

Act No. 291
Public Acts of 2014
Approved by the Governor
September 30, 2014
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September 30, 2014

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**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senators Bieda, Ananich and Meekhof

ENROLLED SENATE BILL No. 917

AN ACT to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of manufacturers, the manufacturers of automated technology, upfitters, owners, and operators of vehicles and service of process on residents and nonresidents; to regulate the introduction and use of certain evidence; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending section 238 (MCL 257.238).

The People of the State of Michigan enact:

Sec. 238. (1) When an owner named in a certificate of title creates a security interest in the vehicle described in the certificate or in any accessory on the vehicle, all of the following apply:

(a) The owner shall immediately execute an application in the form prescribed by the department to name the holder of the security interest on the certificate of title, showing the name and address of the holder and deliver the certificate of title, application and the required fee together with a copy of the application, to the holder of the security interest.

(b) The holder of the security interest shall cause the certificate of title, application and fee and the copy of the application to be mailed or delivered to the department.

(c) The department shall indicate on the copy of the application the date and place of filing of the application.

(d) Upon receipt of the certificate of title, application and the required fee, the department shall issue a new certificate in the form provided by section 222 setting forth the name and address of each holder of a security interest in the vehicle or in any accessory on the vehicle for which a termination statement has not been filed and the date on which the application first stating the security interest was filed, and mail the certificate to the owner. However, as provided under this section, the secretary of state is not required to issue a title to the owner of a vehicle if the title is subject to a security interest.

(2) A holder of any kind of a security interest may assign, absolutely or otherwise, the holder's security interest in the vehicle or any accessory thereon to a person other than the owner without affecting the interest of the owner or the validity of the security interest, but any person without notice of the assignment is protected in dealing with the holder of the security interest as the holder thereof.

(3) The assignee of a security interest may have the certificate of title indorsed with the assignee named as the holder of the security interest by providing the department with a copy of the assignment instrument, but the failure of the assignee to do so shall not affect the validity of the security interest of that assignment.

(4) If there is no outstanding obligation and no commitment to make advances, incur obligations, or otherwise give value secured or to be secured by a security interest in a vehicle or an accessory on the vehicle, for which the certificate of title is in possession of a secured party, the secured party may, not more than 14 days after satisfaction of the obligation, execute a termination statement in the form prescribed by the department and mail or deliver the termination statement to the owner or another person as the owner may direct.

(5) If there is no outstanding obligation and no commitment to make advances, incur obligations, or otherwise give value secured or to be secured by a security interest in a vehicle or an accessory on the vehicle, for which the certificate of title is in the possession of another person, the secured party shall, within 14 days after demand but not more than 30 days after demand, execute a termination statement in the form prescribed by the department and mail or deliver the termination statement to the owner or another person as the owner may direct.

(6) The department may require that all transactions concerning vehicle title liens and security interests be conducted by electronic means, as determined by the department. After all liens have been terminated, or for purposes of retitling the vehicle in another state or any other purpose deemed appropriate by the department, the department may issue a paper copy of the vehicle title to the vehicle's owner.

(7) A vehicle sale transaction in which a security interest is entered by electronic means shall include a document recording entry of the electronic security interest and information regarding the financial institution that holds the security interest. At the time a security interest is presented with payment in satisfaction of the security interest, a secured receipt in a form approved by the department and produced at the time the security interest is presented with payment in satisfaction of the security interest may be submitted to the department in lieu of the title for purposes of transferring ownership in the vehicle.

Enacting section 1. This amendatory act does not take effect unless both of the following bills of the 97th Legislature are enacted into law:

- (a) Senate Bill No. 916.
- (b) Senate Bill No. 918.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor