

HOUSE BILL No. 5677

February 19, 2002, Introduced by Reps. Quarles, Callahan, Murphy, Neumann, Basham, Kolb, McConico, Bogardus, Richner and Lemmons and referred to the Committee on Regulatory Reform.

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 217 (MCL 257.217), as amended by 2000 PA
397.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 217. (1) An owner of a vehicle that is subject to reg-
2 istration under this act shall apply to the secretary of state,
3 upon an appropriate form furnished by the secretary of state, for
4 the registration of the vehicle and issuance of a certificate of
5 title for the vehicle. Effective January 1, 1994, a vehicle
6 brought into this state from another state or jurisdiction that
7 has a rebuilt, salvage, scrap, or comparable certificate of title
8 issued by that other state or jurisdiction shall be issued a
9 rebuilt, salvage, or scrap certificate of title by the secretary
10 of state. The application shall be accompanied by the required

1 fee. An application for a certificate of title shall bear the
2 signature of the owner. The application shall contain all of the
3 following:

4 (a) The owner's name, the owner's bona fide residence, and
5 ~~either~~ 1 of the following:

6 (i) The owner's mailing address, if the owner is an
7 individual.

8 (ii) The owner's business address, if the owner is a firm,
9 association, or corporation.

10 (iii) THE ADDRESS OF THE MCNAMARA FEDERAL BUILDING IN THE
11 CITY OF DETROIT, IF THE OWNER IS A SPECIAL AGENT OF THE INTERNAL
12 REVENUE SERVICE OF THE UNITED STATES DEPARTMENT OF TREASURY AND
13 IF THE SPECIAL AGENT IS ASSIGNED BY HIS OR HER EMPLOYER TO INVES-
14 TIGATE DRUG TRAFFICKERS' INCOME.

15 (b) A description of the vehicle including the make or name,
16 style of body, and model year; the number of miles, not including
17 the tenths of a mile, registered on the vehicle's odometer at the
18 time of transfer; whether the vehicle is to be or has been used
19 as a taxi or police vehicle, or by a political subdivision of
20 this state, unless the vehicle is owned by a dealer and loaned or
21 leased to a political subdivision of this state for use as a
22 driver education vehicle; whether the vehicle has previously been
23 issued a salvage or rebuilt certificate of title from this state
24 or a comparable certificate of title from any other state or
25 jurisdiction; vehicle identification number; and the vehicle's
26 weight fully equipped, if a passenger vehicle registered in
27 accordance with section 801(1)(a), and, if a trailer coach or

1 pickup camper, in addition to the weight, the manufacturer's
2 serial number, or in the absence of the serial number, a number
3 assigned by the secretary of state. A number assigned by the
4 secretary of state shall be permanently placed on the trailer
5 coach or pickup camper in the manner and place designated by the
6 secretary of state.

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

10 (d) Further information that the secretary of state reason-
11 ably requires to enable the secretary of state to determine
12 whether the vehicle is lawfully entitled to registration and the
13 owner entitled to a certificate of title. If the secretary of
14 state is not satisfied as to the ownership of a late model vehi-
15 cle or other vehicle having a value over \$2,500.00, before regis-
16 tering the vehicle and issuing a certificate of title, the secre-
17 tary of state may require the applicant to file a properly exe-
18 cuted surety bond in a form prescribed by the secretary of state
19 and executed by the applicant and a company authorized to conduct
20 a surety business in this state. The bond shall be in an amount
21 equal to twice the value of the vehicle as determined by the sec-
22 retary of state and shall be conditioned to indemnify or reim-
23 burse the secretary of state, any prior owner, and any subsequent
24 purchaser of the vehicle and their successors in interest against
25 any expense, loss, or damage, including reasonable attorney's
26 fees, by reason of the issuance of a certificate of title for the
27 vehicle or on account of any defect in the right, title, or

1 interest of the applicant in the vehicle. An interested person
2 has a right of action to recover on the bond for a breach of the
3 conditions of the bond, but the aggregate liability of the surety
4 to all persons shall not exceed the amount of the bond. The bond
5 shall be returned at the end of 3 years, or before 3 years if the
6 vehicle is no longer registered in this state and the currently
7 valid certificate of title is surrendered to the secretary of
8 state, unless the secretary of state has received notification of
9 the pendency of an action to recover on the bond. If the secre-
10 tary of state is not satisfied as to the ownership of a vehicle
11 that is valued at \$2,500.00 or less and that is not a late model
12 vehicle, the secretary of state shall require the applicant to
13 certify that the applicant is the owner of the vehicle and enti-
14 tled to register and title the vehicle.

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

26 (f) An application for registration of a vehicle on the
27 basis of elected gross weight shall include a declaration by the

1 applicant specifying the elected gross weight for which
2 application is being made.

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

23 (2) Beginning October 1, 1999, the secretary of state shall
24 require an applicant for registration of a leased pickup truck or
25 passenger vehicle that is subject to registration under this act,
26 except a vehicle that is subject to registration tax under

1 section 801g, to disclose in writing the lessee's name, the
2 lessee's bona fide residence, and either of the following:

3 (a) The lessee's Michigan driver license number or Michigan
4 personal identification number or, if the lessee does not have a
5 Michigan driver license or Michigan personal identification
6 number, the lessee's mailing address, if the lessee is an
7 individual.

8 (b) The lessee's business address, if the lessee is a firm,
9 association, or corporation.

10 (3) The secretary of state shall maintain the information
11 described in subsection (2) on the secretary of state's computer
12 records.

13 (4) A dealer selling or exchanging vehicles required to be
14 titled, within 15 days after delivering a vehicle to the purchas-
15 er, and a person engaged in the sale of vessels required to be
16 numbered by part 801 of the natural resources and environmental
17 protection act, 1994 PA 451, MCL 324.80101 to 324.80199, within
18 15 days after delivering a boat trailer weighing less than 2,500
19 pounds to the purchaser, shall apply to the secretary of state
20 for a new title, if required, and transfer or secure registration
21 plates and secure a certificate of registration for the vehicle
22 or boat trailer, in the name of the purchaser. The dealer's
23 license may be suspended or revoked in accordance with section
24 249 for failure to apply for a title when required or for failure
25 to transfer or secure registration plates and certificate of reg-
26 istration within the 15 days required by this section. If the
27 dealer or person fails to apply for a title when required, and to

1 transfer or secure registration plates and secure a certificate
2 of registration and pay the required fees within 15 days of
3 delivery of the vehicle or boat trailer, a title and registration
4 for the vehicle or boat trailer may subsequently be acquired only
5 upon the payment of a transfer fee of \$15.00 in addition to the
6 fees specified in section 806. The purchaser of the vehicle or
7 boat trailer shall sign the application, including, when applica-
8 ble, the declaration specifying the maximum elected gross weight,
9 as required by subsection (1)(f), and other necessary papers to
10 enable the dealer or person to secure the title, registration
11 plates, and transfers from the secretary of state.

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

22 (6) An application for a certificate of title that indicates
23 the existence of a security interest in the vehicle or in an
24 accessory to the vehicle, if requested by the security interest
25 holder, shall be accompanied by a copy of the security agreement
26 which need not be signed. The request may be made of the seller
27 on an annual basis. The secretary of state shall indicate on the

1 copy the date and place of filing of the application and return
2 the copy to the person submitting the application who shall for-
3 ward it to the holder of the security interest named in the
4 application.

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

17 "Under Michigan law, the seller must record a first lien in
18 favor of (name of lender) _____ on the vehicle with
19 vehicle identification number _____ and title the vehi-
20 cle only in the name(s) shown on the reverse side." On the front
21 of the sales check or draft, the holder, finance company, credit
22 union, or banking institution shall note the name(s) of the pro-
23 spective owner(s). Failure of the holder, finance company,
24 credit union, or banking institution to comply with these
25 requirements frees the seller from any obligation to record the
26 lien or from any liability that may arise as a result of the

1 failure to record the lien. A service fee shall not be charged
2 to the buyer.

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