

# HOUSE BILL No. 5747

May 10, 1990, Introduced by Rep. Hertel and referred to the Committee on Transportation.

A bill to amend section 217 of Act No. 300 of the Public Acts of 1949, entitled as amended "Michigan vehicle code," as amended by Act No. 136 of the Public Acts of 1989, being section 257.217 of the Michigan Compiled Laws.

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

1 Section 1. Section 217 of Act No. 300 of the Public Acts of  
2 1949, as amended by Act No. 136 of the Public Acts of 1989, being  
3 section 257.217 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 217. (1) An owner of a vehicle subject to registration  
6 under this act shall apply to the secretary of state, upon an  
7 appropriate form furnished by the secretary of state, for the  
8 registration of the vehicle and issuance of a certificate of  
9 title for the vehicle. The application shall be accompanied by

1 the required fee. An application for a certificate of title  
2 shall bear the signature of the owner written with pen and ink.  
3 The application shall contain all of the following:

4 (a) The name, bona fide residence, and mailing address of  
5 the owner or business address of a firm, association, or  
6 corporation.

7 (b) A description of the vehicle including the make or name,  
8 style of body, and model year; if the vehicle is a motor vehicle,  
9 the number of miles, not including the tenths of a mile, regis-  
10 tered on the vehicle's odometer at the time of transfer; whether  
11 the vehicle is to be or has been used as a taxi or police vehi-  
12 cle, or by a political subdivision of this state; whether the  
13 vehicle has previously been issued a salvage or rebuilt certifi-  
14 cate of title; vehicle identification number; and the vehicle's  
15 weight fully equipped, if a passenger vehicle registered pursuant  
16 to section 801(1)(a), and, if a trailer coach, in addition to the  
17 weight the manufacturer's serial number, or in the absence of the  
18 serial number, a number assigned by the secretary of state. A  
19 number assigned by the secretary of state shall be permanently  
20 placed on the trailer coach in the manner and place designated by  
21 the secretary of state.

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

25 (d) Further information which the secretary of state reason-  
26 ably requires to enable the secretary of state to determine  
27 whether the vehicle is lawfully entitled to registration and the

1 owner entitled to a certificate of title. If the secretary of  
2 state is not satisfied as to the ownership of a late model vehi-  
3 cle or other vehicle having a value over \$1,500.00, before regis-  
4 tering the vehicle and issuing a certificate of title, the secre-  
5 tary of state may require the applicant to file a properly exe-  
6 cuted surety bond in a form prescribed by the secretary of state  
7 and executed by the applicant and a company authorized to conduct  
8 a surety business in this state. The bond shall be in an amount  
9 equal to twice the value of the vehicle as determined by the sec-  
0 retary of state and shall be conditioned to indemnify or reim-  
1 burse the secretary of state, any prior owner, and any subsequent  
2 purchaser of the vehicle, and their successors in interest,  
3 against any expense, loss, or damage, including reasonable  
4 attorney's fees, by reason of the issuance of a certificate of  
5 title to the vehicle or on account of any defect in the right,  
6 title, or interest of the applicant in the vehicle. An inter-  
7 ested person has a right of action to recover on the bond for a  
8 breach of the conditions of the bond, but the aggregate liability  
9 of the surety to all persons shall not exceed the amount of the  
10 bond. The bond shall be returned at the end of 3 years, or  
11 before 3 years if the vehicle is no longer registered in this  
12 state and the currently valid certificate of title is surrendered  
13 to the secretary of state, unless the secretary of state has  
14 received notification of the pendency of an action to recover on  
15 the bond. If the secretary of state is not satisfied as to the  
16 ownership of a vehicle which is not a late model vehicle and  
17 whose value does not exceed \$1,500.00, the secretary of state

1 shall require the applicant to certify that the applicant is the  
2 owner of the vehicle and entitled to register and title the  
3 vehicle.

4 (e) Except as provided in subdivision (f), an application  
5 for a commercial vehicle shall also have attached a scale weight  
6 receipt of the motor vehicle fully equipped as of the time the  
7 application is made. A scale weight receipt may not be necessary  
8 if there is presented with the application a registration receipt  
9 of the previous year that shows on its face the empty weight of  
10 the motor vehicle as registered with the secretary of state, that  
11 is accompanied by a statement of the applicant that there has not  
12 been structural change in the motor vehicle which has increased  
13 the empty weight, and that the previous registered weight is the  
14 true weight.

15 (f) An application for registration of a vehicle on the  
16 basis of elected gross weight shall include a declaration by the  
17 applicant specifying the elected gross weight for which applica-  
18 tion is being made.

19 (g) If the application is for a certificate of title of a  
20 motor vehicle registered pursuant to section 801(1)(q), the  
21 application shall include the manufacturer's suggested base list  
22 price for the model year of the vehicle. Annually, the secretary  
23 of state shall publish a list of the manufacturer's suggested  
24 base list price for each vehicle being manufactured. Once a base  
25 list price is published by the secretary of state for a model  
26 year for a vehicle, the base list price shall not be affected by  
27 subsequent increases in the manufacturer's suggested base list

1 price but shall remain the same throughout the model year unless  
2 changed in the annual list published by the secretary of state.  
3 If the secretary of state's list has not been published for that  
4 vehicle by the time of the application for registration, the base  
5 list price shall be the manufacturer's suggested retail price as  
6 shown on the label required to be affixed to the vehicle under  
7 section 3 of the automobile information disclosure act,  
8 15 U.S.C. 1232. If the manufacturer's suggested retail price is  
9 unavailable, the application shall list the purchase price of the  
10 vehicle as defined in section 801(4).

11 (2) A dealer selling or exchanging vehicles required to be  
12 titled, within 15 days after delivering a vehicle to the purchas-  
13 er, and a person engaged in the sale of vessels required to be  
14 numbered by the marine safety act, Act No. 303 of the Public Acts  
15 of 1967, being sections 281.1001 to 281.1199 of the Michigan  
16 Compiled Laws, within 15 days after delivering a boat trailer  
17 weighing less than 2,500 pounds to the purchaser, shall apply to  
18 the secretary of state for a new title, if required, and transfer  
19 or secure registration plates and secure a certificate of regis-  
20 tration for the vehicle or boat trailer, in the name of the  
21 purchaser. The dealer's license may be suspended or revoked as  
22 provided in section 249, for failure to apply for a title when  
23 required, or for failure to transfer or secure registration  
24 plates and certificate of registration within the 15 days  
25 provided. If the dealer or person fails to apply for a title  
26 when required, and to transfer or secure registration plates and  
27 secure a certificate of registration and pay the required fees

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

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

21 (4) An application for a certificate of title which indi-  
22 cates the existence of a security interest in the vehicle or in  
23 an accessory to the vehicle shall, if requested by the security  
24 interest holder, be accompanied by a copy of the security agree-  
25 ment which need not be signed. The request may be made of the  
26 seller on an annual basis. The secretary of state shall indicate  
27 on the copy the date and place of filing of the application and

1 return the copy to the person submitting the application who  
2 shall forward it to the holder of the security interest named in  
3 the application.

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

21 On the front of the sales check or draft, the holder,  
22 finance company, credit union, or banking institution shall note  
23 the name(s) of the prospective owner(s). Failure of the holder,  
24 finance company, credit union, or banking institution to comply  
25 with these requirements shall free the seller from any obligation  
26 to record the lien or from any and all liability that may arise

1 as a result of the failure to record the lien. A service fee  
2 shall not be charged to the BORROWER OR buyer.

3 (6) 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 the motor  
10 vehicle has been stolen, embezzled, or converted, shall not be  
11 liable for damages in a civil action for causing the  
12 prosecution. This subsection shall not be construed to relieve a  
13 person from proving any other element necessary to sustain his or  
14 her cause of action.