

**MICHIGAN VEHICLE CODE (EXCERPT)**  
**Act 300 of 1949**  
**TRANSFERS OF TITLE OR INTEREST**

**257.233 Transfer or assignment of title to, or interest in, registered vehicle; disposition of plates; application for new registration certificate; penalty; indorsement on certificate of title; effective date of transfer; submission of secured receipt.**

Sec. 233.

(1) If the owner of a registered vehicle transfers or assigns the title or interest in the vehicle, the registration plates issued for the vehicle shall be removed and transferred to the owner's spouse, mother, father, sister, brother, or child to whom title or interest in the vehicle is transferred, or retained and preserved by the owner for transfer to another vehicle upon application and payment of the required fees. A person shall not transfer the plates to a vehicle without applying for a proper certificate of registration describing the vehicle to which the plates are being transferred, except as provided in section 217(4). If the owner of a registered vehicle acquires another vehicle without transferring or assigning the title or interest in the vehicle for which the plates were issued, the owner may have the plates transferred to the subsequently acquired vehicle upon application and payment of the required fees.

(2) A person shall not purchase or lease another vehicle or an interest in another vehicle with the intent to circumvent the restrictions created by immobilization of a vehicle under this act.

(3) A person shall not transfer or attempt to transfer ownership or right of possession of a vehicle subject to forfeiture or ordered forfeited under this act with the intent to avoid the forfeiture of that vehicle.

(4) During the time a vehicle is subject to a temporary registration plate, vehicle forfeiture, immobilization, registration denial, or the period from adjudication to immobilization or forfeiture under this act, a person shall not without a court order transfer or assign the title or an interest in the vehicle to a person who is not subject to payment of a use tax under section 3 of the use tax act, 1937 PA 94, MCL 205.93.

(5) A person who violates subsection (2), (3), or (4) is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$1,000.00, or both.

(6) A person whose operator's or chauffeur's license is suspended, revoked, or denied for, or who has never been licensed by this state and was convicted for, a third or subsequent violation of section 625 or 625m, of a local ordinance substantially corresponding to section 625 or 625m, or of a law of another state substantially corresponding to section 625 or 625m, or for a fourth or subsequent suspension or revocation under section 904 shall not purchase, lease, or otherwise acquire a motor vehicle during the suspension, revocation, or denial period. A person who violates this subsection is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than \$100.00, or both.

(7) If the assigned holder of registration plates applies for a new registration certificate, the application shall be accompanied either by the old registration certificate or by a certificate of title showing the person to be the assigned holder of the registration plates for which the old registration certificate had been issued. A person who fails or neglects to fulfill the requirements of this subsection is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than \$100.00, or both.

(8) The owner shall indorse on the certificate of title as required by the secretary of state an assignment of the title with warranty of title in the form printed on the certificate with a statement of all security interests in the vehicle or in accessories on the vehicle and deliver or cause the certificate to be mailed or delivered to the purchaser or transferee at the time of the delivery to the purchaser or transferee of the vehicle. The certificate shall show the payment or satisfaction of any security interest as shown on the original title. However, as provided under section 238, 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.

(9) Upon the delivery of a motor vehicle and the transfer, sale, or assignment of the title or interest in a motor vehicle by a person, including a dealer, the effective date of the transfer of title or interest in the vehicle is the date of signature on either the application for title or the assignment of the certificate of title by the purchaser, transferee, or assignee.

(10) A secured receipt that is in a form approved by the department and produced at the time the secured 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.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1957, Act 90, Eff. Sept. 27, 1957 ;-- Am. 1958, Act 104, Imd. Eff. Apr. 14, 1958 ;-- Am. 1959, Act 250, Imd. Eff. Aug. 21, 1959 ;-- Am. 1964, Act 51, Eff. Aug. 28, 1964 ;-- Am. 1964, Act 248, Eff. Jan. 1, 1965 ;-- Am. 1973, Act 190, Imd. Eff. Jan. 8, 1974 ;-- Am. 1974, Act 111, Imd. Eff. May 21, 1974 ;-- Am. 1980, Act 398, Eff. Mar. 31, 1981 ;-- Am. 1998, Act 346, Eff. Oct. 1, 1999 ;-- Am. 1999, Act 73, Eff. Oct. 1, 1999 ;-- Am. 1999, Act 267, Imd. Eff. Dec. 29, 1999 ;-- Am. 2005, Act 317, Imd. Eff. Dec. 27, 2005 ;-- Am. 2006, Act 599, Imd. Eff. Jan. 3, 2007 ;-- Am. 2014, Act 290, Eff. Mar. 31, 2015

**257.233a Transfer of title or interest in vehicle; disclosure of odometer mileage; electronically signed odometer disclosure statement; electronic system; transfer of ownership; "private parties" defined.**

Sec. 233a.

(1) Except as otherwise provided in subsection (17), if the owner of a registered motor vehicle transfers the owner's title or interest in that vehicle, the transferor shall present to the transferee before delivery of the vehicle, written disclosure of odometer mileage by means of the certificate of title or a written statement signed by the transferor including the transferor's printed name, containing all of the following:

- (a) The odometer reading at the time of transfer, not including the tenths of a mile or kilometer.
  - (b) The date of transfer.
  - (c) The transferor's name and current address.
  - (d) The transferee's name and current address.
  - (e) The identity of the vehicle, including its make, model, body type, year, and vehicle identification number.
  - (f) A reference to this section and comparable federal law, and a statement that failing to complete the title or form or providing false information may result in civil liability and civil or criminal penalties being imposed on the transferor.
  - (g) One of the following:
    - (i) A statement by the transferor certifying that to the best of the transferor's knowledge the odometer reading reflects the actual mileage of the vehicle.
    - (ii) If the transferor knows that the odometer reading reflects the amount of mileage in excess of the designed mechanical odometer limit, a statement to that effect.
    - (iii) If the transfer knows that the odometer reading differs from the mileage and the difference is greater than that caused by odometer calibration error, a statement that the odometer reading does not reflect the actual mileage and should not be relied on. This notice must include a warning notice to alert the transferee that a discrepancy exists between the odometer and the actual mileage.
  - (h) Space for the signature and printed name of the transferee, and the date of presentation to the transferee.
- (2) A certificate of title and a dealer reassignment form must contain a place for the information required by subsection (1)(a) to (h). If the vehicle is not titled or the title does not contain a space for the required information, a written statement must be provided as a separate document.
- (3) A dealer selling or exchanging vehicles required to be titled under this act shall present the certificate of title or written statement and any reassigned titles in the dealer's possession to the transferee. The transferee or the transferee's agent shall inspect, print the transferee's or transferee's agent's name on, sign, and date the certificate or statement and return it to the transferor for submission to the secretary of state. If neither the transferee nor transferor is a dealer licensed under this act, completing the odometer information on the certificate of title must be considered to comply with subsection (1). A person shall not sign an odometer disclosure statement as both the transferor and transferee in the same transaction.
- (4) A new or used vehicle dealer shall obtain from the transferor a completed odometer mileage statement that meets the requirements of subsection (1) with each motor vehicle acquired by the dealer. Except as provided in subsection (16), the dealer shall not accept or provide an odometer mileage statement or a title that contains a place for odometer information that has not been completely filled in by the transferor.
- (5) The odometer information described in subsection (1) must not be required for any of the following:
- (a) Vehicles having a gross vehicle weight rating of more than 16,000 pounds.
  - (b) A vehicle that is not self-propelled.
  - (c) A vehicle manufactured in or before the 2010 model year that is transferred at least 10 years after January 1 of the calendar year that is included in the model year in which the vehicle is manufactured.
  - (d) A vehicle manufactured in or after the 2011 model year that is transferred at least 20 years after January 1 of the calendar year that is included in the model year in which the vehicle was manufactured.
  - (e) A new vehicle transferred from a manufacturer to a dealer.
  - (f) A vehicle sold directly by the manufacturer to an agency of the United States in conformity with contractual specifications.
  - (g) A low-speed vehicle.
  - (h) A scrap vehicle.
- (6) A person shall not alter, set back, or disconnect an odometer; cause or allow an odometer to be altered, set back, or disconnected; or advertise for sale, sell, use, install, or cause or allow to be installed a device which causes an odometer to register other than the actual mileage driven. This subsection does not prohibit the service, repair, or replacement of an odometer if the mileage indicated on the odometer remains the same as before the service,

repair, or replacement. If the odometer is incapable of registering the same mileage as before the service, repair, or replacement, the odometer must be adjusted to read zero and a notice in writing must be attached to the left door frame of the vehicle by the owner or the owner's agent specifying the mileage prior to service, repair, or replacement of the odometer and the date on which it was serviced, repaired, or replaced. A person shall not remove, deface, or alter any notice affixed to a motor vehicle under this subsection.

(7) A person who violates subsection (6) is guilty of a felony.

(8) Before executing a transfer of ownership document, a lessor of a leased vehicle shall notify the lessee in writing that ownership of the vehicle is being transferred and that the lessee is required to provide a written statement to the lessor regarding the mileage of the vehicle. This notice must inform the lessee of the penalties for failure to comply with the requirement.

(9) Upon receiving notification from the lessor of a leased vehicle that ownership of the vehicle is to be transferred, the lessee shall furnish to the lessor a written statement regarding the mileage of the vehicle. This statement must be signed by the lessee and must contain all of the following:

- (a) The printed name of the person making the statement.
- (b) The current odometer reading, not including tenths of miles.
- (c) The date of the statement.
- (d) The lessee's name and current address.
- (e) The lessor's name and current address.
- (f) The identity of the vehicle, including its make, model, year, body type, and vehicle identification number.
- (g) The date that the lessor notified the lessee of the requirements of this subsection.
- (h) The date that the completed disclosure statement was received by the lessor.
- (i) The signature of the lessor.
- (j) One of the following:

(i) A statement by the lessee certifying that to the best of the lessee's knowledge the odometer reading reflects the actual mileage of the vehicle.

(ii) If the lessee knows that the odometer reading reflects the amount of mileage in excess of the designed mechanical odometer limit, a statement to that effect.

(iii) If the lessee knows that the odometer reading differs from the mileage and that the difference is greater than that caused by odometer calibration error, a statement that the odometer reading is not the actual mileage and should not be relied on.

(10) If the lessor transfers a leased vehicle without obtaining possession of the vehicle, the lessor may indicate on the certificate of title the mileage disclosed by the lessee under subsection (9), unless the lessor has reason to believe that the mileage disclosed by the lessee does not reflect the actual mileage of the vehicle.

(11) A dealer that is required by this section to execute an odometer mileage statement shall retain for 5 years a photostatic, carbon, or other facsimile copy of each odometer mileage statement the dealer issues or receives. The dealer shall retain the odometer mileage statements at the dealer's primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval.

(12) A lessor shall retain, for 5 years following the date of transfer of ownership of each leased vehicle, the odometer mileage statement received from the lessee. The lessor shall retain the odometer mileage statements at the lessor's primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval.

(13) An auction dealer or vehicle salvage pool operator shall establish and retain at the auction dealer's or vehicle salvage pool operator's primary place of business in an order that is appropriate to business requirements and that permits systematic retrieval, for 5 years following the date of sale of each motor vehicle, the following records:

- (a) The name and the most recent owner, other than the auction dealer or salvage pool operator.
- (b) The name of the buyer.
- (c) The vehicle identification number.

(d) The odometer reading, not including the tenths of a mile, on the date the auction dealer or salvage pool operator took possession of the motor vehicle.

(14) A violation of subsection (1) or (6) by any dealer licensed under this act is prima facie evidence of a fraudulent act as provided in section 249.

(15) A person who, with intent to defraud, violates any requirement under subsection (1) or (6), or a dealer that fails to retain for 5 years each odometer mileage statement the dealer receives and each odometer mileage statement furnished by the dealer upon the sale of a vehicle, is liable in an amount equal to 3 times the amount of actual damages sustained or \$1,500.00 whichever is greater, and in the case of a successful recovery of damages, the costs of the action together with reasonable attorney fees.

(16) For the purposes of this section, the department may accept an electronically signed odometer disclosure document that complies with all of the following:

- (a) Is submitted on a form that is approved by the department.
- (b) Is electronically signed using software that provides antitamper and identification verification technology and is approved for this use by the department.

(c) Is otherwise fully compliant with 49 CFR part 580.

(17) The department may establish, implement, and operate an electronic system to process the notification and transfer of a vehicle ownership interest between private parties through an electronic transfer instead of the collection of paper documents otherwise required under this act. If the electronic system is established, a private party that uses the electronic system shall comply with any requirement of this section that the department determines is necessary and provide any information that is required by the department. The department may enter into 1 or more contracts to establish, implement, and operate the electronic system under this subsection. The contract must require the protection of proprietary information contained in the electronic system and other information as protected under this act.

(18) As used in this section, "private parties" means that both a vehicle's buyer and seller are not a dealer.

**History:** Add. 1974, Act 367, Eff. Apr. 1, 1975 ;-- Am. 1988, Act 470, Eff. Apr. 1, 1989 ;-- Am. 2000, Act 82, Eff. July 1, 2000 ;-- Am. 2020, Act 304, Imd. Eff. Dec. 29, 2020 ;-- Am. 2022, Act 224, Eff. Jan. 23, 2023 ;-- Am. 2023, Act 240, Eff. Feb. 13, 2024  
**Compiler's Notes:** In subsection (1)(g)(iii), the term "transfer" evidently should read "transferor."

### **257.233b Definitions; disclosure by dealer of damage or repair; exception; grounds for revocation.**

Sec. 233b.

(1) As used in this section:

(a) "Distributor" means that term as defined in section 3(1) of 1981 PA 118, MCL 445.1563.

(b) "Manufacturer" means that term as defined in section 4(2) of 1981 PA 118, MCL 445.1564.

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

(2) Except as provided in this subsection, a new motor vehicle dealer shall disclose in writing to a purchaser or lessee of a new motor vehicle, demonstrator, executive or manufacturer's vehicle, or program vehicle before entering into a sales contract or lease agreement that, after the vehicle completed the manufacturing process, the vehicle was damaged and repaired, including an itemization of repairs, if the dealer has knowledge of the damage and repairs and if the cost of the cumulative repairs, as calculated at the rate of the dealer's authorized warranty rate for labor and parts exceeds either 1 of the following:

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

(b) Seven hundred fifty dollars in surface coating repairs or corrosion protection restoration or a combination of these items. If a new motor vehicle dealer fails to comply with this subsection, the purchaser or lessee shall retain all applicable remedies available under article 2 of the uniform commercial code, 1962 PA 174, MCL 440.2101 to 440.2725.

(3) A dealer in new motor vehicles is not required to disclose to a purchaser or lessee under this act that any glass, tires, wheels, bumpers, audio equipment, in-dash components, or components contained in the living quarters of a motor home that are not required for the operation of the motor home as a motor vehicle were damaged at any time if the damaged item has been replaced with original manufacturer's parts and material.

(4) Repaired damage to a motor vehicle, subject to this section, not exceeding the cost of cumulative repairs as determined pursuant to subsection (2) shall not constitute grounds for revocation of acceptance by the purchaser or lessee. The right of revocation ceases upon the purchaser's or lessee's acceptance of delivery of the vehicle.

**History:** Add. 1994, Act 305, Eff. Jan. 2, 1995 ;-- Am. 2002, Act 642, Eff. Jan. 1, 2003

### **257.234 Presentation of certificate of title and registration certificate to secretary of state; fees; issuance of new certificate of title and registration certificate; mail or delivery; repossession of license plates; payment of transfer fee; compliance with MCL 257.238.**

Sec. 234.

(1) The purchaser or transferee, unless the person is a licensed dealer, shall present or cause to be presented the certificate of title and registration certificate if plates are being transferred to another vehicle, assigned as provided

in this act, to the secretary of state accompanied by the fees as provided by law, whereupon a new certificate of title and registration certificate shall be issued to the assignee. The certificate of title shall be mailed or delivered to the owner or another person the owner may direct in a separate instrument in a form the secretary of state shall prescribe.

(2) If the secretary of state mails or delivers a purchaser's or transferee's certificate of title to a dealer, the dealer shall mail or deliver that certificate of title to the purchaser or transferee not more than 5 days after receiving the certificate of title from the secretary of state.

(3) Unless the transfer is made and the fee paid within 15 days, the vehicle is considered to be without registration, the secretary of state may repossess the license plates, and transfer of the vehicle ownership may be effected and a valid registration acquired thereafter only upon payment of a transfer fee of \$15.00 in addition to the fee provided for in section 806.

(4) If a security interest is reserved or created at the time of the transfer, the parties shall comply with the requirements of section 238.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1957, Act 90, Eff. Sept. 27, 1957 ;-- Am. 1959, Act 250, Imd. Eff. Aug. 21, 1959 ;-- Am. 1962, Act 166, Eff. Mar. 28, 1963 ;-- Am. 1964, Act 248, Eff. Jan. 1, 1965 ;-- Am. 1968, Act 66, Eff. Aug. 1, 1968 ;-- Am. 1987, Act 238, Imd. Eff. Dec. 28, 1987 ;-- Am. 2000, Act 151, Imd. Eff. June 12, 2000 ;-- Am. 2002, Act 552, Eff. Oct. 1, 2002

**Compiler's Notes:** For effective date of increases in certain fees, charges or taxes provided by this section, see MCL 257.817(1).

### **257.235 Dealer as transferee of vehicle; requirements; duties; liability of dealer or transferee; transfer of title or interest to another dealer; duties of dealer; dealer reassignment of title form; buy back or off lease vehicle.**

Sec. 235.

(1) If the transferee of a vehicle is a new motor vehicle dealer or a used or secondhand vehicle dealer that acquires the vehicle for resale, the dealer is not required to obtain a new registration of the vehicle or forward the certificate of title to the secretary of state, but shall retain and have in the dealer's immediate possession, or, upon providing prior written notice to the department and receiving the department's approval within 7 business days after the department receives the written notice, at a secondary location owned by the dealer that is located within a 15-mile radius, the assigned certificate of title with the odometer information properly completed, except as otherwise provided in section 235b. A dealer shall obtain a certificate of title for a vehicle that has a salvage certificate of title before the dealer may operate the vehicle under dealer's license plates. Upon transferring title or interest to another person that is not a dealer, the dealer shall complete an assignment and warranty of title upon the certificate of title, salvage certificate of title, or dealer reassignment of title form and apply for a registration and a new title as provided in section 217(4).

(2) The dealer or transferee is liable for all damages arising from the operation of the vehicle while the vehicle is in the dealer's or transferee's possession.

(3) Upon transferring title or interest to another dealer, the dealer shall complete an assignment and warranty of title on the certificate of title, salvage certificate of title, or dealer reassignment of title form and deliver it to the licensed dealer receiving the transfer.

(4) The secretary of state shall prescribe the dealer reassignment of title form. The form must contain the title number of the accompanying title; the name, address, and, if applicable, dealer license number of the transferee; the year, make, model, body type, and vehicle identification number of the vehicle; the name, address, dealer number, and signature of the transferor; an odometer mileage statement as prescribed under section 233a; and any other information the secretary of state requires.

(5) This section does not prohibit a dealer from selling a buy back vehicle while the certificate of title is in the possession of a manufacturer that obtained the certificate of title under the manufacturer's buy back vehicle program. The manufacturer shall mail the certificate of title to the dealer within 5 business days after the manufacturer's receipt of a signed statement from the purchaser of the vehicle acknowledging the purchaser was informed by the dealer that the manufacturer acquired title to the vehicle as the result of an arbitration proceeding, under a customer satisfaction policy adopted by the manufacturer, or under 1986 PA 87, MCL 257.1401 to 257.1410, or a similar law of another state.

(6) This section does not prohibit a dealer from selling an off lease vehicle while the certificate of title is in the possession of a lessor. The lessor shall mail the certificate of title to the dealer within 21 days after the lessor receives the purchase price of the vehicle and any other fees and charges due under the lease.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1951, Act 270, Eff. Sept. 28, 1951 ;-- Am. 1957, Act 90, Eff. Sept. 27, 1957 ;-- Am. 1964, Act 248, Eff. Jan. 1, 1965 ;-- Am. 1978, Act 507, Eff. July 1, 1979 ;-- Am. 1980, Act 398, Eff. Mar. 31, 1981 ;-- Am. 1988, Act 470, Eff. Apr. 1, 1989 ;-- Am. 2002, Act 652, Eff. Jan. 1, 2003 ;-- Am. 2012, Act 498, Eff. Mar. 28, 2013 ;-- Am. 2022, Act 224, Eff. Jan. 23, 2023

**257.235a Licensed dealer or junk dealer purchasing vehicle for purpose of destroying or junking vehicle; acceptance and disposition of certificate of title; fee.**

Sec. 235a.

Notwithstanding any other provision of this act or of the use tax act, 1937 PA 94, MCL 205.91 to 205.111, a licensed dealer or junk dealer who purchases a vehicle for the purpose of destroying or junking the vehicle may accept a certificate of title that has been assigned to the transferor by a properly indorsed assignment on the certificate of title as required by the secretary of state. The dealer shall write the word "junk" on the face of the certificate of title above the signature of the dealer or an authorized agent of the dealer and forward the certificate to the secretary of state, together with a fee of \$5.00 instead of a fee or tax otherwise applicable. This section does not apply to a transfer unless the fee and certificate of title are received by the secretary of state within 10 days after the date of the vehicle's purchase by the dealer. A certificate of title shall not again be issued for the vehicle.

**History:** Add. 1960, Act 79, Eff. Aug. 17, 1960 ;-- Am. 1980, Act 398, Eff. Mar. 31, 1981 ;-- Am. 1987, Act 238, Imd. Eff. Dec. 28, 1987 ;-- Am. 2005, Act 317, Imd. Eff. Dec. 27, 2005

**Compiler's Notes:** For effective date of increases in certain fees, charges or taxes provided by this section, see MCL 257.817(1).

**257.235b Possession of certificate of title by inventory lender for vehicle subject to inventory loan; written agreement; release of certificate of title by used or secondhand vehicle dealer's inventory lender; limitation; failure to release vehicle title; registration with secretary of state; applicability of section to certain licensed dealers; applicability of MCL 257.235; definitions.**

Sec. 235b.

(1) A used or secondhand vehicle dealer may voluntarily enter into a written agreement with an inventory lender allowing the inventory lender to retain in its possession the certificate of title for a vehicle that is subject to an inventory loan if all of the following conditions have been met:

(a) The used or secondhand vehicle dealer posts a notice on the used or secondhand vehicle window disclosing the existence of the used or secondhand vehicle dealer's inventory loan for the vehicle. The notice under this subdivision shall include the name, address, telephone number, and internet address of the used or secondhand vehicle inventory lender in a manner and of a size sufficient to alert potential buyers of the existence of inventory loan, contact information for the holder of that inventory loan, and that the inventory lender holds the title to the vehicle in its possession. The notice under this subdivision shall be in a form and manner as prescribed by the secretary of state.

(b) The used or secondhand vehicle dealer maintains a color copy of the certificate of title, either in paper or electronic form, at the used or secondhand vehicle dealer's place of business. The color copy of the certificate of title shall indicate on its face that it is a copy. The color copy of the title and a disclosure or notice of the vehicle inventory lender's possession of the title shall be presented to the buyer at the time of purchase in paper or electronic form.

(c) The used or secondhand vehicle dealer maintains a paper or electronic copy of the inventory loan agreement between the used or secondhand vehicle dealer and the vehicle inventory lender, along with the inventory list, which shall be not more than 5 days old. These documents shall be made available to the secretary of state upon the request of the secretary of state.

(2) A used or secondhand vehicle dealer's inventory lender shall release the certificate of title to the used or secondhand vehicle dealer, the used or secondhand vehicle dealer's designee, or the secretary of state, as applicable, not more than 2 banking business days after the used or secondhand vehicle dealer's inventory lender receives 1 of the following:

(a) The outstanding principal balance and any other fees and charges due on the vehicle under the inventory loan.

(b) A written request from the used or secondhand vehicle dealer with proof of full payment evidencing that the vehicle has been sold to a buyer in the ordinary course of business under section 9320 of the uniform commercial code, 1962 PA 174, MCL 440.9320, or a substantially similar law of another state.

(c) A written request from the purchaser and proof of full payment evidencing that the purchaser's status as a buyer in ordinary course of business under section 9320 of the uniform commercial code, 1962 PA 174, MCL 440.9320, or a substantially similar law of another state.

(d) A written request from the secretary of state.

(3) A used or secondhand vehicle dealer's inventory lender that fails to release a vehicle title as required under subsection (2) may be ordered to pay an administrative fine of \$500.00.

(4) A used or secondhand vehicle inventory lender that holds a certificate of title for a vehicle shall register with the secretary of state in a form and manner as prescribed by the secretary of state to provide its location and contact information. No fee shall be charged for registration under this subsection.

(5) This section applies only to dealers licensed under this act that solely sell used or secondhand vehicles and does not apply to a dealer licensed under this act that sells new motor vehicles or both new motor vehicles and used or secondhand vehicles.

(6) Section 235 applies to used or secondhand vehicle dealers under this section only to the extent that section 235 does not conflict with this section.

(7) As used in this section:

(a) "Inventory lender" means a third party engaged in the business of providing financing to a used or secondhand vehicle dealer for the acquisition or retention of vehicles that are held for sale or lease by the used or secondhand vehicle dealer in the ordinary course of the used or secondhand vehicle dealer's business and has filed a financing statement with the secretary of state evidencing the third party's security interest in the used or secondhand vehicle dealer's inventory and the proceeds of that inventory.

(b) "License" means the applicable license under section 248.

**History:** Add. 2012, Act 498, Eff. Mar. 28, 2013

**257.236 Procuring title to vehicle acquired by operation of law; validity of registration upon death of owner; application for title by surviving spouse or heir; proof of death; certification; petition.**

Sec. 236.

(1) If ownership of a vehicle passes by operation of law, upon furnishing satisfactory proof of that ownership to the secretary of state, the person acquiring the vehicle may procure a title to the vehicle regardless of whether a certificate of title has ever been issued. Upon death of an owner of a registered vehicle, the license plate assigned to the vehicle, unless the vehicle is destroyed, is a valid registration until the end of the registration year or until the personal representative of the owner's estate transfers ownership of the vehicle.

(2) If an owner of 1 or more vehicles dies and does not leave other property that requires the issuance of letters under section 3103 of the estates and protected individuals code, 1998 PA 386, MCL 700.3103, the owner's surviving spouse, or an heir of the owner in the order specified in section 2103 of the estates and protected individuals code, 1998 PA 386, MCL 700.2103, may apply for a title after providing the secretary of state with proper proof of the death of the registered owner and attaching to the proof a certification that sets forth the fact that the applicant is the surviving spouse or an heir. Upon proper petition, the secretary of state shall provide the applicant with a certificate of title for that vehicle or vehicles, if the total value of the vehicle or vehicles, based on the date of the presented title transfer application, does not exceed the following dollar amount, as applicable:

(a) For calendar years through 2023, \$60,000.00.

(b) For the 2024 and 2025 calendar years, \$100,000.00.

(c) For the 2026 calendar year and each calendar year thereafter, a dollar amount equal to the product of the dollar amount applicable to the immediately preceding calendar year multiplied by the cost-of-living adjustment factor, rounded to the nearest \$1,000.00. Beginning with the dollar amount for the 2026 calendar year and annually thereafter, the department of treasury shall certify and publish the dollar amount applicable for each calendar year no later than September 1 of the prior calendar year.

(3) As used in this section:

(a) "Cost-of-living adjustment factor" means a fraction in which the numerator is the United States Consumer Price Index for the year before the prior calendar year and the denominator is the United States Consumer Price Index for the 2023 calendar year.

(b) "United States Consumer Price Index" means the annual average of the United States Consumer Price Index

for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor agency.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1957, Act 90, Eff. Sept. 27, 1957 ;-- Am. 1961, Act 60, Eff. Sept. 8, 1961 ;-- Am. 1962, Act 72, Eff. Mar. 28, 1963 ;-- Am. 1976, Act 110, Imd. Eff. May 2, 1976 ;-- Am. 1978, Act 544, Eff. July 1, 1979 ;-- Am. 1980, Act 398, Eff. Mar. 31, 1981 ;-- Am. 1989, Act 189, Imd. Eff. Aug. 24, 1989 ;-- Am. 1990, Act 181, Imd. Eff. July 18, 1990 ;-- Am. 2000, Act 64, Eff. Apr. 1, 2000 ;-- Am. 2024, Act 2, Eff. May 21, 2024

**257.236a Termination of owner's interest by enforcement of security agreement; application for new certificate; certification; holding vehicle for resale; termination of owner's interest by sale pursuant to court process; issuance and contents of new certificate; outstanding certificate.**

Sec. 236a.

(1) If the interest of the owner in a vehicle is terminated by the enforcement of a security agreement, the transferee of the owner's interest shall promptly mail or deliver to the secretary of state the last certificate of title if the transferee has possession of the certificate; the application for a new certificate in the form prescribed by the secretary of state; and a certification made by or on behalf of the holder of the security interest so enforced that the vehicle was repossessed, that the interest of the owner was lawfully terminated by enforcement of the security agreement, and whether the owner has delivered the last certificate of title to the transferee of the owner's interest, naming the transferee, or if not, the reason for not naming the transferee, and the location of the certificate of title as known to the owner. If the holder of the security interest succeeds to the interest of the owner and holds the vehicle for resale, the holder need not secure a new certificate of title but, upon transfer to another person, shall promptly mail or deliver to the transferee or to the secretary of state the certificate, if in the holder's possession, a certification, and other documents required to be sent to the secretary of state by the transferee.

(2) If the interest of the owner in a vehicle is terminated by sale pursuant to a levy of execution, attachment, or by other process of a court, the transferee of the owner's interest shall promptly mail or deliver to the secretary of state the last certificate of title, if the transferee has possession of the certificate, the application for a new certificate of title in the form prescribed by the secretary of state, and a certification upon a form prescribed by the secretary of state, made by the officer of the court who conducted the sale, setting forth the date of the sale, the name of the purchaser, and whether the officer of the court has delivered the certificate of title to the purchaser and if not, the reason for nondelivery and the location of the certificate of title so far as known to the officer of the court.

(3) A person holding a certificate of title in which the interest of the owner named on the certificate has been terminated in the manner provided by subsection (1) or (2), shall mail or deliver the certificate to the secretary of state upon request. The delivery of the certificate pursuant to the request of the secretary of state does not affect the rights of the person surrendering the certificate, and the action of the secretary of state in issuing a new certificate of title as provided in this act is not conclusive upon the rights of an owner or holder of a security interest named in the old certificate.

(4) The secretary of state, upon receipt of an application for a new certificate of title by a transferee in the manner provided by subsection (1) or (2), with proof of the transfer, the required fee, and other documents required by law, shall issue a new certificate of title in the name of the transferee as owner, setting forth all security interests noted on the last certificate of title as having priority over the security agreement so enforced and shall mail or deliver the certificate to the owner. If the outstanding certificate of title is not delivered to the secretary of state, the secretary of state shall make demand for the outstanding certificate of title from the holder.

**History:** Add. 1964, Act 248, Eff. Jan. 1, 1965 ;-- Am. 1968, Act 66, Eff. Aug. 1, 1968 ;-- Am. 1980, Act 398, Eff. Mar. 31, 1981

**257.237 Transfer of registration; issuance of new registration certificate and certificate of title; filing surrendered certificate of title; retention of records.**

Sec. 237.

(1) The secretary of state, upon receipt of a properly endorsed certificate of title and application for transfer of registration accompanied by the required fee, shall transfer the registration thereof under its registration number to the newly acquired vehicle and shall issue a new registration certificate and certificate of title as upon an original registration.

(2) The secretary of state shall retain and appropriately file every surrendered certificate of title, the file to be so maintained as to permit the tracing of title of the vehicles designated in the file for a period of 6 years, except that records of stolen vehicles reported in section 253 may be destroyed after being maintained on file for the year of entry plus 4 years.

(3) The secretary of state shall retain the records for 2 years after the date of notification that a vehicle has been processed for scrap.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1978, Act 507, Eff. July 1, 1979 ;-- Am. 1980, Act 460, Imd. Eff. Jan. 15, 1981

### **257.238 Security interest in vehicle; certificate of title; assignment; termination statement; electronic transactions.**

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.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1964, Act 248, Eff. Jan. 1, 1965 ;-- Am. 1968, Act 66, Eff. Aug. 1, 1968 ;-- Am. 2014, Act 291, Eff. Mar. 31, 2015

**257.239 Certificate of title; failure to endorse or deliver, fine.**

Sec. 239.

A person shall not fail or neglect to properly endorse and deliver a certificate of title to a transferee or owner lawfully entitled to the title. A person who violates this section is responsible for a civil infraction and shall be ordered to pay a civil fine of not more than \$100.00.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 2020, Act 382, Eff. Oct. 1, 2021

**257.240 Liability for use or ownership of vehicle after transfer of endorsed certificate of title; conditions; violation of subsection (2); civil infraction; fine; towing and storage fees.**

Sec. 240.

(1) The owner of a motor vehicle who has made a bona fide sale by transfer of his or her title or interest and who has delivered possession of the vehicle and the certificate of title to that vehicle properly endorsed to the purchaser or transferee is not liable for any damages or a violation of law that subsequently results from the use or ownership of the vehicle by another, if the owner, other than a licensed dealer, satisfies the conditions prescribed under subsection (2).

(2) The owner of a motor vehicle, other than a licensed dealer, shall satisfy 1 of the following conditions:

(a) Accompany the purchaser of the vehicle to a secretary of state branch office to assure that the title of the vehicle being sold is transferred.

(b) Maintain a record of the sale for not less than 18 months. As used in this subdivision, "record of the sale" means either a photocopy of the reassigned title or a form or document that includes the name, address, driver license number, and signature of the person to whom the vehicle is sold and the purchase price and date of sale of the vehicle.

(3) A person who violates subsection (2) is responsible for a civil infraction and shall be ordered to pay a civil fine of \$15.00.

(4) A person who violates subsection (2) is presumed to be the last titled owner and to be liable for towing fees and daily storage fees for an abandoned motor vehicle.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1999, Act 267, Imd. Eff. Dec. 29, 1999 ;-- Am. 2004, Act 493, Eff. Oct. 1, 2005

**257.241 Electronic lien title system; establishment, implementation, and operation; contracts; participation of secured parties; inclusion of secured interest or other information in electronic file; execution of release; delivery; assignment of ownership by vehicle dealer; admissibility as evidence of security interest; determination of requirements by secretary of state; establishment, implementation, and operation by July 1, 2016; information to be entered beginning October 1, 2016; definitions.**

Sec. 241.

(1) The secretary of state may enter into 1 or more contracts under this section to establish, implement, and operate an electronic lien title system to process the notification and release of security interests through electronic file transfers, or as otherwise determined by the secretary of state, in lieu of the issuance and maintenance of paper documents otherwise required by law. The contract shall contain language that requires the protection of proprietary information contained in the electronic lien title system, and shall ensure that the contract provides for the protection of a competitive free market.

(2) Except for persons who are not normally engaged in the business or practice of financing vehicles, all secured parties are required to participate in the electronic lien title system.

(3) For the purposes of this act, any requirement that a security interest or other information appear on a certificate of title is satisfied by the inclusion of that information in an electronic file maintained in an electronic lien title system. The satisfaction of a security interest may be electronically transmitted to the secretary of state. A secured party shall execute a release of its security interest in a motor vehicle in a manner prescribed by the department not more than 14 days after the secured party receives the payment in satisfaction of the security interest in a motor vehicle. If the certificate of title is in the possession of the motor vehicle owner, the secured party shall deliver the release to the owner of the motor vehicle or as otherwise directed by the owner. However, if the certificate of title is held electronically as provided under section 238, the secured party shall deliver the release of security interest to the department, and the department shall cancel the security interest. If the secured party fails to comply with these requirements for the release of a secured interest, the secured party is liable to the vehicle owner for all damages sustained by the owner due to the failure to comply. The electronic lien title system shall provide a mechanism by which a vehicle dealer may assign ownership of a motor vehicle without proof that the prior security interest was satisfied existing on the electronic lien title system. However, the dealer warrants that the title is free and clear of all liens and assumes responsibility for the satisfaction of the security interest.

(4) A certified copy of the secretary of state's electronic record of a security interest is admissible in any civil, criminal, or administrative proceeding in this state as evidence of the existence of the security interest. If a certificate of title is maintained electronically in the electronic lien title system, a certified copy of the secretary of state's electronic record of the certificate of title is admissible in any civil, criminal, or administrative proceeding in this state as evidence of the existence and contents of the certificate of title.

(5) The secretary of state may determine any requirements necessary to carry out the provisions of this section, including, but not limited to, 1 or more of the following:

(a) Monitoring the reasonable fees charged by service providers or a contractor for the establishment and maintenance of the electronic lien title system.

(b) The qualifications of service providers for participation in the electronic lien title system.

(c) The qualifications for a contractor to enter into a contract with the secretary of state to establish, implement, and operate the electronic lien title system.

(d) Program specifications that a contractor must adhere to in establishing, implementing, and operating the electronic lien title system.

(6) The electronic lien title system shall be established, implemented, and operational no later than July 1, 2016.

(7) The department may require a person to enter evidence of security interests and any related information into the electronic lien title system in lieu of paper documents beginning October 1, 2016.

(8) As used in this section:

(a) "Contractor" means a person who enters into a contract with the secretary of state to establish, implement, and operate the electronic lien title system described in this section.

(b) "Electronic lien title system" means a system to process the notification and release of security interests through electronic file transfers that is established and implemented under this section.

(c) "Service provider" means a person who provides secured parties with software to manage electronic lien and title data as provided under this section.

**History:** Add. 2014, Act 292, Eff. Mar. 31, 2015

**Compiler's Notes:** Former MCL 257.241 which pertained to cancellation of certificate of title for dismantled or wrecked car was repealed by Act 507 of 1978, Eff. July 1, 1979.

## **257.242 Sale of vehicle for salvage.**

Sec. 242.

An owner may sell a vehicle to a dealer for salvage by writing on the face of the certificate of title in bold print

the word, scrap, along with the signature of the owner or authorized agent, and by then assigning the certificate of title to the dealer purchasing the vehicle. A certificate of title shall not again be issued for the vehicle.

**History:** 1949, Act 300, Eff. Sept. 23, 1949 ;-- Am. 1958, Act 100, Eff. Sept. 13, 1958 ;-- Am. 1960, Act 142, Eff. Aug. 17, 1960 ;-- Am. 1978, Act 507, Eff. July 1, 1979

**257.242a Regrooved or recut motor vehicle or motorcycle tires; sale or possession with intent to sell prohibited; exception; misdemeanor.**

Sec. 242a.

No person shall regroove or recut motor vehicle or motorcycle tires or knowingly sell, offer or expose for sale or have in his possession with intent to sell any motor vehicle or motorcycle tire or any motor vehicle or motorcycle equipped with one or more tires which have been recut or regrooved, except that there shall be no prohibition against the regrooving or recutting of commercial vehicle tires or the sale of regrooved or recut commercial vehicle tires or commercial vehicles equipped with such commercial vehicle tires which are designed and constructed in such a manner that regrooving or recutting is an acceptable and safe practice. A violation of this section shall constitute a misdemeanor.

**History:** Add. 1966, Act 133, Eff. Jan. 1, 1967