

**SENATE SUBSTITUTE FOR**

**HOUSE BILL NO. 5363**

(As amended by the Senate, December 10, 2002)

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending sections 213, 216, 217, 217c, 222, 226, 226a, 233b, 244, 248, 249, 251, and 251a (MCL 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 216 as amended by 1996 PA 141, section 217 as amended by 2002 PA 552, sections 217c and 249 as amended by 1993 PA 300, sections 222 and 244 as amended by 2002 PA 485, 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 248 as amended by 1999 PA 172, section 251 as amended by 2002 PA 491, and section 251a as added by 1990 PA 265.

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**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

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

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

23           Sec. 216. Every motor vehicle, pickup camper, trailer  
24 coach, trailer, semitrailer, and pole trailer, when driven or  
25 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. A vehicle brought into this  
4 state from another state or jurisdiction that has a rebuilt, sal-  
5 vage, scrap, flood, or comparable certificate of title issued by  
6 that other state or jurisdiction shall be issued a rebuilt, sal-  
7 vage, scrap, or flood certificate of title by the secretary of  
8 state. The application shall be accompanied by the required  
9 fee. An application for a certificate of title shall bear the  
10 signature of the owner. The application shall contain all of the  
11 following:

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

14 (i) If the owner is an individual, the owner's mailing  
15 address.

16 (ii) If the owner is a firm, association, partnership,  
17 limited liability company, or corporation, the owner's business  
18 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 a flood vehicle or  
23 another state previously issued the vehicle a flood certificate  
24 of title; whether the vehicle is to be or has been used as a taxi  
25 or police vehicle, or by a political subdivision of this state,  
26 unless the vehicle is owned by a dealer and loaned or leased to a  
27 political subdivision of this state for use as a driver education

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

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

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

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

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

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1 accompanied by a statement of the applicant that there has not  
2 been structural change in the motor vehicle that has increased  
3 the empty weight and that the previous registered weight is the  
4 true weight.

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

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



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1 application shall list the purchase price of the vehicle as  
2 defined in section 801(4).

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

9 (a) If the lessee is an individual, the lessee's Michigan  
10 driver license number or Michigan personal identification number  
11 or, if the lessee does not have a Michigan driver license or  
12 Michigan personal identification number, the lessee's mailing  
13 address.

14 (b) If the lessee is a firm, association, partnership,  
15 limited liability company, or corporation, the lessee's business  
16 address.

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

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

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1 required, and transfer or secure registration plates and secure a  
2 certificate of registration for the vehicle or boat trailer, in  
3 the name of the purchaser OR LESSEE. The dealer's license may be  
4 suspended or revoked in accordance with section 249 for failure  
5 to apply for a title when required or for failure to transfer or  
6 secure registration plates and certificate of registration within  
7 the 15 days required by this section. If the dealer or person  
8 fails to apply for a title when required, and to transfer or  
9 secure registration plates and secure a certificate of registra-  
10 tion and pay the required fees within 15 days of delivery of the  
11 vehicle or boat trailer, a title and registration for the vehicle  
12 or boat trailer may subsequently be acquired only upon the pay-  
13 ment of a transfer fee of \$15.00 in addition to the fees speci-  
14 fied in section 806. The purchaser OR LESSEE of the vehicle or  
15 THE PURCHASER OF THE boat trailer shall sign the application,  
16 including, when applicable, the declaration specifying the maxi-  
17 mum elected gross weight, as required by subsection (1)(f), and  
18 other necessary papers to enable the dealer or person to secure  
19 the title, registration plates, and transfers from the secretary  
20 of state. If the secretary of state mails or delivers a  
21 purchaser's certificate of title to a dealer, the dealer shall  
22 mail or deliver the certificate of title to the purchaser not  
23 more than 5 days after receiving the certificate of title from  
24 the secretary of state.

25 (5) If a vehicle is delivered to a purchaser OR LESSEE who  
26 has valid Michigan registration plates that are to be transferred  
27 to the vehicle, and an application for title, if required, and

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1 registration for the vehicle is not made before delivery of the  
2 vehicle to the purchaser OR LESSEE, the registration plates shall  
3 be affixed to the vehicle immediately, and the dealer shall pro-  
4 vide the purchaser OR LESSEE with an instrument in writing, on a  
5 form prescribed by the secretary of state, which shall serve as a  
6 temporary registration for the vehicle for a period of 15 days  
7 from the date the vehicle is delivered.

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

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

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1 jointly to the buyer and seller, and there shall be imprinted on  
2 the back side of the check or bank draft the following:

3 "Under Michigan law, the seller must record a first lien in  
4 favor of (name of lender) \_\_\_\_\_ on the vehicle with  
5 vehicle identification number \_\_\_\_\_ and title the vehi-  
6 cle only in the name(s) shown on the reverse side." On the front  
7 of the sales check or draft, the holder, finance company, credit  
8 union, or banking institution shall note the name(s) of the pro-  
9 spective owner(s). Failure of the holder, finance company,  
10 credit union, or banking institution to comply with these  
11 requirements frees the seller from any obligation to record the  
12 lien or from any liability that may arise as a result of the  
13 failure to record the lien. A service fee shall not be charged  
14 to the buyer.

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

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

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

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

11       ~~(ii) Apply for a salvage certificate of title. The insur-~~  
12 ~~ance company shall not sell the vehicle without first receiving a~~  
13 ~~salvage certificate of title which shall be assigned to the~~  
14 ~~buyer.~~

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

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

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

23       ~~(iii) On behalf of the owner, apply to the secretary of~~  
24 ~~state for a salvage certificate of title in the name of the~~  
25 ~~owner. The owner shall not sell or otherwise dispose of the~~  
26 ~~vehicle without first receiving a salvage certificate of title,~~  
27 ~~which shall be assigned to the buyer.~~

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

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

23       ~~(4) If a person, other than a dealer or insurance company~~  
24 ~~that is subject to subsection (1) or (3), acquires ownership of a~~  
25 ~~late model vehicle that is a distressed vehicle, the person shall~~  
26 ~~surrender the title or assigned certificate of title to the~~  
27 ~~secretary of state and apply for a salvage certificate of title,~~

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1 ~~before the vehicle may be transported. If an owner retains~~  
2 ~~ownership of a late model vehicle that should be a distressed~~  
3 ~~vehicle, the owner shall surrender the title or assigned certifi-~~  
4 ~~cate of title to the owner's insurance company who, before pay-~~  
5 ~~ment of a claim, shall apply for a salvage certificate of title~~  
6 ~~in the name of the owner.~~

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

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

12 ~~(b) A description of the vehicle, including its make, style~~  
13 ~~of body, model year, weight, color, and vehicle identification~~  
14 ~~number.~~

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

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

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

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

25 ~~(7) A salvage certificate of title shall authorize the~~  
26 ~~holder of the title to possess, transport, but not drive upon a~~  
27 ~~highway, and transfer ownership in, a vehicle. A certificate of~~

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1 ~~title or registration plates shall not be issued for a vehicle~~  
2 ~~for which a salvage certificate of title was issued unless a spe-~~  
3 ~~cially trained police officer certifies that the vehicle identi-~~  
4 ~~fication numbers and parts identification numbers have been~~  
5 ~~examined as to their accuracy, the applicant has proof of owner-~~  
6 ~~ship of repair parts used, the vehicle complies with the equip-~~  
7 ~~ment standards of this act, and that certification accompanies~~  
8 ~~the application for a certificate of title. Until January 1,~~  
9 ~~1994, an application for a certificate of title shall contain a~~  
10 ~~description of each salvageable part used to repair the vehicle~~  
11 ~~and any identification number affixed to or inscribed upon the~~  
12 ~~part as required by federal law. A fee of \$25.00 through June~~  
13 ~~30, 1994 shall be received by the police agency for inspection of~~  
14 ~~the vehicle. Upon the satisfactory completion of the examination~~  
15 ~~and other requirements for application, a certificate of title,~~  
16 ~~in the same form as the original, shall be issued for the~~  
17 ~~vehicle.~~

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

25 ~~(9) A dealer other than a vehicle scrap metal processor~~  
26 ~~selling or assigning a vehicle to a vehicle scrap metal processor~~



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1 ~~shall make a record in triplicate on a form to be provided by the~~  
2 ~~secretary of state in substantially the following form:~~

3

4

~~Scrap Vehicle Inventory:~~

5

Dealer name \_\_\_\_\_

6

Dealer address \_\_\_\_\_

7

Dealer license number \_\_\_\_\_

8

Conveyed to: \_\_\_\_\_ Date \_\_\_\_\_

9

~~(Vehicle scrap metal processor)~~

10

Vehicles

11

Model Year \_\_\_\_\_ Vehicle Make \_\_\_\_\_ VIN \_\_\_\_\_

12

1. \_\_\_\_\_

13

2. \_\_\_\_\_

14

3. \_\_\_\_\_

15

etc.

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1 ~~One copy shall be retained as a permanent record by the dealer, 1~~  
2 ~~copy shall be forwarded with the vehicle to be retained by the~~  
3 ~~vehicle scrap metal processor, and 1 copy shall be forwarded to~~  
4 ~~the secretary of state along with an assigned certificate of~~  
5 ~~title or a salvage certificate.~~

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

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

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

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

14 ~~(d) A foreign salvage vehicle dealer licensed under this~~  
15 ~~act.~~

16 ~~(e) A registered motor vehicle repair facility engaging in~~  
17 ~~body work.~~

18 ~~(11) Subsections (1) through (10) shall apply until July 1,~~  
19 ~~1994.~~

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

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

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

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

13       (i) Surrender a properly assigned certificate of title to  
14 the secretary of state.

15       (ii) If the estimated cost of repair, including parts and  
16 labor, is equal to or more than 75% but less than 91% of the pre-  
17 damaged actual cash value of the vehicle, apply for a salvage  
18 certificate of title, and if the estimated cost of repair,  
19 including parts and labor, is equal to or greater than 91% of the  
20 predamaged actual cash value of the vehicle, apply for a scrap  
21 certificate of title. The insurance company shall not sell the  
22 vehicle without first receiving a salvage or scrap certificate of  
23 title, which shall be assigned to the buyer. An insurance com-  
24 pany may assign a salvage or scrap certificate of the title only  
25 to an automotive recycler, used or secondhand vehicle parts  
26 dealer, foreign salvage vehicle dealer, or vehicle scrap metal  
27 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:

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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 upon receipt of  
17 the required fees. The secretary of state shall issue a flood,  
18 rebuilt, 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 flood, rebuilt, salvage, or scrap certif-  
21 icate of title issued by that other state or jurisdiction.

22 (2) The secretary of state shall deliver the registration  
23 certificate to the owner. The certificate shall contain on its  
24 face the date issued, the name and address of the owner, the reg-  
25 istration number assigned to the vehicle, and a description of  
26 the vehicle as determined by the secretary of state.

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1           (3) The certificate of title shall be manufactured in a  
2 manner to prohibit as nearly as possible the ability to  
3 reproduce, alter, counterfeit, forge, or duplicate the certifi-  
4 cate of title without ready detection. The certificate shall  
5 contain on its face the identical information required on the  
6 face of the registration certificate; if the vehicle is a motor  
7 vehicle, the number of miles, not including the tenths of a mile,  
8 registered on the vehicle's odometer at the time of transfer;  
9 whether the vehicle is to be used or has been used as a taxi, as  
10 a police vehicle, or by a political subdivision of this state,  
11 unless the vehicle is owned by a dealer and loaned or leased to a  
12 political subdivision of this state for use as a driver education  
13 vehicle; whether the vehicle is a salvage vehicle; if the vehicle  
14 has previously been issued a rebuilt certificate of title from  
15 this state or a comparable certificate of title from any other  
16 state or jurisdiction; if the vehicle has been issued a scrap  
17 certificate of title from this state or a comparable certificate  
18 of title from any other state or jurisdiction; if the vehicle is  
19 a flood vehicle or has previously been issued a flood certificate  
20 of title from this state or any other state or jurisdiction; if  
21 the owner or co-owner or lessee or co-lessee of the vehicle is  
22 subject to registration denial under section 219(1)(d); a state-  
23 ment of the owner's title and of all security interests in the  
24 vehicle or in an accessory on the vehicle as set forth in the  
25 application; the date that the application was filed; and any  
26 other information that the secretary of state may require.

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

11           (5) The secretary of state shall mail or deliver the certif-  
12 icate of title to the owner or other person the owner may direct  
13 in a separate instrument, in a form prescribed by the secretary  
14 of state.

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

19           (a) If the intent of reproduction, alteration, counterfeit-  
20 ing, forging, duplication, or use was to commit or aid in the  
21 commission of an offense punishable by imprisonment for 1 or more  
22 years, the person committing the reproduction, alteration, coun-  
23 terfeiting, forging, duplication, or use is guilty of a misde-  
24 meanor, punishable by imprisonment for a period equal to that  
25 which could be imposed for the commission of the offense the  
26 person had the intent to aid or commit. The court may also  
27 assess a fine of not more than \$10,000.00 against the person.

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1 (b) If the intent of the reproduction, alteration,  
2 counterfeiting, forging, duplication, or use was to commit or aid  
3 in the commission of an offense punishable by imprisonment for  
4 not more than 1 year, the person committing the reproduction,  
5 alteration, counterfeiting, forging, duplication, or use is  
6 guilty of a misdemeanor, punishable by imprisonment for not more  
7 than 1 year, or a fine of not more than \$1,000.00, or both.

8 (7) The certificate of title for a police vehicle, a vehicle  
9 owned by a political subdivision of this state, a salvage vehi-  
10 cle, a rebuilt vehicle, a scrap vehicle, or a flood vehicle shall  
11 be different in color from the certificate of title for all other  
12 vehicles unless the vehicle is loaned or leased to a political  
13 subdivision of this state for use as a driver education vehicle.

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

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

22 Sec. 226. (1) A vehicle registration issued by the secre-  
23 tary of state expires on the owner's birthday, unless another  
24 expiration date is provided for under this act or unless the reg-  
25 istration is for the following vehicles, in which case registra-  
26 tion expires on the last day of February:

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1 (a) A commercial vehicle except for a commercial vehicle  
2 issued a registration under the international registration plan  
3 or a pickup truck or van owned by an individual.

4 (b) Except for a trailer or semitrailer issued a registra-  
5 tion under the international registration plan, a trailer or  
6 semitrailer owned by a business, corporation, or person other  
7 than an individual; or a pole trailer.

8 (2) The expiration date for a registration issued for a  
9 motorcycle is March 31.

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

12 (4) In the case of a vehicle owned by a business, corpora-  
13 tion, or an owner other than an individual, the secretary of  
14 state may assign or reassign the expiration date of the  
15 registration.

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

17 (a) After the October 1 immediately preceding the year des-  
18 igned on the registration, issue a registration upon applica-  
19 tion and payment of the proper fee for a commercial vehicle,  
20 other than a pickup or van owned by an individual; or a trailer  
21 owned by a business, corporation, or person other than an  
22 individual.

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

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

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

14 (6) Except as otherwise provided in this subsection, the  
15 secretary of state, upon application and payment of the proper  
16 fee, shall issue a registration for a vehicle to a resident that  
17 shall expire on the owner's birthday. If the owner's next birth-  
18 day is at least 6 months but not more than 12 months in the  
19 future, the owner shall receive a registration valid until the  
20 owner's next birthday. If the owner's next birthday is less than  
21 6 months in the future, the owner shall receive a registration  
22 valid until the owner's birthday following the owner's next  
23 birthday. The tax required under this act for a registration  
24 described in this subsection shall bear the same relationship to  
25 the tax required under section 801 for a 12-month registration as  
26 the length of time of the registration bears to 12 months.  
27 Partial months shall be considered as whole months in the

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1 calculation of the required tax and in the determination of the  
2 length of time between the application for a registration and the  
3 owner's next birthday. The tax required for that registration  
4 shall be rounded off to whole dollars as provided in section  
5 801.

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

9 (8) The secretary of state, upon request, shall issue spe-  
10 cial registration for commercial vehicles, valid for 6 months  
11 after the date of issue, if the full registration fee exceeds  
12 \$50.00, on the payment of 1/2 the full registration fee and a  
13 service charge as enumerated in section 802(1).

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

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

23 (b) A vehicle purchased OR LEASED in this state and deliv-  
24 ered to the purchaser OR LESSEE by a dealer or by the owner of  
25 the vehicle for removal to a place outside of this state, if a  
26 certification is made that the vehicle will be primarily used,  
27 stored, and registered outside of this state and will not be



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1 returned to this state by the purchaser OR LESSEE for use or  
2 storage.

3 (10) A special registration issued under subsection (9) is  
4 valid for not more than 14 days after the date of issuance, and a  
5 fee shall be collected for each special registration as provided  
6 in section 802(3). The special registration may be in the form  
7 determined by the secretary of state. If a dealer makes a retail  
8 sale OR LEASE of a vehicle to a purchaser OR LESSEE who is quali-  
9 fied and eligible to obtain a special registration, the dealer  
10 shall apply for the special registration for the purchaser OR  
11 LESSEE. If a person other than a dealer sells OR LEASES a vehi-  
12 cle to a purchaser OR LESSEE who is qualified and eligible to  
13 obtain a special registration, the purchaser OR LESSEE shall  
14 appear in person, or by a person exercising the purchaser's OR  
15 LESSEE'S power of attorney, at an office of the secretary of  
16 state and furnish a certification that the person is the bona  
17 fide purchaser OR LESSEE or that the person has granted the power  
18 of attorney, together with other forms required for the issuance  
19 of the special registration and provide the secretary of state  
20 with proof that the vehicle is covered by a Michigan no-fault  
21 insurance policy issued pursuant to section 3101 of the insurance  
22 code of 1956, 1956 PA 218, MCL 500.3101, or proof that the vehi-  
23 cle is covered by a policy of insurance issued by an insurer pur-  
24 suant to section 3163 of the insurance code of 1956, 1956 PA 218,  
25 MCL 500.3163. The certification required in this subsection  
26 shall contain all of the following:

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

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

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

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

8 (e) Other information ~~desired~~ REQUESTED by the secretary  
9 of state.

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

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

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

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

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

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

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1 plate or marker has been issued, the temporary plate shall be  
2 destroyed.

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

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

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

20 (6) ~~Registration plates may be issued~~ THE SECRETARY OF  
21 STATE MAY ISSUE A REGISTRATION PLATE upon application and payment  
22 of the proper fee to an individual, partnership, corporation, or  
23 association who in the ordinary course of business has occasion  
24 to legally pick up or deliver a vehicle not required to be titled  
25 under this act, or to repair or service a vehicle, or to persons  
26 defined as dealers under part 801 of ~~Act No. 451 of the Public~~  
27 ~~Acts of 1994~~ THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

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1 ACT, 1994 PA 451, MCL 324.80101 TO 324.80199, for the purpose of  
2 delivering a vessel or trailer to a customer or to and from a  
3 boat show or exposition. A registration plate issued under this  
4 subsection shall be used to move ~~such a~~ THE vehicle.

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

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

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

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

26 (c) "Program vehicle" means a motor vehicle from either the  
27 current model year or the immediately preceding model year, that

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1 was repurchased by a manufacturer or distributor from a rental  
2 car company.

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

13 (a) Five percent of the manufacturer's suggested retail  
14 price of the vehicle.

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

23 (3) A dealer in new motor vehicles is not required to dis-  
24 close to a purchaser OR LESSEE under this act that any glass,  
25 tires, wheels, bumpers, audio equipment, in-dash components, or  
26 components contained in the living quarters of a motor home that  
27 are not required for the operation of the motor home as a motor

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1 vehicle were damaged at any time if the damaged item has been  
2 replaced with original manufacturer's parts and material.

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

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

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

25 (3) A dealer owning ~~any~~ A vehicle of a type otherwise  
26 required to be registered under this act may operate or move the  
27 vehicle upon a street or highway without registering the vehicle

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1 if the vehicle displays, in the manner prescribed in section 225,  
2 1 special plate issued to the owner by the secretary of state.  
3 As used in this subsection, "dealer" includes ~~any~~ AN employee,  
4 servant, or agent of the dealer.

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

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

23 (6) ~~Transporters~~ A TRANSPORTER shall furnish a sufficient  
24 surety bond or policy of insurance as protection for public  
25 liability and property damage as may be required by the secretary  
26 of state.



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

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

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

25           Sec. 248. (1) ~~A~~ THE SECRETARY OF STATE SHALL NOT GRANT A  
26 dealer license ~~shall not be granted~~ under this section until an  
27 investigation is made of the applicant's qualifications under

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1 this act, except that this subsection does not apply to license  
2 renewals. The secretary of state shall make the investigation  
3 within 15 days after receiving the application and make a report  
4 on the investigation.

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

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1 who has furnished satisfactory proof that a bond similar to the  
2 bond required by this subsection is executed and in force is  
3 exempt from the bond provisions set forth in this subsection.  
4 The aggregate liability of the surety shall not exceed the sum of  
5 the bond. The surety on the bond may cancel the bond upon giving  
6 30 days' notice in writing to the secretary of state and thereaf-  
7 ter is not liable for a breach of condition occurring after the  
8 effective date of the cancellation.

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

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

21 (5) A person shall not carry on or conduct the business of  
22 buying, selling, brokering, LEASING, NEGOTIATING A LEASE, or  
23 dealing in 5 OR MORE vehicles of a type required to be titled  
24 under this act IN A 12-MONTH PERIOD unless the person obtains a  
25 dealer license from the secretary of state authorizing the carry-  
26 ing on or conducting of that business. A person shall not carry  
27 on or conduct the business of buying, selling, brokering,

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

24 (6) The application for a dealer license shall be in the  
25 form prescribed by the secretary of state and shall be signed by  
26 the applicant. In addition to other information as may be

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1 required by the secretary of state, the application shall include  
2 all of the following:

3 (a) Name of applicant.

4 (b) Location of applicant's established place of business in  
5 this state.

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

7 (d) If the business is a corporation, the state of  
8 incorporation.

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

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

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

21 (h) A statement of the previous history, record, and associ-  
22 ations of the applicant and of each owner, partner, officer, and  
23 director. ~~which~~ THE statement shall be sufficient to estab-  
24 lish to the satisfaction of the secretary of state the business  
25 reputation and character of the applicant.

26 (i) A statement showing whether the applicant has previously  
27 applied for a license, the result of the application, and whether

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1 the applicant has ever been the holder of a dealer license that  
2 was revoked or suspended.

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

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

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

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

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

21 (l) Certification that neither the applicant nor another  
22 person named on the application is acting as the alter ego of any  
23 other person or persons in seeking the license. For the purpose  
24 of this subdivision, "alter ego" means a person who acts for and  
25 on behalf of, or in the place of, another person for purposes of  
26 obtaining a vehicle dealer license.

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1           (7) A person shall apply separately for a dealer license for  
2 each county in which business is to be conducted. Before moving  
3 1 or more of his or her places of business or opening an addi-  
4 tional place of business, a dealer shall apply to the secretary  
5 of state for and obtain a supplemental dealer license, for which  
6 a fee shall not be charged. A dealer license entitles the dealer  
7 to conduct the business of buying, selling, LEASING, and dealing  
8 in vehicles or salvageable parts in the county covered by the  
9 license. The dealer license shall also entitle the dealer to  
10 conduct at any other licensed dealer's established place of busi-  
11 ness in this state only the business of buying, selling, LEASING,  
12 or dealing in vehicles at wholesale.

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

- 19           (a) New vehicle dealer.
- 20           (b) Used or secondhand vehicle dealer.
- 21           (c) Used or secondhand vehicle parts dealer.
- 22           (d) Vehicle scrap metal processor.
- 23           (e) Vehicle salvage pool operator.
- 24           (f) Distressed vehicle transporter.
- 25           (g) Broker.
- 26           (h) Foreign salvage vehicle dealer.

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1 (i) Automotive recycler.

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

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

11 (a) The dealer is licensed as a new vehicle dealer or used  
12 or secondhand vehicle dealer.

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

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

22 Sec. 249. The secretary of state may deny the application  
23 of a person for a license as a dealer and refuse to issue the  
24 person a license as a dealer, or may suspend or revoke a license  
25 already issued, if the secretary of state finds that 1 or more of  
26 the following apply:



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

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

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

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

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

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

24 (g) The applicant or licensee is a corporation or partner-  
25 ship, and a stockholder, officer, director, or partner of the  
26 applicant or licensee has been guilty of any act or omission that  
27 would be cause for refusing, revoking, or suspending a license

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1 issued to the stockholder, officer, director, or partner as an  
2 individual.

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

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

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

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

26 (2) Each record shall contain the date of the purchase,  
27 sale, LEASE, or exchange or receipt for the purpose of sale,

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1 LEASE, or exchange, a description of the vehicle, the name and  
2 address of the seller, the purchaser OR LESSEE, and the alleged  
3 owner or other persons from whom the vehicle was purchased or  
4 received, or to whom it was sold, LEASED, or delivered. The  
5 record shall contain a copy of any odometer mileage statement  
6 received by the dealer when the dealer purchased or acquired a  
7 vehicle and a copy of the odometer mileage statement furnished by  
8 the dealer when the dealer sold, LEASED, or exchanged the vehicle  
9 as prescribed in section 233a. If the vehicle is purchased,  
10 sold, leased, or exchanged through a broker, the record shall  
11 include the broker's name and dealer license number and the  
12 amount of the broker's fee, commission, compensation, or other  
13 valuable consideration paid by the purchaser or lessee or paid by  
14 the dealer, or both. The records of all vehicles purchased,  
15 sold, leased, or exchanged through a broker maintained by the  
16 secretary of state shall be in an electronic format determined by  
17 the secretary of state. A dealer shall retain for not less than  
18 5 years each odometer mileage statement the dealer receives and  
19 each odometer mileage statement furnished by the dealer upon the  
20 sale, LEASE, or exchange of a vehicle. The description of the  
21 vehicle, in the case of a motor vehicle, shall also include the  
22 vehicle identification number and other numbers or identification  
23 marks as may be on the vehicle, and shall also include a state-  
24 ment that a number has been obliterated, defaced, or changed, if  
25 that is the fact. For a trailer or semitrailer, the record shall  
26 include the vehicle identification number and other numbers or  
27 identification marks as may be on the trailer or semitrailer.

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

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1 statement to the buyer does not invalidate the sale between the  
2 seller and the buyer.

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

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

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

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

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

25 (7) A dealer licensed under this act shall maintain records  
26 for a period of 5 years. The records shall be made available for  
27 inspection by the secretary of state or other law enforcement

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1 officials. To determine or enforce compliance with this chapter  
2 or other applicable law, the secretary of state or any law  
3 enforcement official may inspect a dealer whenever he or she  
4 determines it is necessary. The secretary of state may issue an  
5 order summarily suspending the license of a dealer pursuant to  
6 section 92 of the administrative procedures act of 1969, 1969 PA  
7 306, MCL 24.292, based on an affidavit by a person familiar with  
8 the facts set forth in the affidavit that the dealer has failed  
9 to maintain the records required by this act or failed to provide  
10 the records for inspection as requested by the secretary of  
11 state, or has otherwise hindered, obstructed, or prevented the  
12 inspection of records authorized under this section. The dealer  
13 to whom the order is directed shall comply immediately, but on  
14 application to the department shall be afforded a hearing within  
15 30 days pursuant to the administrative procedures act of 1969,  
16 1969 PA 306, MCL 24.201 to 24.328. On the basis of the hearing,  
17 the summary order shall be continued, modified, or held in abey-  
18 ance not later than 30 days after the hearing.

19 (8) A dealer licensed as a vehicle salvage pool operator or  
20 broker shall maintain records in a form as prescribed by the sec-  
21 retary of state. The records shall contain a description of each  
22 vehicle or salvageable part stored by the dealer, the name and  
23 address of the insurance company or person storing the vehicle or  
24 salvageable part, the period of time the vehicle or salvageable  
25 part was stored, and the person acquiring the vehicle or salvage-  
26 able part. In the case of a late model vehicle, a record of the  
27 purchase or sale of a major component part of the vehicle shall

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1 be maintained identifying the part purchased or sold, the name  
2 and address of the seller or purchaser, the date of the purchase  
3 or sale, and the identification number assigned to the part by  
4 the dealer. The record of the purchase or sale of a part shall  
5 be maintained in or attached to the dealer's police book or hard  
6 copy of computerized data entries and reference codes and shall  
7 be accessible at the dealer's location. In addition, a dealer  
8 licensed as a broker shall maintain a record of the odometer  
9 mileage reading of each vehicle sold pursuant to an agreement  
10 between the broker and the buyer or the broker and the seller.  
11 The record of odometer mileage shall be maintained for 5 years  
12 and shall contain all of the information required by section  
13 233a.

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

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1 part by the dealer, except that a bumper remanufacturer is not  
2 required to maintain a record of the purchase of a bumper.  
3 However, a bumper remanufacturer shall assign and attach an iden-  
4 tification number to a remanufactured bumper and maintain a  
5 record of the sale of the bumper. The record of the purchase or  
6 sale of a part shall be maintained in or attached to the dealer's  
7 police book or hard copy of computerized data entries and refer-  
8 ence codes and shall be accessible at the dealer's location.

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

21 (11) A dealer licensed as a foreign salvage vehicle dealer  
22 shall maintain records in a form prescribed by the secretary of  
23 state. The records shall contain the date of purchase or acqui-  
24 sition of each distressed vehicle, a description of the vehicle  
25 including the color, and the name and address of the person from  
26 whom the vehicle was acquired. If the vehicle is sold, the  
27 record shall contain the date of sale and the name and address of



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

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

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

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

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- 1 Enacting section 1. This amendatory act takes effect
- 2 January 1, 2003.