certificate of title shall not sell the vehicle to anyone other~~
7 ~~than 1 of the following:~~

8 ~~(a) The vehicle's former owner.~~

9 ~~(b) A used or secondhand vehicle parts dealer.~~

10 ~~(c) A vehicle scrap metal processor.~~

11 ~~(d) A foreign salvage vehicle dealer licensed under this~~
12 ~~act.~~

13 ~~(e) A registered motor vehicle repair facility engaging in~~
14 ~~body work.~~

15 ~~(11) Subsections (1) through (10) shall apply until July 1,~~
16 ~~1994.~~

17 (1) ~~(12)~~ The secretary of state may conduct periodic
18 reviews of the records of a dealer to determine whether adequate
19 notice is given to a transferee OR LESSEE of a rebuilt salvage
20 vehicle of that vehicle's prior designation as a salvage
21 vehicle. The secretary of state may request an insurance company
22 to provide copies of salvage title documents and claims reports
23 involving major component parts to assist the secretary of state
24 in monitoring compliance with this act.

25 ~~(13) Subsections (14) through (36) shall apply on and after~~
26 ~~July 1, 1994.~~

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1 (2) ~~(14)~~ Except for a late model vehicle that has been
2 stolen and recovered and that has no major component part
3 removed, missing, or destroyed, or damaged and not salvageable,
4 an insurance company licensed to conduct business in this state
5 that acquires ownership of a late model vehicle through the pay-
6 ment of a claim shall proceed under either of the following:

7 (a) If the insurance company acquires ownership of the vehi-
8 cle through payment of a claim, the owner of the vehicle shall
9 assign the certificate of title to the insurance company which
10 shall do all of the following:

11 (i) Surrender a properly assigned certificate of title to
12 the secretary of state.

13 (ii) If the estimated cost of repair, including parts and
14 labor, is equal to or more than 75% but less than 91% of the pre-
15 damaged actual cash value of the vehicle, apply for a salvage
16 certificate of title, and if the estimated cost of repair,
17 including parts and labor, is equal to or greater than 91% of the
18 predamaged actual cash value of the vehicle, apply for a scrap
19 certificate of title. The insurance company shall not sell the
20 vehicle without first receiving a salvage or scrap certificate of
21 title, which shall be assigned to the buyer. An insurance com-
22 pany may assign a salvage or scrap certificate of the title only
23 to an automotive recycler, used or secondhand vehicle parts
24 dealer, foreign salvage vehicle dealer, or vehicle scrap metal
25 processor.

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1 (b) If after payment of a total loss claim the insurance
2 company permits the owner of the vehicle to retain ownership, the
3 insurance company shall do all of the following:

4 (i) If the estimated cost of repair, including parts and
5 labor, is equal to or greater than 75% but less than 91% of the
6 predamaged actual cash value of the vehicle, require each owner
7 of the vehicle to sign an application for a salvage certificate
8 of title, or if the estimated cost of repair, including parts and
9 labor, is equal to or greater than 91% of the predamaged actual
10 cash value of the vehicle, require each owner of the vehicle to
11 sign an application for a scrap vehicle certificate of title.

12 (ii) Attach the owner's certificate of title to the applica-
13 tion for a salvage or scrap certificate of title or have the
14 owner certify that the certificate of title is lost.

15 (iii) On behalf of the owner, apply to the secretary of
16 state for a salvage or scrap certificate of title in the name of
17 the owner. The owner shall not sell or otherwise dispose of the
18 vehicle without first receiving a salvage or scrap certificate of
19 title, which shall be assigned to the buyer. An insurance com-
20 pany may assign a salvage or scrap certificate of title only to
21 an automotive recycler, used or secondhand vehicle parts dealer,
22 foreign salvage vehicle dealer, or vehicle scrap metal
23 processor.

24 (3) ~~(15)~~ If an insurance company acquires ownership of a
25 vehicle other than a late model vehicle through payment of dam-
26 ages due to an accident, the company shall surrender a properly
27 assigned title to the buyer upon delivery.

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1 (4) ~~(16)~~ If a dealer acquires ownership of a late model
2 vehicle that is a distressed vehicle from an owner, the dealer
3 shall receive an assigned certificate of title. If the assigned
4 certificate of title is not a salvage or scrap certificate of
5 title, the dealer, other than a vehicle scrap metal processor,
6 shall surrender the assigned certificate of title to the secre-
7 tary of state, and if the estimated cost of repair, including
8 parts and labor, is equal to or greater than 75% but less than
9 91% of the predamaged actual cash value of the vehicle, apply for
10 a salvage certificate of title, or if the estimated cost of
11 repair, including parts and labor, is equal to or greater than
12 91% of the predamaged actual cash value of the vehicle, apply for
13 a scrap certificate of title within 5 days after the dealer
14 receives the assigned certificate of title. The dealer may sell
15 a salvage vehicle to another automotive recycler, used or second-
16 hand vehicle parts dealer, foreign salvage vehicle dealer, or
17 vehicle scrap metal processor by assigning the salvage certifi-
18 cate of title to the buyer. Unless the vehicle is rebuilt,
19 inspected, and recertified pursuant to this section, if the vehi-
20 cle is sold to a buyer other than a dealer, application shall be
21 made for a salvage certificate in the name of the buyer in the
22 manner provided in this act. The dealer may sell a scrap vehicle
23 only to a vehicle scrap metal processor. A vehicle scrap metal
24 processor shall surrender an assigned certificate of title to the
25 secretary of state within 30 days after acquiring a vehicle for
26 which a certificate of title was received. A vehicle scrap metal
27 processor shall surrender an assigned salvage or scrap

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1 certificate of title to the secretary of state within 30 days
2 after acquiring a vehicle for which a salvage or scrap certifi-
3 cate of title was received and report that the vehicle was
4 destroyed or scrapped.

5 (5) ~~(17)~~ An application for a scrap certificate of title
6 shall be made on a form prescribed by the secretary of state
7 accompanied by a fee of \$15.00. The application shall contain
8 all of the following:

9 (a) The complete name and current address of the owner.

10 (b) A description of the vehicle, including its make, style
11 of body, model year, fee category or weight, color, and vehicle
12 identification number.

13 (c) If the vehicle is a late model vehicle, a listing of
14 each major component part that was not salvageable.

15 (d) Further information as may reasonably be required by the
16 secretary of state.

17 (6) ~~(18)~~ The scrap certificate of title shall authorize
18 the holder of the document to transport but not drive upon a
19 highway the vehicle or parts of a vehicle, and assign ownership
20 to a vehicle scrap metal processor, automotive recycler, used or
21 secondhand vehicle parts dealer, or foreign salvage vehicle
22 dealer. A certificate of title shall not again be issued for
23 this vehicle. A person shall not rebuild or repair a scrap vehi-
24 cle and allow it to retain the original vehicle identification
25 number.

26 (7) ~~(19)~~ If a person, other than a dealer or insurance
27 company that is subject to subsection ~~(14)~~ (2) or ~~(16)~~ (4),

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1 acquires ownership of a distressed, late model vehicle, the
2 person shall surrender the title or assigned certificate of title
3 to the secretary of state, and if the estimated cost of repair,
4 including parts and labor, is equal to or greater than 75% but
5 less than 91% of the predamaged actual cash value of the vehicle,
6 apply for a salvage certificate of title, or if the estimated
7 cost of repair, including parts and labor, is equal to or greater
8 than 91% of the predamaged actual cash value of the vehicle,
9 apply for a scrap certificate of title before the vehicle may be
10 transported.

11 (8) ~~-(20)-~~ An owner of a vehicle may determine that A vehi-
12 cle ~~to be~~ IS a scrap vehicle or a salvage vehicle without
13 making any determination as to the actual cash value of the
14 vehicle.

15 (9) ~~-(21)-~~ If a leasing company, vehicle manufacturer,
16 insurance company not licensed to do business in this state,
17 association, repossession company, self-insured owner, financial
18 institution, governmental entity, or other company, institution,
19 or entity, owns a distressed, late model vehicle, the titleholder
20 shall surrender the title or assigned certificate of title to the
21 secretary of state and apply for a salvage certificate of title
22 if the retail cost of repair, including parts and labor, is equal
23 to or greater than 75% but less than 91% of the predamaged actual
24 cash value of the vehicle, or if the retail cost of repair,
25 including parts and labor, is equal to or greater than 91% of the
26 predamaged actual cash value of the vehicle, apply for a scrap
27 certificate of title, before the vehicle may be transported or

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1 sold. If ownership is transferred, the owner shall sell the
2 vehicle only to a dealer who is eligible to buy a salvage or
3 scrap vehicle in this state unless the owner complies with sub-
4 section ~~-(24)-~~ (12). When a leasing company, vehicle manufactur-
5 er, insurance company not licensed to do business in this state,
6 association, repossession company, self-insured owner, financial
7 institution, governmental entity, or other company, institution,
8 or entity, estimates the repair of a distressed, late model vehi-
9 cle for the purpose of determining whether to apply for a salvage
10 or scrap certificate of title, a complete record of the estimate
11 and, if the vehicle is repaired before a transfer of ownership, a
12 complete record of the actual cost of the repairs performed and
13 by whom shall be maintained for a minimum of 5 years by the leas-
14 ing company, vehicle manufacturer, insurance company not licensed
15 to do business in this state, association, repossession company,
16 self-insured owner, financial institution, governmental entity,
17 or other company, institution, or entity. The estimates and
18 repair records required by this subsection shall be available for
19 unannounced inspections by a law enforcement agency or a repre-
20 sentative of the secretary of state. The secretary of state may
21 request a leasing company, vehicle manufacturer, insurance com-
22 pany not licensed to do business in this state, association,
23 repossession company, self-insured owner, financial institution,
24 governmental entity, or other company, institution, or entity to
25 provide copies of title documents, repair estimates, claims
26 reports involving major component parts, and actual cash value

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1 determination documents to assist the secretary of state in
2 monitoring compliance with this act.

3 (10) ~~(22)~~ An application for a salvage certificate of
4 title shall be made on a form prescribed by the secretary of
5 state accompanied by a fee of \$10.00. The application shall con-
6 tain all of the following:

7 (a) The complete name and current address of the owner.

8 (b) A description of the vehicle, including its make, style
9 of body, model year, fee category or weight, color, and vehicle
10 identification number.

11 (c) An estimate of the cost repair, including parts and
12 labor, and an estimate of the predamaged actual cash value of the
13 vehicle.

14 (d) If the vehicle is a late model vehicle, a listing of
15 each major component part that was not salvageable.

16 (e) Further information as may reasonably be required by the
17 secretary of state.

18 (11) ~~(23)~~ The secretary of state shall issue and mail the
19 salvage certificate within 5 business days after the time the
20 application is received at the secretary of state's office in
21 Lansing. Each salvage certificate of title shall include a list-
22 ing of each major component part that was not salvageable.

23 (12) ~~(24)~~ A salvage certificate of title ~~shall authorize~~
24 AUTHORIZES the holder of the title to possess, transport, but not
25 drive upon a highway, and transfer ownership in, a vehicle. ~~A~~
26 THE SECRETARY OF STATE SHALL NOT ISSUE A certificate of title or
27 registration plates ~~shall not be issued~~ for a vehicle for which

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1 a salvage certificate of title was issued unless a specially
2 trained officer described in subsection ~~(25)~~ (14) certifies all
3 of the following:

4 (a) That the vehicle identification numbers and parts iden-
5 tification numbers ~~have been examined as to their accuracy~~ ARE
6 CORRECT.

7 (b) That the applicant has proof of ownership of repair
8 parts used.

9 (c) That the vehicle complies with the equipment standards
10 of this act.

11 (13) The certification required by ~~this~~ subsection (12)
12 shall be made on a form prescribed and furnished by the secretary
13 of state in conjunction with the department of state police and
14 shall accompany the application that is submitted to the secre-
15 tary of state for a certificate of title. An application for a
16 certificate of title shall contain a description of each salvage-
17 able part used to repair the vehicle and any identification
18 number affixed to or inscribed upon the part as required by state
19 or federal law. ~~Through June 30, 1994, a fee of \$25.00 shall be~~
20 ~~received by the police agency for inspection of the vehicle and~~
21 ~~shall be expended by that police agency as provided in this~~
22 ~~subsection.~~ Upon satisfactory completion of the inspection as
23 required by the secretary of state and other requirements for
24 application, THE SECRETARY OF STATE SHALL ISSUE a certificate of
25 title FOR THE VEHICLE bearing ~~an indicator of its previous~~ THE
26 LEGEND "REBUILT salvage". ~~status shall be issued for the~~
27 ~~vehicle. The salvage vehicle inspection fees collected by a~~

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1 ~~local police agency under this subsection shall be credited to~~
2 ~~the budget of that police agency for law enforcement purposes~~
3 ~~that affect stolen vehicles, stolen vehicle parts, and salvage~~
4 ~~vehicle inspections. A local police agency shall compensate an~~
5 ~~off-duty and limited enforcement police officer for a salvage~~
6 ~~vehicle inspection.~~

7 (14) ~~(25)~~ An officer specially trained as provided by the
8 secretary of state and authorized by the secretary of state to
9 conduct a salvage vehicle inspection is either of the following:

10 (a) An on-duty or off-duty police officer.

11 (b) A previously certified police officer who is appointed
12 by the local police agency as a limited enforcement officer to
13 conduct salvage vehicle inspections. The local police agency
14 shall give this officer access to the agency's law enforcement
15 information network system and the authority to confiscate any
16 stolen vehicle or vehicle parts discovered during an inspection.
17 The local police agency may give the officer the authority to
18 arrest a person suspected of having unlawful possession of a
19 stolen vehicle or vehicle parts.

20 (15) ~~(26)~~ The secretary of state shall issue a certificate
21 to an officer who is specially trained as provided by the secre-
22 tary of state to conduct salvage vehicle inspections. Only a
23 person who has a valid certification from the secretary of state
24 may perform salvage inspections. The secretary of state on his
25 or her own initiative or in response to complaints shall make
26 reasonable and necessary public or private investigations within
27 or outside of this state and gather evidence against an officer

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1 who was issued a certificate and who violated or is about to
2 violate this act or a rule promulgated under this act. The sec-
3 retary of state may suspend, revoke, or deny a certificate after
4 an investigation if the secretary of state determines that the
5 officer committed 1 or more of the following:

6 (a) Violated this act or a rule promulgated under this act.

7 (b) Was found guilty of a fraudulent act in connection with
8 the inspection, purchase, sale, LEASE, or transfer of a salvage
9 vehicle.

10 (c) Was found guilty of the theft, embezzlement, or misap-
11 propriation of salvage vehicle inspection fees.

12 (d) Performed improper, careless, or negligent salvage vehi-
13 cle inspections.

14 (e) Ceased to function as a police officer because of sus-
15 pension, retirement, dismissal, disability, or termination of
16 employment.

17 (f) Was convicted of a violation or attempted violation of
18 ~~Act No. 119 of the Public Acts of 1986, being sections 257.1351~~
19 ~~to 257.1355 of the Michigan Compiled Laws 1986 PA 119,~~
20 MCL 257.1351 TO 257.1355.

21 (g) Made a false statement of a material fact in his or her
22 certification of a salvage vehicle inspection or any record con-
23 cerning a salvage vehicle inspection.

24 (16) Upon receipt of the appropriate abstract of conviction
25 from a court and without any investigation, the secretary of
26 state shall immediately revoke the certificate of an officer who
27 has been convicted of a violation or attempted violation of

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1 section 413, 414, 415, 535, 535a, or 536a of the Michigan penal
2 code, ~~Act No. 328 of the Public Acts of 1931, being~~
3 ~~sections 750.413, 750.414, 750.415, 750.535, 750.535a, and~~
4 ~~750.536a of the Michigan Compiled Laws~~ 1931 PA 328, MCL 750.413,
5 750.414, 750.415, 750.535, 750.535A, AND 750.536A, or has been
6 convicted in federal court or in another state of a violation or
7 attempted violation of a law substantially corresponding to
8 ~~section 413, 414, 415, 535, 535a, or 536a of the Michigan penal~~
9 ~~code, Act No. 328 of the Public Acts of 1931~~ 1 OF THOSE
10 SECTIONS.

11 (17) ~~(27)~~ If a dealer acquires ownership of an older model
12 vehicle from an owner, the dealer shall receive an assigned cer-
13 tificate of title and shall retain it as long as he or she
14 retains the vehicle. A vehicle scrap metal processor shall sur-
15 render an assigned certificate of title to the secretary of state
16 within 30 days after the vehicle is destroyed or scrapped.

17 (18) ~~(28)~~ A dealer selling or assigning a vehicle to a
18 vehicle scrap metal processor shall make a record in triplicate
19 on a form to be provided by the secretary of state in substan-
20 tially the following form:

21

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1 Scrap Vehicle Inventory:

2 SELLER: Dealer name _____

3 Dealer address _____

4 Dealer license number _____

5 PURCHASER: Conveyed to: _____ Date _____

6 (Vehicle scrap metal processor)

7 Dealer address _____

8 Dealer license number _____

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	Vehicles				Dealer's	
					Stock	
4	Model Year	Vehicle Make	VIN	Title Number	Number	Color
5	1. _____	_____	_____	_____	_____	_____
6	2. _____	_____	_____	_____	_____	_____
7	3. _____	_____	_____	_____	_____	_____

8 etc.

9 One copy shall be retained as a permanent record by the dealer, 1
10 copy shall be forwarded with the vehicle to be retained by the
11 vehicle scrap metal processor, and 1 copy shall be forwarded to
12 the secretary of state.

13 (19) ~~(29)~~ A person, other than an automotive recycler,
14 used or secondhand vehicle parts dealer, or a foreign salvage
15 dealer, receiving a salvage certificate of title shall not sell
16 the vehicle to anyone other than 1 of the following:

- 17 (a) The vehicle's former owner.
- 18 (b) A used or secondhand vehicle parts dealer.
- 19 (c) A vehicle scrap metal processor.
- 20 (d) A foreign salvage vehicle dealer licensed under this
- 21 act.

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1 (e) An automotive recycler.

2 (20) ~~(30)~~ A person receiving a scrap certificate of title
3 shall not sell the vehicle to anyone other than 1 of the
4 following:

5 (a) An automotive recycler.

6 (b) A vehicle scrap metal processor.

7 (c) A foreign salvage vehicle dealer licensed under this
8 act.

9 (d) A used or secondhand vehicle parts dealer.

10 (21) ~~(31)~~ The secretary of state may conduct periodic
11 reviews of the records of a dealer to determine whether adequate
12 notice is given to a transferee OR LESSEE of a rebuilt salvage
13 vehicle of that vehicle's prior designation as a salvage
14 vehicle. The secretary of state may request an insurance company
15 to provide copies of salvage title documents and claims reports
16 involving major component parts to assist the secretary of state
17 in monitoring compliance with this act.

18 (22) ~~(32)~~ A licensed automotive recycler, used or second-
19 hand vehicle parts dealer, vehicle scrap metal processor, vehicle
20 salvage pool operator, distressed vehicle transporter, foreign
21 salvage vehicle dealer, or broker who has removed a scrap vehicle
22 from this state for the purpose of rebuilding the vehicle or
23 selling OR LEASING the vehicle to a person other than a vehicle
24 scrap metal processor, shall receive an automatic suspension of
25 ~~their~~ ITS dealer license and of any salvage vehicle agent's
26 license assigned to that dealer for a period of 30 days. Upon
27 receipt by the secretary of state of a written request from the

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1 dealer, the dealer shall have the right to an immediate hearing
2 on the matter within that 30-day period.

3 (23) ~~(33)~~ For the purpose of this section, the estimated
4 costs of the repair parts shall be determined by using the cur-
5 rent published retail cost of original manufacturer equipment
6 parts or an estimate of the actual cost of the repair parts. The
7 estimated labor costs shall be computed by using the hourly rate
8 and time allocations which are reasonable and commonly assessed
9 in the repair industry in the community where the repairs are
10 performed.

11 (24) ~~(34) Beginning July 1, 1994, a fee of \$50.00 shall be~~
12 ~~received by a~~ A police agency SHALL CHARGE A FEE for an inspec-
13 tion of a vehicle pursuant to subsection ~~(24)~~ (12). EACH LOCAL
14 AUTHORITY WITH A POLICE AGENCY SHALL DETERMINE THE AMOUNT OF THE
15 FEE FOR INSPECTIONS BY THAT POLICE AGENCY, WHICH SHALL NOT EXCEED
16 \$100.00. The ~~fee shall be credited~~ POLICE AGENCY SHALL CREDIT
17 THE FEE to the budget of that police agency and ~~used~~ USE THE
18 FEE for law enforcement purposes that affect stolen vehicles,
19 stolen vehicle parts, and salvage vehicle inspections. A local
20 police agency shall compensate an off-duty and limited enforce-
21 ment police officer for a salvage vehicle inspection.

22 (25) ~~(35)~~ For the purpose of this section, "actual cash
23 value" means the retail dollar value of a vehicle as determined
24 by an objective vehicle evaluation using local market resources
25 such as dealers or want ads or by an independent vehicle evalu-
26 ation or vehicle appraisal service or by a current issue of a

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1 nationally recognized used vehicle guide for financial
2 institution appraisal purposes in this state.

3 ~~(36) The secretary of state shall convene a task force in a~~
4 ~~timely manner to develop standards for police to use in perform-~~
5 ~~ing inspections. The task force shall include representatives of~~
6 ~~the Michigan sheriffs association, the chiefs of police associa-~~
7 ~~tion, the Michigan state police, the insurance industry, a used~~
8 ~~vehicle parts dealer, the automobile theft prevention authority,~~
9 ~~and an automotive recycler. Inspections may continue to be per-~~
10 ~~formed under existing standards until the task force approves new~~
11 ~~standards. Inspections under this act must be according to these~~
12 ~~standards and the standards shall be reported to the~~
13 ~~legislature.~~

14 Sec. 222. (1) Except as otherwise provided in this act, the
15 secretary of state shall issue a registration certificate and a
16 certificate of title when registering a vehicle ~~and~~ upon
17 receipt of the required fees. ~~A~~ THE SECRETARY OF STATE SHALL
18 ISSUE A REBUILT SALVAGE, SALVAGE, OR SCRAP CERTIFICATE OF TITLE
19 FOR A vehicle brought into this state from another state or
20 jurisdiction that has a rebuilt, salvage, or scrap certificate of
21 title issued by that other state or jurisdiction. ~~shall be~~
22 ~~issued a rebuilt, salvage, or scrap certificate of title by the~~
23 ~~secretary of state.~~

24 (2) The SECRETARY OF STATE SHALL DELIVER THE registration
25 certificate ~~shall be delivered~~ to the owner. ~~and~~ THE
26 CERTIFICATE shall contain on its face the date issued, the name
27 and address of the owner, the registration number assigned to the

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1 vehicle, and a description of the vehicle as determined by the
2 secretary of state.

3 (3) The certificate of title shall be manufactured in a
4 manner to prohibit as nearly as possible the ability to repro-
5 duce, alter, counterfeit, forge, or duplicate the certificate of
6 title without ready detection. ~~and~~ THE CERTIFICATE SHALL con-
7 tain on its face ~~the~~ ALL OF THE FOLLOWING:

8 (A) THE identical information required on the face of the
9 registration certificate. ~~if~~

10 (B) IF the vehicle is a motor vehicle, the number of miles,
11 not including the tenths of a mile, registered on the vehicle's
12 odometer at the time of transfer. ~~whether~~

13 (C) WHETHER the vehicle is to be used or has been used as a
14 taxi, as a police vehicle, or by a political subdivision of this
15 state, unless the vehicle is owned by a dealer and loaned or
16 leased to a political subdivision of this state for use as a
17 driver education vehicle. ~~whether~~

18 (D) WHETHER the vehicle is a salvage vehicle. ~~if~~

19 (E) IF the vehicle has previously been issued a rebuilt cer-
20 tificate of title from this state or a comparable certificate of
21 title from any other state or jurisdiction. ~~if~~

22 (F) IF the vehicle has been issued a scrap certificate of
23 title from this state or a comparable certificate of title from
24 any other state or jurisdiction. ~~if~~

25 (G) IF the owner or co-owner or lessee or co-lessee of the
26 vehicle is subject to registration denial under
27 section 219(1)(d). ~~a~~

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1 (H) A statement of the owner's title and of all security
2 interests in the vehicle or in an accessory on the vehicle as set
3 forth in the application. ~~the~~

4 (I) THE date that the application was filed. ~~and any~~

5 (J) ANY other information that the secretary of state may
6 require.

7 (4) The certificate of title shall contain a form for
8 assignment of title or interest and warranty of title by the
9 owner with space for the notation of a security interest in the
10 vehicle and in an accessory on the vehicle, which at the time of
11 a transfer shall be certified and signed, and space for a written
12 odometer mileage statement that is required upon transfer pursu-
13 ant to section 233a. The certificate of title may also contain
14 other forms that the secretary of state considers necessary to
15 facilitate the effective administration of this act. The certif-
16 icate shall bear the coat of arms of this state.

17 (5) The SECRETARY OF STATE SHALL MAIL OR DELIVER THE certif-
18 icate of title ~~shall be mailed or delivered~~ to the owner or
19 other person the owner may direct in a separate instrument, in a
20 form PRESCRIBED BY the secretary of state. ~~shall prescribe.~~

21 (6) A person who intentionally reproduces, alters, counter-
22 feits, forges, or duplicates a certificate of title or who uses a
23 reproduced, altered, counterfeited, forged, or duplicated certif-
24 icate of title shall be punished as follows:

25 (a) If the intent of reproduction, alteration, counterfeit-
26 ing, forging, duplication, or use was to commit or aid in the
27 commission of an offense punishable by imprisonment for 1 or more

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1 years, the person committing the reproduction, alteration,
2 counterfeiting, forging, duplication, or use is guilty of a mis-
3 demeanor, punishable by imprisonment for a period equal to that
4 which could be imposed for the commission of the offense the
5 person had the intent to aid or commit. The court may also
6 assess a fine of not more than \$10,000.00 against the person.

7 (b) If the intent of the reproduction, alteration, counter-
8 feiting, forging, duplication, or use was to commit or aid in the
9 commission of an offense punishable by imprisonment for not more
10 than 1 year, the person committing the reproduction, alteration,
11 counterfeiting, forging, duplication, or use is guilty of a mis-
12 demeanor, punishable by imprisonment for not more than 1 year, or
13 a fine of not more than \$1,000.00, or both.

14 (7) The certificate of title for a police vehicle, a vehicle
15 owned by a political subdivision of this state, a salvage vehi-
16 cle, a rebuilt vehicle, and a scrap vehicle shall be different in
17 color from the certificate of title for all other vehicles unless
18 the vehicle is loaned or leased to a political subdivision of
19 this state for use as a driver education vehicle.

20 (8) A scrap certificate of title shall contain a legend that
21 the vehicle is not to be titled or registered and is to be used
22 for parts or scrap metal only.

23 (9) A certificate of title shall not be issued for a vehicle
24 ~~which~~ THAT has had a salvage certificate of title unless the
25 certificate of title contains ~~a~~ THE legend ~~that discloses the~~
26 ~~vehicle's former condition to consumers and potential purchasers~~
27 "REBUILT SALVAGE".

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1 Sec. 226. (1) A vehicle registration issued by the
2 secretary of state expires on the owner's birthday, unless
3 another expiration date is provided for under this act or unless
4 the registration is for the following vehicles, in which case
5 registration expires on the last day of February:

6 (a) A commercial vehicle except for a commercial vehicle
7 issued a registration under the international registration plan
8 or a pickup truck or van owned by an individual.

9 (b) Except for a trailer or semitrailer issued a registra-
10 tion under the international registration plan, a trailer or
11 semitrailer owned by a business, corporation, or person other
12 than an individual; or a pole trailer.

13 (2) The expiration date for a registration issued for a
14 motorcycle is March 31.

15 (3) The expiration date for a registration bearing the let-
16 ters "SEN" or "REP" is February 1.

17 (4) In the case of a vehicle owned by a business, corpora-
18 tion, or an owner other than an individual, the secretary of
19 state may assign or reassign the expiration date of the
20 registration.

21 (5) The secretary of state shall do all of the following:

22 (a) After the October 1 immediately preceding the year des-
23 ignated on the registration, issue a registration upon applica-
24 tion and payment of the proper fee for a commercial vehicle,
25 other than a pickup or van owned by an individual; or a trailer
26 owned by a business, corporation, or person other than an
27 individual.

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1 (b) Beginning 60 days before the expiration date assigned on
2 an international registration plan registration plate, issue a
3 registration under section 801g upon application and payment of
4 the proper apportioned fee for a commercial vehicle engaged in
5 interstate commerce.

6 (c) After the February 14 immediately preceding the year
7 designated on a registration, issue a registration upon applica-
8 tion and payment of the proper fee for a motorcycle.

9 (d) Beginning 45 days before the owner's birthday and 120
10 days before the expiration date assigned by the secretary of
11 state, issue a registration for a vehicle other than those desig-
12 nated in subsection (1)(a) or (b). However, if an owner whose
13 registration period begins 45 days before his or her birthday
14 will be out of the state during the 45 days immediately preceding
15 expiration of a registration or for other good cause shown cannot
16 apply for a renewal registration within the 45-day period, appli-
17 cation for a renewal registration may be made not more than 6
18 months before expiration.

19 (6) Except as otherwise provided in this subsection, the
20 secretary of state, upon application and payment of the proper
21 fee, shall issue a registration for a vehicle to a resident that
22 shall expire on the owner's birthday. If the owner's next birth-
23 day is at least 6 months but not more than 12 months in the
24 future, the owner shall receive a registration valid until the
25 owner's next birthday. If the owner's next birthday is less than
26 6 months in the future, the owner shall receive a registration
27 valid until the owner's birthday following the owner's next

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1 birthday. The tax required under this act for a registration
2 described in this subsection shall bear the same relationship to
3 the tax required under section 801 for a 12-month registration as
4 the length of time of the registration bears to 12 months.
5 Partial months shall be considered as whole months in the calcu-
6 lation of the required tax and in the determination of the length
7 of time between the application for a registration and the
8 owner's next birthday. The tax required for that registration
9 shall be rounded off to whole dollars as provided in section
10 801.

11 (7) A certificate of title shall remain valid until canceled
12 by the secretary of state for cause or upon a transfer of an
13 interest shown on the certificate of title.

14 (8) The secretary of state, upon request, shall issue spe-
15 cial registration for commercial vehicles, valid for 6 months
16 after the date of issue, if the full registration fee exceeds
17 \$50.00, on the payment of 1/2 the full registration fee and a
18 service charge as enumerated in section 802(1).

19 (9) The secretary of state may issue a special registration
20 for each of the following:

21 (a) A new vehicle purchased OR LEASED outside of this state
22 and delivered in this state to the purchaser OR LESSEE by the
23 manufacturer of that vehicle for removal to a place outside of
24 this state, if a certification is made that the vehicle will be
25 primarily used, stored, and registered outside of this state and
26 will not be returned to this state by the purchaser OR LESSEE for
27 use or storage.

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1 (b) A vehicle purchased OR LEASED in this state and
2 delivered to the purchaser OR LESSEE by a dealer or by the owner
3 of the vehicle for removal to a place outside of this state, if a
4 certification is made that the vehicle will be primarily used,
5 stored, and registered outside of this state and will not be
6 returned to this state by the purchaser OR LESSEE for use or
7 storage.

8 (10) A special registration issued under subsection (9) is
9 valid for not more than 14 days after the date of issuance, and a
10 fee shall be collected for each special registration as provided
11 in section 802(3). The special registration may be in the form
12 determined by the secretary of state. If a dealer makes a retail
13 sale OR LEASE of a vehicle to a purchaser OR LESSEE who is quali-
14 fied and eligible to obtain a special registration, the dealer
15 shall apply for the special registration for the purchaser OR
16 LESSEE. If a person other than a dealer sells OR LEASES a vehi-
17 cle to a purchaser OR LESSEE who is qualified and eligible to
18 obtain a special registration, the purchaser OR LESSEE shall
19 appear in person, or by a person exercising the purchaser's OR
20 LESSEE'S power of attorney, at an office of the secretary of
21 state and furnish a certification that the person is the bona
22 fide purchaser OR LESSEE or that the person has granted the power
23 of attorney, together with other forms required for the issuance
24 of the special registration and provide the secretary of state
25 with proof that the vehicle is covered by a Michigan no-fault
26 insurance policy issued pursuant to section 3101 of the insurance
27 code of 1956, 1956 PA 218, MCL 500.3101, or proof that the

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1 vehicle is covered by a policy of insurance issued by an insurer
2 pursuant to section 3163 of the insurance code of 1956, 1956
3 PA 218, MCL 500.3163. The certification required in this subsec-
4 tion shall contain all of the following:

5 (a) The address of the purchaser OR LESSEE.

6 (b) A statement that the vehicle is purchased OR LEASED for
7 registration outside of this state.

8 (c) A statement that the vehicle shall be primarily used,
9 stored, and registered outside of this state.

10 (d) The name of the jurisdiction in which the vehicle is to
11 be registered.

12 (e) Other information ~~desired~~ REQUESTED by the secretary
13 of state.

14 (11) Upon request, the secretary of state may issue a regis-
15 tration valid for 6 months after the date of issuance for use on
16 a trailer or semitrailer weighing 1,500 pounds or less and that
17 is used for recreational purposes, upon payment of 1/2 the full
18 registration fee imposed under section 801(1)(l).

19 (12) In the case of a commercial vehicle, trailer, or semi-
20 trailer issued a registration under the international registra-
21 tion plan, the secretary of state in mutual agreement with the
22 owner may assign or reassign the expiration date of the
23 registration. However, the expiration date agreed to shall be
24 either March 31, June 30, September 30, or December 31. Renewals
25 expiring on or after September 30, 1993 shall be for a minimum of
26 at least 12 months if there is a change in the established
27 expiration date.

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1 (13) The expiration date for a multiyear registration issued
2 for a leased vehicle shall be the date the lease expires but
3 shall not be for a period longer than 24 months.

4 Sec. 226a. (1) Temporary registration plates or markers may
5 be issued to licensed dealers in vehicles and to persons engaged
6 in the sale of vessels required to be numbered by part 801 of the
7 natural resources and environmental protection act, 1994 PA 451,
8 MCL 324.80101 to 324.80199, upon application accompanied by the
9 proper fee, for use by purchasers OR LESSEES of vehicles, for not
10 to exceed 15 days pending receipt of regular registration plates
11 from the dealer or person.

12 Only 1 temporary plate or marker may be issued to a pur-
13 chaser OR LESSEE of a vehicle. If a dealer or person requires a
14 purchaser OR LESSEE of a vehicle or PURCHASER OR LESSEE OF A
15 vessel to pay for a temporary plate or marker, the dealer or
16 person shall not charge the purchaser OR LESSEE more than the
17 dealer or person was charged by the secretary of state for the
18 individual plate or marker. The SECRETARY OF STATE SHALL DETER-
19 MINE THE COMPOSITION AND DESIGN OF THE temporary registration
20 plates or markers. ~~shall be made of such material and design as~~
21 ~~the secretary of state shall determine.~~

22 (2) A temporary registration plate or marker shall show in
23 ink the date of issue, a description of the vehicle for which
24 issued, and ~~such~~ ANY other information ~~as~~ REQUIRED BY the
25 secretary of state. ~~may require.~~ A dealer or person shall imme-
26 diately notify the secretary of state of each temporary
27 registration plate or marker issued by the dealer or person, on a

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1 form prescribed by the secretary of state. Upon the attachment
2 of the regular plate to a vehicle for which a temporary registra-
3 tion plate or marker has been issued, the temporary plate shall
4 be destroyed.

5 (3) All temporary registration plates or markers shall be
6 serially numbered and upon issuance the number shall be noted on
7 the statement of vehicle sale form or in the case of a boat
8 trailer on a form prescribed by the secretary of state.

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

15 (5) ~~Registration plates may be issued~~ THE SECRETARY OF
16 STATE MAY ISSUE A REGISTRATION PLATE upon application and payment
17 of the proper fee to an individual, partnership, corporation, or
18 association who in the ordinary course of business has occasion
19 to legally repossess a vehicle in which a security interest is
20 held. A registration plate issued pursuant to this subsection
21 shall be used to move and dispose of a vehicle.

22 (6) ~~Registration plates may be issued~~ THE SECRETARY OF
23 STATE MAY ISSUE A REGISTRATION PLATE upon application and payment
24 of the proper fee to an individual, partnership, corporation, or
25 association who in the ordinary course of business has occasion
26 to legally pick up or deliver a vehicle not required to be titled
27 under this act, or to repair or service a vehicle, or to persons

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1 defined as dealers under part 801 of ~~Act No. 451 of the Public~~
2 ~~Acts of 1994~~ THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION
3 ACT, 1994 PA 451, MCL 324.80101 TO 324.80199, for the purpose of
4 delivering a vessel or trailer to a customer or to and from a
5 boat show or exposition. A registration plate issued under this
6 subsection shall be used to move ~~such a~~ THE vehicle.

7 (7) ~~Registration plates may be issued~~ THE SECRETARY OF
8 STATE MAY ISSUE A REGISTRATION PLATE upon application and payment
9 of the proper fee to an individual, partnership, corporation, or
10 association who in the ordinary course of business operates an
11 auto auction, and who in the ordinary course of business has
12 occasion to legally pick up a vehicle which will be offered for
13 sale at the auction, or deliver a vehicle which has been offered
14 for sale at the auction. ~~Such~~ THE registration ~~plates~~ PLATE
15 shall be used only to move vehicles as provided in this
16 subsection. Auto auctions that make application for ~~such~~ A
17 registration ~~plates~~ PLATE UNDER THIS SUBSECTION shall furnish a
18 surety bond as ~~may be~~ required by the secretary of state.

19 Sec. 233b. (1) As used in this section:

20 (a) "Distributor" means that term as defined in section 3(1)
21 of ~~Act No. 118 of the Public Acts of 1981, being~~
22 ~~section 445.1563 of the Michigan Compiled Laws~~ 1981 PA 118,
23 MCL 445.1563.

24 (b) "Manufacturer" means that term as defined in
25 section 4(2) of ~~Act No. 118 of the Public Acts of 1981, being~~
26 ~~section 445.1564 of the Michigan Compiled Laws~~ 1981 PA 118,
27 MCL 445.1564.

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1 (c) "Program vehicle" means a motor vehicle from either the
2 current model year or the immediately preceding model year, that
3 was repurchased by a manufacturer or distributor from a rental
4 car company.

5 (2) Except as provided in this subsection, a new motor vehi-
6 cle dealer shall disclose in writing to a purchaser OR LESSEE of
7 a new motor vehicle, demonstrator, executive or manufacturer's
8 vehicle, or program vehicle before entering into a sales contract
9 OR LEASE AGREEMENT that, after the vehicle completed the manufac-
10 turing process, the vehicle was damaged and repaired, including
11 an itemization of repairs, if the dealer has knowledge of the
12 damage and repairs and if the cost of the cumulative repairs, as
13 calculated at the rate of the dealer's authorized warranty rate
14 for labor and parts exceeds either 1 of the following:

15 (a) Five percent of the manufacturer's suggested retail
16 price of the vehicle.

17 (b) Seven hundred fifty dollars in surface coating repairs
18 or corrosion protection restoration or a combination of these
19 items. If a new motor vehicle dealer fails to comply with this
20 subsection, the purchaser OR LESSEE shall retain all applicable
21 remedies available under article 2 of the uniform commercial
22 code, ~~Act No. 174 of the Public Acts of 1962, being~~
23 ~~sections 440.2101 to 440.2725 of the Michigan Compiled Laws~~ 1962
24 PA 174, MCL 440.2101 TO 440.2725.

25 (3) A dealer in new motor vehicles is not required to dis-
26 close to a purchaser OR LESSEE under this act that any glass,
27 tires, wheels, bumpers, audio equipment, in-dash components, or

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1 components contained in the living quarters of a motor home that
2 are not required for the operation of the motor home as a motor
3 vehicle were damaged at any time if the damaged item has been
4 replaced with original manufacturer's parts and material.

5 (4) Repaired damage to a motor vehicle, subject to this sec-
6 tion, not exceeding the cost of cumulative repairs as determined
7 pursuant to subsection (2) shall not constitute grounds for revo-
8 cation of acceptance by the purchaser OR LESSEE. The right of
9 revocation ceases upon the purchaser's OR LESSEE'S acceptance of
10 delivery of the vehicle.

11 Sec. 244. (1) A manufacturer owning ~~any~~ A vehicle of a
12 type otherwise required to be registered under this act may oper-
13 ate or move the vehicle upon a street or highway solely for the
14 purposes of transporting or testing or in connection with a golf
15 tournament or a public civic event, if the vehicle displays, in
16 the manner prescribed in section 225, 1 special plate approved by
17 the secretary of state.

18 (2) A producer of a vehicle subcomponent system essential to
19 the operation of the vehicle or the safety of an occupant may
20 operate or move a motor vehicle upon a street or highway solely
21 to transport or test the subcomponent system if the motor vehicle
22 displays, in the manner prescribed in section 225, 1 special
23 plate approved by the secretary of state. To be eligible for the
24 special plate, the subcomponent system producer must be either a
25 recognized subcomponent system producer or must be a subcomponent
26 system producer under contract with a vehicle manufacturer.

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1 (3) A dealer owning ~~any~~ A vehicle of a type otherwise
2 required to be registered under this act may operate or move the
3 vehicle upon a street or highway without registering the vehicle
4 if the vehicle displays, in the manner prescribed in section 225,
5 1 special plate issued to the owner by the secretary of state.
6 As used in this subsection, "dealer" includes ~~any~~ AN employee,
7 servant, or agent of the dealer.

8 (4) A transporter may operate or move ~~any~~ A vehicle of
9 ~~like type~~ A TYPE OTHERWISE REQUIRED TO BE REGISTERED UNDER THIS
10 ACT upon a street or highway solely to deliver the vehicle ~~upon~~
11 ~~displaying~~ IF THE VEHICLE DISPLAYS, IN THE MANNER PRESCRIBED IN
12 SECTION 225, a special plate issued to him or her as provided in
13 this chapter.

14 (5) ~~The plates~~ A LICENSEE SHALL NOT USE A SPECIAL PLATE
15 described in this section ~~shall not be used~~ on service cars or
16 wreckers ~~which are being~~ operated as an adjunct of a licensee's
17 business. A manufacturer, transporter, or dealer ~~,~~ making or
18 permitting any unauthorized use of a special plate ISSUED under
19 this chapter ~~is considered to have forfeited its license under~~
20 ~~this chapter~~ FORFEITS THE RIGHT TO USE SPECIAL PLATES and the
21 secretary of state, after notice and a hearing, may suspend or
22 cancel the right to use ~~the~~ SPECIAL plates and ~~cause the~~
23 REQUIRE THAT THE SPECIAL plates ~~to~~ be surrendered to ~~and~~ OR
24 repossessed by the state.

25 (6) ~~Transporters~~ A TRANSPORTER shall furnish a sufficient
26 surety bond or policy of insurance as protection for public

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1 liability and property damage as may be required by the secretary
2 of state.

3 (7) The secretary of state shall determine the number of
4 SPECIAL plates a manufacturer, dealer, or transporter reasonably
5 needs in his or her business.

6 (8) ~~Upon the sale of~~ IF a vehicle ~~otherwise~~ THAT IS
7 required to be registered under this act IS LEASED OR SOLD, the
8 vendee ~~shall be~~ OR LESSEE IS permitted to operate the vehicle
9 upon a street or highway for not more than 72 hours after taking
10 possession ~~, but during that time~~ IF the vehicle ~~shall have~~
11 ~~the~~ HAS A dealer plate attached as provided in this section.
12 The application for registration shall be made in the name of the
13 vendee OR LESSEE before the vehicle is used. The dealer and the
14 vendee ~~shall be~~ OR LESSEE ARE jointly responsible for the
15 return of the dealer plate to the dealer within 72 hours, and the
16 failure of the vendee OR LESSEE to return or the vendor OR LESSOR
17 to use due diligence to procure the dealer plate ~~shall~~
18 ~~constitute~~ IS a misdemeanor, and in addition the license of the
19 dealer may be revoked. ~~The vendee, while~~ WHILE using ~~the~~ A
20 dealer's plate, A VENDEE OR LESSEE shall have in his or her pos-
21 session proof that clearly indicates the date of sale OR LEASE of
22 the motor vehicle.

23 (9) ~~Vehicles~~ A VEHICLE owned by ~~the~~ A dealer and bearing
24 the dealer's plate may be driven upon a street or highway for
25 demonstration purposes by ~~any~~ A prospective buyer OR LESSEE for
26 a period of 72 hours.

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1 Sec. 248. (1) ~~A~~ THE SECRETARY OF STATE SHALL NOT GRANT A
2 dealer license ~~shall not be granted~~ under this section until an
3 investigation is made of the applicant's qualifications under
4 this act, except that this subsection does not apply to license
5 renewals. The secretary of state shall make the investigation
6 within 15 days after receiving the application and make a report
7 on the investigation.

8 (2) An applicant for a new vehicle dealer or a used or sec-
9 ondhand vehicle dealer or broker license shall include a properly
10 executed bond or renewal certificate with the application. If a
11 renewal certificate is used, the bond is considered renewed for
12 each succeeding year in the same amount and with the same effect
13 as an original bond. The bond shall be in the sum of \$10,000.00
14 with good and sufficient surety to be approved by the secretary
15 of state. The bond shall indemnify or reimburse a purchaser,
16 seller, LESSEE, financing agency, or governmental agency for mon-
17 etary loss caused through fraud, cheating, or misrepresentation
18 in the conduct of the vehicle business whether the fraud, cheat-
19 ing, or misrepresentation was made by the dealer or by an employ-
20 ee, agent, or salesperson of the dealer. The surety shall make
21 indemnification or reimbursement for a monetary loss only after
22 judgment based on fraud, cheating, or misrepresentation has been
23 entered in a court of record against the licensee. The bond
24 shall also indemnify or reimburse the state for any sales tax
25 deficiency as provided in the general sales tax act, 1933 PA 167,
26 MCL 205.51 to 205.78, or use tax deficiency as provided in the
27 use tax act, 1937 PA 94, MCL 205.91 to 205.111, for the year in

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1 which the bond is in force. The surety shall make
2 indemnification or reimbursement only after final judgment has
3 been entered in a court of record against the licensee. A dealer
4 or applicant who has furnished satisfactory proof that a bond
5 similar to the bond required by this subsection is executed and
6 in force is exempt from the bond provisions set forth in this
7 subsection. The aggregate liability of the surety shall not
8 exceed the sum of the bond. The surety on the bond may cancel
9 the bond upon giving 30 days' notice in writing to the secretary
10 of state and thereafter is not liable for a breach of condition
11 occurring after the effective date of the cancellation.

12 (3) An applicant for a new vehicle dealer or a used or sec-
13 ondhand vehicle dealer license shall apply for not less than 2
14 dealer plates as provided by section 245 and shall include with
15 the application the proper fee as provided by section 803.

16 (4) As a condition precedent to the granting of a license, a
17 dealer shall file with the secretary of state an irrevocable
18 written stipulation, authenticated by the applicant, stipulating
19 and agreeing that legal process affecting the dealer, served on
20 the secretary of state or a deputy of the secretary of state, has
21 the same effect as if personally served on the dealer. This
22 appointment remains in force as long as the dealer has any out-
23 standing liability within this state.

24 (5) A person shall not carry on or conduct the business of
25 buying, selling, brokering, LEASING, NEGOTIATING A LEASE, or
26 dealing in 5 OR MORE vehicles of a type required to be titled
27 under this act IN A 12-MONTH PERIOD unless the person obtains a

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1 dealer license from the secretary of state authorizing the
2 carrying on or conducting of that business. A person shall not
3 carry on or conduct the business of buying, selling, brokering,
4 LEASING, NEGOTIATING A LEASE, or dealing in 5 OR MORE distressed,
5 late model vehicles or salvageable parts TO 5 OR MORE OF THOSE
6 VEHICLES IN A 12-MONTH PERIOD unless the person obtains a used or
7 secondhand vehicle parts dealer, an automotive recycler, or a
8 salvage pool license from the secretary of state or is an insur-
9 ance company admitted to conduct business in this state. A
10 person shall not carry on or conduct the business of buying 5 OR
11 MORE vehicles IN A 12-MONTH PERIOD to process into scrap metal or
12 store or display 5 OR MORE vehicles IN A 12-MONTH PERIOD as an
13 agent or escrow agent of an insurance company unless the person
14 obtains a dealer license from the secretary of state. A vehicle
15 scrap metal processor who does not purchase vehicles or salvagea-
16 ble parts from unlicensed persons is not required to obtain a
17 dealer license. A person from another state shall not purchase,
18 sell, or otherwise deal in distressed, late model vehicles or
19 salvageable parts unless the person obtains a foreign salvage
20 vehicle dealer license from the secretary of state as prescribed
21 under section 248b. A person, including a dealer, shall not pur-
22 chase or acquire a distressed, late model vehicle or a salvagea-
23 ble part through a salvage pool, auction, or broker without a
24 license as a salvage vehicle agent. The secretary of state shall
25 investigate and seek prosecution, if necessary, of persons
26 allegedly conducting a business without a license.

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1 (6) The application for a dealer license shall be in the
2 form prescribed by the secretary of state and shall be signed by
3 the applicant. In addition to other information as may be
4 required by the secretary of state, the application shall include
5 all of the following:

6 (a) Name of applicant.

7 (b) Location of applicant's established place of business in
8 this state.

9 (c) The name under which business is to be conducted.

10 (d) If the business is a corporation, the state of
11 incorporation.

12 (e) Name, address, date of birth, and social security number
13 of each owner or partner and, if a corporation, the name,
14 address, date of birth, and social security number of each of the
15 principal officers.

16 (f) The county in which the business is to be conducted and
17 the address of each place of business in that county.

18 (g) If new vehicles are to be sold, the make to be handled.
19 Each new vehicle dealer shall send with the application for
20 license a certification that the dealer holds a bona fide con-
21 tract to act as factory representative, factory distributor, or
22 distributor representative to sell at retail (the make
23 of vehicle to be sold).

24 (h) A statement of the previous history, record, and associ-
25 ations of the applicant and of each owner, partner, officer, and
26 director. ~~—, which~~ THE statement shall be sufficient to

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1 establish to the satisfaction of the secretary of state the
2 business reputation and character of the applicant.

3 (i) A statement showing whether the applicant has previously
4 applied for a license, the result of the application, and whether
5 the applicant has ever been the holder of a dealer license that
6 was revoked or suspended.

7 (j) If the applicant is a corporation or partnership, a
8 statement showing whether a partner, employee, officer, or direc-
9 tor has been refused a license or has been the holder of a
10 license that was revoked or suspended.

11 (k) If the application is for a used or secondhand vehicle
12 parts dealer or an automotive recycler, it shall include all of
13 the following:

14 (i) Evidence that the applicant maintains or will maintain
15 an established place of business.

16 (ii) Evidence that the applicant maintains or will maintain
17 a police book and vehicle parts purchase and sales AND LEASE
18 records as required under this act.

19 (iii) Evidence of worker's compensation insurance coverage
20 for employees classified under the North American industrial
21 classification system number 42114, entitled "motor vehicle parts
22 (used) wholesalers" or under the national council on compensation
23 insurance classification code number 3821, entitled "automobile
24 dismantling and drivers", if applicable.

25 (l) Certification that neither the applicant nor another
26 person named on the application is acting as the alter ego of any
27 other person or persons in seeking the license. For the purpose

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1 of this subdivision, "alter ego" means a person who acts for and
2 on behalf of, or in the place of, another person for purposes of
3 obtaining a vehicle dealer license.

4 (7) A person shall apply separately for a dealer license for
5 each county in which business is to be conducted. Before moving
6 1 or more of his or her places of business or opening an addi-
7 tional place of business, a dealer shall apply to the secretary
8 of state for and obtain a supplemental dealer license, for which
9 a fee shall not be charged. A dealer license entitles the dealer
10 to conduct the business of buying, selling, LEASING, and dealing
11 in vehicles or salvageable parts in the county covered by the
12 license. The dealer license shall also entitle the dealer to
13 conduct at any other licensed dealer's established place of busi-
14 ness in this state only the business of buying, selling, LEASING,
15 or dealing in vehicles at wholesale.

16 (8) The secretary of state shall classify and differentiate
17 vehicle dealers according to the type of activity they perform.
18 A dealer shall not engage in activities of a particular classifi-
19 cation as provided in this act unless the dealer is licensed in
20 that classification. An applicant may apply for a dealer license
21 in 1 or more of the following classifications:

- 22 (a) New vehicle dealer.
- 23 (b) Used or secondhand vehicle dealer.
- 24 (c) Used or secondhand vehicle parts dealer.
- 25 (d) Vehicle scrap metal processor.
- 26 (e) Vehicle salvage pool operator.

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1 (f) Distressed vehicle transporter.

2 (g) Broker.

3 (h) Foreign salvage vehicle dealer.

4 (i) Automotive recycler.

5 (9) A dealer license expires on December 31 of the last year
6 for which the license is issued. The secretary of state may
7 renew a dealer license for a period of not more than 4 years upon
8 application and payment of the fee required by section 807.

9 (10) A dealer may conduct the business of buying, selling,
10 or dealing in motor homes, trailer coaches, trailers, or pickup
11 campers at a recreational vehicle show conducted at a location in
12 this state without obtaining a separate or supplemental license
13 under subsection (7) if all of the following apply:

14 (a) The dealer is licensed as a new vehicle dealer or used
15 or secondhand vehicle dealer.

16 (b) The duration of the recreational vehicle show is not
17 more than 14 days.

18 (c) Not less than 14 days before the beginning date of the
19 recreational vehicle show, the show producer notifies the secre-
20 tary of state, in a manner and form prescribed by the secretary
21 of state, that the recreational vehicle show is scheduled, the
22 location, dates, and times of the recreational vehicle show, and
23 the name, address, and dealer license number of each dealer par-
24 ticipating in the recreational vehicle show.

25 Sec. 249. The secretary of state may deny the application
26 of a person for a license as a dealer and refuse to issue the
27 person a license as a dealer, or may suspend or revoke a license

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1 already issued, if the secretary of state finds that 1 or more of
2 the following apply:

3 (a) The applicant or licensee has made a false statement of
4 a material fact in his or her application.

5 (b) The applicant or licensee has not complied with the pro-
6 visions of this chapter or a rule promulgated under this
7 chapter.

8 (c) The applicant or licensee has sold OR LEASED or offered
9 for sale OR LEASE a new vehicle of a type required to be regis-
10 tered under this act without having authority of a contract with
11 a manufacturer or distributor of the new vehicle.

12 (d) The applicant or licensee has been guilty of a fraudu-
13 lent act in connection with selling, LEASING, or otherwise deal-
14 ing in vehicles of a type required to be registered under this
15 act.

16 (e) The applicant or licensee has entered into or is about
17 to enter into a contract or agreement with a manufacturer or dis-
18 tributor of vehicles of a type required to be registered under
19 this act ~~, which~~ THAT is contrary to any provision of this
20 act.

21 (f) The applicant or licensee has no established place of
22 business ~~which~~ THAT is used or will be used for the purpose of
23 selling, LEASING, displaying, ~~and~~ OR offering for sale OR LEASE
24 or dealing in vehicles of a type required to be registered, and
25 does not have proper servicing facilities.

26 (g) The applicant or licensee is a corporation or
27 partnership, and a stockholder, officer, director, or partner of

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1 the applicant or licensee has been guilty of any act or omission
2 that would be cause for refusing, revoking, or suspending a
3 license issued to the stockholder, officer, director, or partner
4 as an individual.

5 (h) The applicant or licensee has possessed a vehicle or a
6 vehicle part that has been confiscated under section 415 of the
7 Michigan penal code, ~~Act No. 328 of the Public Acts of 1931, as~~
8 ~~amended, being section 750.415 of the Michigan Compiled Laws~~
9 1931 PA 328, MCL 750.415. The secretary of state shall conduct a
10 hearing pursuant to the administrative procedures act of 1969,
11 ~~Act No. 306 of the Public Acts of 1969, as amended, being sec-~~
12 ~~tions 24.201 to 24.328 of the Michigan Compiled Laws~~ 1969
13 PA 306, MCL 24.201 TO 24.328, before the secretary of state takes
14 any action under this subdivision.

15 (i) The applicant or licensee has been convicted under sec-
16 tion 415 of ~~Act No. 328 of the Public Acts of 1931, as amended~~
17 THE MICHIGAN PENAL CODE, 1931 PA 328, MCL 750.415.

18 (j) The applicant or licensee has been convicted of violat-
19 ing ~~Act No. 119 of the Public Acts of 1986, being sections~~
20 ~~257.1351 to 257.1355 of the Michigan Compiled Laws~~ 1986 PA 119,
21 MCL 257.1351 TO 257.1355.

22 Sec. 251. (1) Each new vehicle dealer, used vehicle dealer,
23 and broker shall maintain a record in a manner prescribed by the
24 secretary of state of each vehicle of a type subject to titling
25 under this act that is bought, sold, LEASED, or exchanged by the
26 dealer or received or accepted by the dealer for sale, LEASE, or
27 exchange.

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1 (2) Each record shall contain the date of the purchase,
2 sale, LEASE, or exchange or receipt for the purpose of sale,
3 LEASE, OR EXCHANGE, a description of the vehicle, ~~together with~~
4 the name and address of the seller, the purchaser OR LESSEE, and
5 the alleged owner or other persons from whom the vehicle was pur-
6 chased or received, or to whom it was sold, LEASED, or
7 delivered. The record shall contain a copy of ~~all~~ ANY odometer
8 mileage ~~statements~~ STATEMENT received by the dealer ~~upon pur-~~
9 ~~chasing or acquiring~~ WHEN THE DEALER PURCHASED OR ACQUIRED a
10 vehicle and a copy of the odometer mileage statement furnished by
11 the dealer ~~upon sale of a~~ WHEN THE DEALER SOLD, LEASED, OR
12 EXCHANGED THE vehicle as prescribed in section 233a. If the
13 vehicle is purchased, sold, leased, or exchanged through a
14 broker, the record shall include the broker's name and dealer
15 license number and the amount of the broker's fee, commission,
16 compensation, or other valuable consideration paid by the pur-
17 chaser or lessee or paid by the dealer, or both. The records of
18 all vehicles purchased, sold, leased, or exchanged through a
19 broker maintained by the secretary of state shall be in an elec-
20 tronic format determined by the secretary of state. A dealer
21 shall retain for not less than 5 years each odometer mileage
22 statement the dealer receives and each odometer mileage statement
23 furnished by the dealer upon the sale, LEASE, OR EXCHANGE of a
24 vehicle. The description of the vehicle, in the case of a motor
25 vehicle, shall also include the vehicle identification number and
26 other numbers or identification marks as may be on the vehicle,
27 and shall also include a statement that a number has been

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1 obliterated, defaced, or changed, if that is the fact. For a
2 trailer or semitrailer, the record shall include the vehicle
3 identification number and other numbers or identification marks
4 as may be on the trailer or semitrailer.

5 (3) Not more than 20 days after the delivery of the vehicle,
6 the seller shall deliver to the buyer in person or by mail to the
7 buyer's last known address a duplicate of a written statement, on
8 a form prescribed by the secretary of state in conjunction with
9 the department of treasury, describing clearly the name and
10 address of the seller, the name and address of the buyer, the
11 vehicle sold to the buyer, the cash sale price of the vehicle,
12 the cash paid down by the buyer, the amount credited the buyer
13 for a trade-in, a description of the trade-in, the amount charged
14 for vehicle insurance, stating the types of insurance covered by
15 the insurance policy, the amount charged for a temporary regis-
16 tration plate, the amount of any other charge and specifying its
17 purpose, the net balance due from the buyer, and a summary of
18 insurance coverage to be affected. If the vehicle sold is a new
19 motor home, the written statement shall contain a description,
20 including the year of manufacture, of every major component part
21 of the vehicle that has its own manufacturer's certificate of
22 origin. The written statement shall disclose if the vehicle sold
23 is a vehicle that the seller had loaned or leased to a political
24 subdivision of this state for use as a driver education vehicle.
25 The written statement shall be dated, but not later than the
26 actual date of delivery of the vehicle to the buyer. The
27 original and all copies of the prescribed form shall contain

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1 identical information. The statement shall be furnished by the
2 seller, shall be signed by the seller or the seller's agent and
3 by the buyer, and shall be filed with the application for new
4 title or registration. Failure of the seller to deliver this
5 written statement to the buyer does not invalidate the sale
6 between the seller and the buyer.

7 (4) A retail vehicle sale is void unless both of the follow-
8 ing conditions are met:

9 (a) The sale is evidenced by a written memorandum that con-
10 tains the agreement of the parties and is signed by the buyer and
11 the seller or the seller's agent.

12 (b) The agreement contains a place for acknowledgment by the
13 buyer of the receipt of a copy of the agreement or actual deliv-
14 ery of the vehicle is made to the buyer.

15 (5) Each dealer record and inventory, including the record
16 and inventory of a vehicle scrap metal processor not required to
17 obtain a dealer license, shall be open to inspection by a police
18 officer or an authorized officer or investigator of the secretary
19 of state during reasonable or established business hours.

20 (6) A dealer licensed as a distressed vehicle transporter
21 shall maintain records in a form as prescribed by the secretary
22 of state. The records shall identify each distressed vehicle
23 that is bought, acquired, and sold by the dealer. The record
24 shall identify the person from whom a distressed vehicle was
25 bought or acquired and the dealer to whom the vehicle was sold.
26 The record shall indicate whether a certificate of title or

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1 salvage certificate of title was obtained by the dealer for each
2 vehicle.

3 (7) A dealer licensed under this act shall maintain records
4 for a period of 5 years. The records shall be made available for
5 inspection by the secretary of state or other law enforcement
6 officials. The secretary of state shall inspect a dealer once
7 every 4 years and as determined necessary by the secretary of
8 state or a law enforcement officer. The secretary of state may
9 issue an order summarily suspending the license of a dealer pur-
10 suant to section 92 of the administrative procedures act of 1969,
11 1969 PA 306, MCL 24.292, based on an affidavit by a person famil-
12 iar with the facts set forth in the affidavit that the dealer has
13 failed to maintain the records required by this act or failed to
14 provide the records for inspection as requested by the secretary
15 of state, or has otherwise hindered, obstructed, or prevented the
16 inspection of records authorized under this section. The dealer
17 to whom the order is directed shall comply immediately, but on
18 application to the department shall be afforded a hearing within
19 30 days pursuant to the administrative procedures act of 1969,
20 1969 PA 306, MCL 24.201 to 24.328. On the basis of the hearing,
21 the summary order shall be continued, modified, or held in abey-
22 ance not later than 30 days after the hearing.

23 (8) A dealer licensed as a vehicle salvage pool operator or
24 broker shall maintain records in a form as prescribed by the sec-
25 retary of state. The records shall contain a description of each
26 vehicle or salvageable part stored by the dealer, the name and
27 address of the insurance company or person storing the vehicle or

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1 salvageable part, the period of time the vehicle or salvageable
2 part was stored, and the person acquiring the vehicle or salvage-
3 able part. In the case of a late model vehicle, a record of the
4 purchase or sale of a major component part of the vehicle shall
5 be maintained identifying the part purchased or sold, the name
6 and address of the seller or purchaser, the date of the purchase
7 or sale, and the identification number assigned to the part by
8 the dealer. The record of the purchase or sale of a part shall
9 be maintained in or attached to the dealer's police book or hard
10 copy of computerized data entries and reference codes and shall
11 be accessible at the dealer's location. In addition, a dealer
12 licensed as a broker shall maintain a record of the odometer
13 mileage reading of each vehicle sold pursuant to an agreement
14 between the broker and the buyer OR LESSEE or the broker and the
15 seller. The record of odometer mileage shall be maintained for 5
16 years and shall contain all of the information required by sec-
17 tion 233a.

18 (9) A dealer licensed as a used vehicle parts dealer or an
19 automotive recycler shall maintain records in a form prescribed
20 by the secretary of state. The records shall contain the date of
21 purchase or acquisition of the vehicle, a description of the
22 vehicle including the color, and the name and address of the
23 person from whom the vehicle was acquired. If the vehicle is
24 sold, the record shall contain the date of sale and the name and
25 address of the purchaser. The record shall indicate if the cer-
26 tificate of title or salvage or scrap certificate of title was
27 obtained by the dealer. In the case of a late model vehicle, a

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1 record of the purchase or sale of a major component of the
2 vehicle shall be maintained identifying the part purchased or
3 sold, the name and address of the seller or purchaser, the date
4 of the purchase or sale, and the identification number assigned
5 to the part by the dealer, except that a bumper remanufacturer is
6 not required to maintain a record of the purchase of a bumper.
7 However, a bumper remanufacturer shall assign and attach an iden-
8 tification number to a remanufactured bumper and maintain a
9 record of the sale of the bumper. The record of the purchase or
10 sale of a part shall be maintained in or attached to the dealer's
11 police book or hard copy of computerized data entries and refer-
12 ence codes and shall be accessible at the dealer's location.

13 (10) A dealer licensed as a vehicle scrap metal processor
14 shall maintain records as prescribed by the secretary of state.
15 As provided in section 217c, the records shall contain for a
16 vehicle purchased from a dealer a copy of the scrap vehicle
17 inventory, including the name and address of the dealer, a
18 description of the vehicle acquired, and the date of
19 acquisition. If a vehicle is purchased or acquired from a person
20 other than a dealer, the record shall contain the date of acqui-
21 sition, a description of the vehicle, including the color, the
22 name and address of the person from whom the vehicle was
23 acquired, and whether a certificate of title or salvage or scrap
24 certificate of title was obtained by the dealer.

25 (11) A dealer licensed as a foreign salvage vehicle dealer
26 shall maintain records in a form prescribed by the secretary of
27 state. The records shall contain the date of purchase or

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1 acquisition of each distressed vehicle, a description of the
2 vehicle including the color, and the name and address of the
3 person from whom the vehicle was acquired. If the vehicle is
4 sold, the record shall contain the date of sale and the name and
5 address of the purchaser. The record shall indicate if the cer-
6 tificate of title or salvage or scrap certificate of title was
7 obtained by the dealer. In the case of a late model vehicle, a
8 record of the purchase or sale of each salvageable part purchased
9 or acquired in this state shall be maintained and the record
10 shall contain the date of purchase or acquisition of the part, a
11 description of the part, the identification number assigned to
12 the part, and the name and address of the person to or from whom
13 the part was purchased, acquired, or sold. The record of the
14 sale, purchase, or acquisition of a part shall be maintained in
15 the dealer's police book. The police book shall only contain
16 vehicles and salvageable parts purchased in this state or used in
17 the repair of a vehicle purchased in this state. The police book
18 and the records of vehicle part sales, purchases, or acquisitions
19 shall be made available at a location within the state for
20 inspection by the secretary of state within 48 hours after a
21 request by the secretary of state.

22 (12) The secretary of state shall make periodic unannounced
23 inspections of the records, facilities, and inventories of auto-
24 motive recyclers and used or secondhand vehicle parts dealers.

25 (13) The secretary of state may promulgate rules to imple-
26 ment this section pursuant to the administrative procedures act
27 of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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1 Sec. 251a. At the time a document is signed FOR THE SALE OR
2 LEASE OF A VEHICLE, the dealer shall provide ~~the buyer with~~ a
3 copy of each document signed ~~by the buyer~~ TO THE PERSON WHO
4 SIGNED THE DOCUMENT.

5 Enacting section 1. This amendatory act takes effect
6 October 1, 2002.