

Act No. 300
Public Acts of 1993
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**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Reps. Dobronski, Porreca, Willard, Owen, Joe Young, Jr., Wallace, Leland, Barns, Brackenridge, Harder, Olshove, Byrum, Anthony, Baade, Freeman, Curtis, Clack, Scott, Shepich, Profit, Gire, Saunders, Pitoniak, Stallworth, Keith, DeMars, Harrison, Voorhees, Llewellyn, Martin, Schroer, Agee, Hood, Murphy, Points, Rivers, Varga, Ciaramitaro, Richard A. Young, Kilpatrick and Bennane

ENROLLED HOUSE BILL No. 4391

AN ACT to amend sections 12a, 17a, 27a, 33, 41a, 56b, 78a, 217, 217c, 217f, 222, 248, 248b, 248c, 249, 249a, 251, 806, 807, and 810a of Act No. 300 of the Public Acts of 1949, entitled as amended "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 owners and operators of vehicles and service of process on residents and nonresidents; 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 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," sections 17a, 27a, 41a, 56b, 217c, 217f, 248, 248b, 248c, 249, 249a, 251, 807, and 810a as amended by Act No. 304 of the Public Acts of 1992, section 217 as amended by Act No. 117 of the Public Acts of 1992, section 222 as amended by Act No. 265 of the Public Acts of 1990, and section 806 as amended by Act No. 148 of the Public Acts of 1990, being sections 257.12a, 257.17a, 257.27a, 257.33, 257.41a, 257.56b, 257.78a, 257.217, 257.217c, 257.217f, 257.222, 257.248, 257.248b, 257.248c, 257.249, 257.249a, 257.251, 257.806, 257.807, and 257.810a of the Michigan Compiled Laws; and to add sections 2a, 56c, 57d, 57e, 217h, 248e, 248f, 248g, 248h, and 248i.

The People of the State of Michigan enact:

Section 1. Sections 12a, 17a, 27a, 33, 41a, 56b, 78a, 217, 217c, 217f, 222, 248, 248b, 248c, 249, 249a, 251, 806, 807, and 810a of Act No. 300 of the Public Acts of 1949, sections 17a, 27a, 41a, 56b, 217c, 217f, 248, 248b, 248c, 249, 249a, 251, 807, and 810a as amended by Act No. 304 of the Public Acts of 1992, section 217 as amended by Act No. 117 of the Public Acts of 1992, section 222 as amended by Act No. 265 of the Public Acts of 1990, and section 806 as amended by Act No. 148 of the Public Acts of 1990, being sections 257.12a, 257.17a, 257.27a, 257.33, 257.41a, 257.56b, 257.78a, 257.217, 257.217c, 257.217f, 257.222, 257.248, 257.248b, 257.248c, 257.249, 257.249a, 257.251, 257.806, 257.807, and 257.810a of the Michigan Compiled Laws, are amended and sections 2a, 56c, 57d, 57e, 217h, 248e, 248f, 248g, 248h, and 248i are added to read as follows:

Sec. 2a. "Automotive recycler" means a person who engages in business primarily for the purpose of selling at retail salvage vehicle parts and secondarily for the purpose of selling at retail salvage motor vehicles or manufacturing or selling a product of gradable scrap metal.

Sec. 12a. "Distressed vehicle" means a vehicle that has a major component part that has been wrecked, destroyed, damaged, stolen, or missing to the extent that the total estimated cost of repairs to rebuild or reconstruct the vehicle, including parts and labor, is equal to or exceeds 75% of the actual cash value of the vehicle in its predamaged condition. The estimated costs of the repair parts shall be determined by using the current published retail cost of original manufacturer equipment parts or an estimate of the actual cost of the repair parts. The estimated labor costs shall be computed by using the hourly rate and time allocations which are reasonable and commonly assessed in the repair industry in the community where the repairs are performed. For the purpose of this section, "actual cash value" means the retail dollar value of a vehicle as determined by an objective vehicle evaluation using local market resources such as dealers or want ads or by an independent vehicle evaluation or appraisal service or by a current issue of a nationally recognized used vehicle guide for financial institution appraisal purposes in this state.

Sec. 17a. "Foreign salvage vehicle dealer" means a person who is a licensed dealer in another state and is engaged in this state in the business of purchasing, selling, or otherwise dealing on a wholesale basis in salvageable parts or vehicles of a type required to have a salvage or scrap certificate of title under this act.

Sec. 27a. "Major component part" means 1 of the following parts of a vehicle:

- (a) The engine.
- (b) The transmission.
- (c) The right or left front fender.
- (d) The hood.
- (e) A door allowing entrance to or egress from the vehicle's passenger compartment of the vehicle.
- (f) The front or rear bumper.
- (g) The right or left rear quarter panel.
- (h) The deck lid, tailgate, or hatchback.
- (i) The trunk floor pan.
- (j) The cargo box of a pickup.
- (k) The frame, or if the vehicle has a unitized body, the supporting structure or structures that serve as the frame.
- (l) The cab of a truck.
- (m) The body of a passenger vehicle.

Sec. 33. "Motor vehicle" means every vehicle that is self-propelled.

Sec. 41a. "Police book" means a hardcover, bound volume that provides a bought and sold record for each vehicle handled by a dealer, contains the information required by section 251, and includes any other information required by law or the secretary of state.

Sec. 56b. "Salvageable part" means a major component part of a late model vehicle or a vehicle manufactured in the current model year, if the part is serviceable to the extent that it can be reused.

Sec. 56c. "Salvage vehicle agent" means a person employed by a licensed automotive recycler, used or secondhand vehicle parts dealer, or foreign salvage vehicle dealer and authorized by the secretary of state to buy, sell, acquire, or otherwise deal in distressed, late model vehicles, scrap vehicles, or salvageable parts through a salvage pool.

Sec. 57d. "Scrap certificate of title" means a document issued by the secretary of state evidencing ownership of a scrap vehicle, which may be assigned only to a scrap metal processor, an automotive recycler, used or secondhand vehicle parts dealer, or a foreign salvage vehicle dealer and reassignable only to a vehicle scrap metal processor.

Sec. 57e. "Scrap vehicle" means a vehicle that is wrecked, destroyed, damaged, or that has a major component part stolen or missing to the extent that the total estimated cost of repairs to rebuild or reconstruct the vehicle, including parts and labor, is equal to or greater than 91% of the actual cash value of the vehicle in its predamaged condition or any vehicle that comes into this state with a scrap title or comparable certificate of title. The estimated cost of the repair parts shall be determined by using the current published retail cost of original manufacturer equipment parts or an estimate of the actual cost of the repair parts. The estimated labor costs shall be computed by using the hourly rate and time allocations which are reasonable and commonly assessed in the repair industry in the community where the repairs

are performed. For the purpose of this section, "actual cash value" means the retail dollar value of a vehicle as determined by an objective vehicle evaluation using local market resources such as dealers or want ads or by an independent vehicle evaluation or vehicle appraisal service or by a current issue of a nationally recognized used vehicle guide for financial institution appraisal purposes in this state.

Sec. 78a. "Used vehicle parts dealer" or "used or secondhand vehicle parts dealer" means a person engaged in the business of buying or otherwise dealing in vehicles for the purpose of dismantling the vehicles to sell used parts and remaining scrap metal or a person engaged in the business of buying, acquiring, selling, or otherwise dealing in salvageable parts.

Sec. 217. (1) An owner of a vehicle subject to registration under this act shall apply to the secretary of state, upon an appropriate form furnished by the secretary of state, for the registration of the vehicle and issuance of a certificate of title for the vehicle. Effective January 1, 1994, a vehicle brought into this state from another state or jurisdiction that has a rebuilt, salvage, scrap, or comparable certificate of title issued by that other state or jurisdiction shall be issued a rebuilt, salvage, or scrap certificate of title by the secretary of state. The application shall be accompanied by the required fee. An application for a certificate of title shall bear the signature of the owner written with pen and ink. The application shall contain all of the following:

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

(b) A description of the vehicle including the make or name, style of body, and model year; if the vehicle is a motor vehicle, the number of miles, not including the tenths of a mile, registered on the vehicle's odometer at the time of transfer; whether the vehicle is to be or has been used as a taxi or police vehicle, or by a political subdivision of this state; whether the vehicle has previously been issued a salvage or rebuilt certificate of title from this state or a comparable certificate of title from any other state or jurisdiction; vehicle identification number; and the vehicle's weight fully equipped, if a passenger vehicle registered pursuant to section 801(1)(a), and, if a trailer coach or pickup camper, in addition to the weight the manufacturer's serial number, or in the absence of the serial number, a number assigned by the secretary of state. A number assigned by the secretary of state shall be permanently placed on the trailer coach or pickup camper in the manner and place designated by the secretary of state.

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

(d) Further information that the secretary of state reasonably requires to enable the secretary of state to determine whether the vehicle is lawfully entitled to registration and the owner entitled to a certificate of title. If the secretary of state is not satisfied as to the ownership of a late model vehicle or other vehicle having a value over \$2,500.00, before registering the vehicle and issuing a certificate of title, the secretary of state may require the applicant to file a properly executed surety bond in a form prescribed by the secretary of state and executed by the applicant and a company authorized to conduct a surety business in this state. The bond shall be in an amount equal to twice the value of the vehicle as determined by the secretary of state and shall be conditioned to indemnify or reimburse the secretary of state, any prior owner, and any subsequent purchaser of the vehicle and their successors in interest against any expense, loss, or damage, including reasonable attorney's fees, by reason of the issuance of a certificate of title to the vehicle or on account of any defect in the right, title, or interest of the applicant in the vehicle. An interested person has a right of action to recover on the bond for a breach of the conditions of the bond, but the aggregate liability of the surety to all persons shall not exceed the amount of the bond. The bond shall be returned at the end of 3 years, or before 3 years if the vehicle is no longer registered in this state and the currently valid certificate of title is surrendered to the secretary of state, unless the secretary of state has received notification of the pendency of an action to recover on the bond. If the secretary of state is not satisfied as to the ownership of a vehicle that is not a late model vehicle and whose value does not exceed \$2,500.00, the secretary of state shall require the applicant to certify that the applicant is the owner of the vehicle and entitled to register and title the vehicle.

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

(f) An application for registration of a vehicle on the basis of elected gross weight shall include a declaration by the applicant specifying the elected gross weight for which application is being made.

(g) If the application is for a certificate of title of a motor vehicle registered pursuant to section 801(1)(q), the application shall include the manufacturer's suggested base list price for the model year of the vehicle. Annually, the secretary of state shall publish a list of the manufacturer's suggested base list price for each vehicle being manufactured. Once a base list price is published by the secretary of state for a model year for a vehicle, the base list

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

(2) A dealer selling or exchanging vehicles required to be titled, within 15 days after delivering a vehicle to the purchaser, and a person engaged in the sale of vessels required to be numbered by the marine safety act, Act No. 303 of the Public Acts of 1967, being sections 281.1001 to 281.1199 of the Michigan Compiled Laws, within 15 days after delivering a boat trailer weighing less than 2,500 pounds to the purchaser, shall apply to the secretary of state for a new title, if required, and transfer or secure registration plates and secure a certificate of registration for the vehicle or boat trailer, in the name of the purchaser. The dealer's license may be suspended or revoked as provided in section 249 for failure to apply for a title when required or for failure to transfer or secure registration plates and certificate of registration within the 15 days required by this section. If the dealer or person fails to apply for a title when required, and to transfer or secure registration plates and secure a certificate of registration and pay the required fees within 15 days of delivery of the vehicle or boat trailer, a title and registration for the vehicle or boat trailer may subsequently be acquired only upon the payment of a transfer fee of \$15.00 in addition to the fees provided for in section 806. The purchaser of the vehicle or boat trailer shall sign the application, including, when applicable, the declaration specifying the maximum elected gross weight, as required by subsection (1)(f), and other necessary papers to enable the dealer or person to secure the title, registration plates, and transfers from the secretary of state.

(3) If a vehicle is delivered to a purchaser who has valid Michigan registration plates that are to be transferred to the vehicle, and an application for title, if required, and registration for the vehicle is not made before delivery of the vehicle to the purchaser, the registration plates shall be affixed to the vehicle immediately, and the dealer shall provide the purchaser with an instrument in writing, on a form prescribed by the secretary of state, which shall serve as a temporary registration for the vehicle for a period of 15 days from the date the vehicle is delivered.

(4) An application for a certificate of title that indicates the existence of a security interest in the vehicle or in an accessory to the vehicle, if requested by the security interest holder, shall be accompanied by a copy of the security agreement which need not be signed. The request may be made of the seller on an annual basis. The secretary of state shall indicate on the copy the date and place of filing of the application and return the copy to the person submitting the application who shall forward it to the holder of the security interest named in the application.

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

"Under Michigan law, the seller must record a first lien in favor of (name of lender) _____ on the vehicle with vehicle identification number _____ and title the vehicle only in the name(s) shown on the reverse side." On the front of the sales check or draft, the holder, finance company, credit union, or banking institution shall note the name(s) of the prospective owner(s). Failure of the holder, finance company, credit union, or banking institution to comply with these requirements frees the seller from any obligation to record the lien or from any liability that may arise as a result of the failure to record the lien. A service fee shall not be charged to the buyer.

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

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

(a) If the insurance company acquires ownership of the vehicle through payment of a claim, the owner of the vehicle shall assign the certificate of title to the insurance company which shall do all of the following:

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

(ii) Apply for a salvage certificate of title. The insurance company shall not sell the vehicle without first receiving a salvage certificate of title which shall be assigned to the buyer.

(b) If after payment of a claim the insurance company permits the owner of the vehicle to retain ownership, the insurance company shall do all of the following:

- (i) Require each owner of the vehicle to sign an application for a salvage certificate of title.
- (ii) Attach the owner's certificate of title to the application for a salvage certificate of title or have the owner certify that the certificate of title is lost.
- (iii) On behalf of the owner, apply to the secretary of state for a salvage certificate of title in the name of the owner. The owner shall not sell or otherwise dispose of the vehicle without first receiving a salvage certificate of title, which shall be assigned to the buyer.

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

(3) If a dealer, other than a vehicle scrap metal processor, acquires ownership of a late model vehicle that is a distressed vehicle from an owner and receives an assigned certificate of title, the dealer shall surrender the assigned certificate of title to the secretary of state and apply for a salvage certificate of title within 5 days after the dealer receives the assigned certificate of title. The dealer may sell the vehicle to another dealer by assigning the salvage certificate of title to the buyer. If the vehicle is sold to a buyer other than a dealer, application shall be made for a salvage certificate in the name of the buyer. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a certificate of title was received. A vehicle scrap metal processor shall surrender an assigned salvage certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a salvage certificate of title was received and report that the vehicle was destroyed or scrapped.

(4) If a person, other than a dealer or insurance company that is subject to subsection (1) or (3), acquires ownership of a late model vehicle that is a distressed vehicle, the person shall surrender the title or assigned certificate of title to the secretary of state and apply for a salvage certificate of title, before the vehicle may be transported. If an owner retains ownership of a late model vehicle that should be a distressed vehicle, the owner shall surrender the title or assigned certificate of title to the owner's insurance company who, before payment of a claim, shall apply for a salvage certificate of title in the name of the owner.

(5) An application for a salvage certificate of title shall be made on a form prescribed by the secretary of state accompanied by a fee of \$10.00. The application shall contain all of the following:

- (a) The complete name and current address of the owner.
- (b) A description of the vehicle, including its make, style of body, model year, weight, color, and vehicle identification number.
- (c) A description of the damage to the vehicle.
- (d) Until July 1, 1994, a listing of each major component part that was not salvageable.
- (e) Further information as may reasonably be required by the secretary of state.

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

(7) A salvage certificate of title shall authorize the holder of the title to possess, transport, but not drive upon a highway, and transfer ownership in, a vehicle. A certificate of title or registration plates shall not be issued for a vehicle for which a salvage certificate of title was issued unless a specially trained police officer certifies that the vehicle identification numbers and parts identification numbers have been examined as to their accuracy, the applicant has proof of ownership of repair parts used, the vehicle complies with the equipment standards of this act, and that certification accompanies the application for a certificate of title. Until January 1, 1994, an application for a certificate of title shall contain a description of each salvageable part used to repair the vehicle and any identification number affixed to or inscribed upon the part as required by federal law. A fee of \$25.00 through June 30, 1994 shall be received by the police agency for inspection of the vehicle. Upon the satisfactory completion of the examination and other requirements for application, a certificate of title, in the same form as the original, shall be issued for the vehicle.

(8) If a dealer other than a vehicle scrap metal processor acquires ownership of an older model vehicle from an owner and receives an assigned certificate of title, the dealer shall retain the assigned certificate of title as long as the dealer retains the vehicle. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after the vehicle is destroyed or scrapped.

(9) A dealer other than a vehicle scrap metal processor selling or assigning a vehicle to a vehicle scrap metal processor shall make a record in triplicate on a form to be provided by the secretary of state in substantially the following form:

Scrap Vehicle Inventory:

Dealer name _____

Dealer address _____

Dealer license number _____

Conveyed to: _____ Date _____

(Vehicle scrap metal processor)

Vehicles

Model Year	Vehicle Make	VIN
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
etc.		

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

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

- (a) The vehicle's former owner.
- (b) A used or secondhand vehicle parts dealer.
- (c) A vehicle scrap metal processor.
- (d) A foreign salvage vehicle dealer licensed under this act.
- (e) A registered motor vehicle repair facility engaging in body work.

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

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

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

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

(a) If the insurance company acquires ownership of the vehicle through payment of a claim, the owner of the vehicle shall assign the certificate of title to the insurance company which shall do all of the following:

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

(ii) If the estimated cost of repair, including parts and labor, is equal to or more than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, and if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title. The insurance company shall not sell the vehicle without first receiving a salvage or scrap certificate of title, which shall be assigned to the buyer. An insurance company may assign a salvage or scrap certificate of the title only to an automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor.

(b) If after payment of a total loss claim the insurance company permits the owner of the vehicle to retain ownership, the insurance company shall do all of the following:

(i) If the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, require each owner of the vehicle to sign an application for a scrap vehicle certificate of title.

(ii) Attach the owner's certificate of title to the application for a salvage or scrap certificate of title or have the owner certify that the certificate of title is lost.

(iii) On behalf of the owner, apply to the secretary of state for a salvage or scrap certificate of title in the name of the owner. The owner shall not sell or otherwise dispose of the vehicle without first receiving a salvage or scrap certificate of title, which shall be assigned to the buyer. An insurance company may assign a salvage or scrap certificate of title only to an automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor.

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

(16) If a dealer acquires ownership of a late model vehicle that is a distressed vehicle from an owner, the dealer shall receive an assigned certificate of title. If the assigned certificate of title is not a salvage or scrap certificate of title, the dealer, other than a vehicle scrap metal processor, shall surrender the assigned certificate of title to the secretary of state, and if the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title within 5 days after the dealer receives the assigned certificate of title. The dealer may sell a salvage vehicle to another automotive recycler, used or secondhand vehicle parts dealer, foreign salvage vehicle dealer, or vehicle scrap metal processor by assigning the salvage certificate of title to the buyer. Unless the vehicle is rebuilt, inspected, and recertified pursuant to this section, if the vehicle is sold to a buyer other than a dealer, application shall be made for a salvage certificate in the name of the buyer in the manner provided in this act. The dealer may sell a scrap vehicle only to a vehicle scrap metal processor. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a certificate of title was received. A vehicle scrap metal processor shall surrender an assigned salvage or scrap certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a salvage or scrap certificate of title was received and report that the vehicle was destroyed or scrapped.

(17) An application for a scrap certificate of title shall be made on a form prescribed by the secretary of state accompanied by a fee of \$15.00. The application shall contain all of the following:

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

(b) A description of the vehicle, including its make, style of body, model year, fee category or weight, color, and vehicle identification number.

(c) If the vehicle is a late model vehicle, a listing of each major component part that was not salvageable.

(d) Further information as may reasonably be required by the secretary of state.

(18) The scrap certificate of title shall authorize the holder of the document to transport but not drive upon a highway the vehicle or parts of a vehicle, and assign ownership to a vehicle scrap metal processor, automotive recycler, used or secondhand vehicle parts dealer, or foreign salvage vehicle dealer. A certificate of title shall not again be issued for this vehicle. A person shall not rebuild or repair a scrap vehicle and allow it to retain the original vehicle identification number.

(19) If a person, other than a dealer or insurance company that is subject to subsection (14) or (16), acquires ownership of a distressed, late model vehicle, the person shall surrender the title or assigned certificate of title to the secretary of state, and if the estimated cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, apply for a salvage certificate of title, or if the estimated cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title before the vehicle may be transported.

(20) An owner of a vehicle may determine that vehicle to be a scrap vehicle or a salvage vehicle without making any determination as to the actual cash value of the vehicle.

(21) If a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity, owns a distressed, late model vehicle, the titleholder shall surrender the title or assigned certificate of title to the secretary of state and apply for a salvage certificate of title if the retail cost of repair, including parts and labor, is equal to or greater than 75% but less than 91% of the predamaged actual cash value of the vehicle, or if the retail cost of repair, including parts and labor, is equal to or greater than 91% of the predamaged actual cash value of the vehicle, apply for a scrap certificate of title, before the vehicle may be transported or sold. If ownership is transferred, the owner shall sell the vehicle only to a dealer who is eligible to buy a salvage or scrap vehicle in this state

unless the owner complies with subsection (24). When a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity, estimates the repair of a distressed, late model vehicle for the purpose of determining whether to apply for a salvage or scrap certificate of title, a complete record of the estimate and, if the vehicle is repaired before a transfer of ownership, a complete record of the actual cost of the repairs performed and by whom shall be maintained for a minimum of 5 years by the leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity. The estimates and repair records required by this subsection shall be available for unannounced inspections by a law enforcement agency or a representative of the secretary of state. The secretary of state may request a leasing company, vehicle manufacturer, insurance company not licensed to do business in this state, association, repossession company, self-insured owner, financial institution, governmental entity, or other company, institution, or entity to provide copies of title documents, repair estimates, claims reports involving major component parts, and actual cash value determination documents to assist the secretary of state in monitoring compliance with this act.

(22) An application for a salvage certificate of title shall be made on a form prescribed by the secretary of state accompanied by a fee of \$10.00. The application shall contain all of the following:

- (a) The complete name and current address of the owner.
- (b) A description of the vehicle, including its make, style of body, model year, fee category or weight, color, and vehicle identification number.
- (c) An estimate of the cost repair, including parts and labor, and an estimate of the predamaged actual cash value of the vehicle.
- (d) If the vehicle is a late model vehicle, a listing of each major component part that was not salvageable.
- (e) Further information as may reasonably be required by the secretary of state.

(23) The secretary of state shall issue and mail the salvage certificate within 5 business days after the time the application is received at the secretary of state's office in Lansing. Each salvage certificate of title shall include a listing of each major component part that was not salvageable.

(24) A salvage certificate of title shall authorize the holder of the title to possess, transport, but not drive upon a highway, and transfer ownership in, a vehicle. A certificate of title or registration plates shall not be issued for a vehicle for which a salvage certificate of title was issued unless a specially trained officer described in subsection (25) certifies all of the following:

(a) That the vehicle identification numbers and parts identification numbers have been examined as to their accuracy.

(b) That the applicant has proof of ownership of repair parts used.

(c) That the vehicle complies with the equipment standards of this act. The certification required by this subsection shall be made on a form prescribed and furnished by the secretary of state in conjunction with the department of state police and shall accompany the application that is submitted to the secretary of state for a certificate of title. An application for a certificate of title shall contain a description of each salvageable part used to repair the vehicle and any identification number affixed to or inscribed upon the part as required by state or federal law. Through June 30, 1994, a fee of \$25.00 shall be received by the police agency for inspection of the vehicle and shall be expended by that police agency as provided in this subsection. Upon satisfactory completion of the inspection as required by the secretary of state and other requirements for application, a certificate of title bearing an indicator of its previous salvage status shall be issued for the vehicle. The salvage vehicle inspection fees collected by a local police agency under this subsection shall be credited to the budget of that police agency for law enforcement purposes that affect stolen vehicles, stolen vehicle parts, and salvage vehicle inspections. A local police agency shall compensate an off-duty and limited enforcement police officer for a salvage vehicle inspection.

(25) An officer specially trained as provided by the secretary of state and authorized by the secretary of state to conduct a salvage vehicle inspection is either of the following:

(a) An on-duty or off-duty police officer.

(b) A previously certified police officer who is appointed by the local police agency as a limited enforcement officer to conduct salvage vehicle inspections. The local police agency shall give this officer access to the agency's law enforcement information network system and the authority to confiscate any stolen vehicle or vehicle parts discovered during an inspection. The local police agency may give the officer the authority to arrest a person suspected of having unlawful possession of a stolen vehicle or vehicle parts.

(26) The secretary of state shall issue a certificate to an officer who is specially trained as provided by the secretary of state to conduct salvage vehicle inspections. Only a person who has a valid certification from the secretary of state may perform salvage inspections. The secretary of state on his or her own initiative or in response to complaints shall make reasonable and necessary public or private investigations within or outside of this state and gather evidence

against an officer who was issued a certificate and who violated or is about to violate this act or a rule promulgated under this act. The secretary of state may suspend, revoke, or deny a certificate after an investigation if the secretary of state determines that the officer committed 1 or more of the following:

- (a) Violated this act or a rule promulgated under this act.
- (b) Was found guilty of a fraudulent act in connection with the inspection, purchase, sale, or transfer of a salvage vehicle.
- (c) Was found guilty of the theft, embezzlement, or misappropriation of salvage vehicle inspection fees.
- (d) Performed improper, careless, or negligent salvage vehicle inspections.
- (e) Ceased to function as a police officer because of suspension, retirement, dismissal, disability, or termination of employment.
- (f) Was convicted of a violation or attempted violation of Act No. 119 of the Public Acts of 1986, being sections 257.1351 to 257.1355 of the Michigan Compiled Laws.
- (g) Made a false statement of a material fact in his or her certification of a salvage vehicle inspection or any record concerning a salvage vehicle inspection.

Upon receipt of the appropriate abstract of conviction from a court and without any investigation, the secretary of state shall immediately revoke the certificate of an officer who has been convicted of a violation or attempted violation of section 413, 414, 415, 535, 535a, or 536a of the Michigan penal code, Act No. 328 of the Public Acts of 1931, being sections 750.413, 750.414, 750.415, 750.535, 750.535a, and 750.536a of the Michigan Compiled Laws, or has been convicted in federal court or in another state of a violation or attempted violation of a law substantially corresponding to section 413, 414, 415, 535, 535a, or 536a of the Michigan penal code, Act No. 328 of the Public Acts of 1931.

(27) If a dealer acquires ownership of an older model vehicle from an owner, the dealer shall receive an assigned certificate of title and shall retain it as long as he or she retains the vehicle. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after the vehicle is destroyed or scrapped.

(28) A dealer selling or assigning a vehicle to a vehicle scrap metal processor shall make a record in triplicate on a form to be provided by the secretary of state in substantially the following form:

Scrap Vehicle Inventory:

SELLER: Dealer name _____

Dealer address _____

Dealer license number _____

PURCHASER: Conveyed to: _____ Date _____

(Vehicle scrap metal processor)

Dealer address _____

Dealer license number _____

Vehicles

Model Year	Vehicle Make	VIN	Title Number	Dealer's Stock Number	Color
1. _____	_____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____	_____

etc.

One copy shall be retained as a permanent record by the dealer, 1 copy shall be forwarded with the vehicle to be retained by the vehicle scrap metal processor, and 1 copy shall be forwarded to the secretary of state.

(29) A person, other than an automotive recycler, used or secondhand vehicle parts dealer, or a foreign salvage dealer, receiving a salvage certificate of title shall not sell the vehicle to anyone other than 1 of the following:

- (a) The vehicle's former owner.
- (b) A used or secondhand vehicle parts dealer.
- (c) A vehicle scrap metal processor.
- (d) A foreign salvage vehicle dealer licensed under this act.
- (e) An automotive recycler.

(30) A person receiving a scrap certificate of title shall not sell the vehicle to anyone other than 1 of the following:

- (a) An automotive recycler.
- (b) A vehicle scrap metal processor.
- (c) A foreign salvage vehicle dealer licensed under this act.
- (d) A used or secondhand vehicle parts dealer.

(31) The secretary of state may conduct periodic reviews of the records of a dealer to determine whether adequate notice is given to a transferee of a rebuilt salvage vehicle of that vehicle's prior designation as a salvage vehicle. The secretary of state may request an insurance company to provide copies of salvage title documents and claims reports involving major component parts to assist the secretary of state in monitoring compliance with this act.

(32) A licensed automotive recycler, used or secondhand vehicle parts dealer, vehicle scrap metal processor, vehicle salvage pool operator, distressed vehicle transporter, foreign salvage vehicle dealer, or broker who has removed a scrap vehicle from this state for the purpose of rebuilding the vehicle or selling the vehicle to a person other than a vehicle scrap metal processor, shall receive an automatic suspension of their dealer license and of any salvage vehicle agent's license assigned to that dealer for a period of 30 days. Upon receipt by the secretary of state of a written request from the dealer, the dealer shall have the right to an immediate hearing on the matter within that 30-day period.

(33) For the purpose of this section, the estimated costs of the repair parts shall be determined by using the current published retail cost of original manufacturer equipment parts or an estimate of the actual cost of the repair parts. The estimated labor costs shall be computed by using the hourly rate and time allocations which are reasonable and commonly assessed in the repair industry in the community where the repairs are performed.

(34) Beginning July 1, 1994, a fee of \$50.00 shall be received by a police agency for an inspection of a vehicle pursuant to subsection (24). The fee shall be credited to the budget of that police agency and used for law enforcement purposes that affect stolen vehicles, stolen vehicle parts, and salvage vehicle inspections. A local police agency shall compensate an off-duty and limited enforcement police officer for a salvage vehicle inspection.

(35) For the purpose of this section, "actual cash value" means the retail dollar value of a vehicle as determined by an objective vehicle evaluation using local market resources such as dealers or want ads or by an independent vehicle evaluation or vehicle appraisal service or by a current issue of a nationally recognized used vehicle guide for financial institution appraisal purposes in this state.

(36) The secretary of state shall convene a task force in a timely manner to develop standards for police to use in performing inspections. The task force shall include representatives of the Michigan sheriffs association, the chiefs of police association, the Michigan state police, the insurance industry, a used vehicle parts dealer, the automobile theft prevention authority, and an automotive recycler. Inspections may continue to be performed under existing standards until the task force approves new standards. Inspections under this act must be according to these standards and the standards shall be reported to the legislature.

Sec. 217f. A vehicle salvage pool operator or broker shall not sell, assign, or otherwise dispose of a vehicle for which a salvage certificate of title is required, unless a salvage or scrap certificate of title has been issued for the vehicle by the department.

Sec. 217h. A motor vehicle manufacturer shall not be liable for any claims or causes of action arising with respect to a vehicle for which a salvage, rebuilt, or scrap certificate of title has been issued.

Sec. 222. (1) Except as otherwise provided in this act, the secretary of state shall issue a registration certificate and a certificate of title when registering a vehicle and upon receipt of the required fees. A vehicle brought into this state from another state or jurisdiction that has a rebuilt, salvage, or scrap certificate of title issued by that other state or jurisdiction shall be issued a rebuilt, salvage, or scrap certificate of title by the secretary of state.

(2) The registration certificate shall be delivered to the owner and shall contain on its face the date issued, the name and address of the owner, the registration number assigned to the vehicle, and a description of the vehicle as determined by the secretary of state.

(3) The certificate of title shall be manufactured in a manner to prohibit as nearly as possible the ability to reproduce, alter, counterfeit, forge, or duplicate the certificate of title without ready detection and contain on its face the identical information required on the face of the registration certificate; if the vehicle is a motor vehicle, the number of miles, not including the tenths of a mile, registered on the vehicle's odometer at the time of transfer; except for a

vehicle owned by a dealer and loaned to a political subdivision of this state for use as a driver education vehicle, if the vehicle is to be used or has been used as a taxi, as a police vehicle, or by a political subdivision of this state; whether the vehicle is a salvage vehicle; if the vehicle has previously been issued a rebuilt certificate of title from this state or a comparable certificate of title from any other state or jurisdiction; if the vehicle has been issued a scrap certificate of title from this state or a comparable certificate of title from any other state or jurisdiction; a statement of the owner's title and of all security interests in the vehicle or in an accessory on the vehicle as set forth in the application; the date that the application was filed; and any other information that the secretary of state may require.

(4) The certificate of title shall contain, upon the reverse side, a form for assignment of title or interest and warranty of title by the owner with space for the notation of a security interest in the vehicle and in an accessory on the vehicle, that at the time of a transfer shall be certified and signed, and space for a written odometer mileage statement that is required upon transfer pursuant to section 233a. The reverse side of the certificate of title may also contain other forms that the secretary of state considers necessary to facilitate the effective administration of this act. The certificate shall bear the coat of arms of this state.

(5) The certificate of title shall be mailed or delivered to the owner or other person the owner may direct in a separate instrument, in a form the secretary of state shall prescribe.

(6) A person who intentionally reproduces, alters, counterfeits, forges, or duplicates a certificate of title or who uses a reproduced, altered, counterfeited, forged, or duplicated certificate of title shall be punished as follows:

(a) If the intent of reproduction, alteration, counterfeiting, forging, duplication, or use was to commit or aid in the commission of an offense punishable by imprisonment for 1 or more years, the person committing the reproduction, alteration, counterfeiting, forging, duplication, or use is guilty of a misdemeanor, punishable by imprisonment for a period equal to that which could be imposed for the commission of the offense the person had the intent to aid or commit. The court may also assess a fine of not more than \$10,000.00 against the person.

(b) If the intent of the reproduction, alteration, counterfeiting, forging, duplication, or use was to commit or aid in the commission of an offense punishable by imprisonment for not more than 1 year, the person committing the reproduction, alteration, counterfeiting, forging, duplication, or use 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.

(7) The certificate of title for a police vehicle, a vehicle owned by a political subdivision of this state, a salvage vehicle, a rebuilt vehicle, and a scrap vehicle shall be different in color from the certificate of title for all other vehicles.

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

(9) A certificate of title shall not be issued for a vehicle which has had a salvage certificate of title unless the certificate of title contains a legend which would disclose the vehicle's former condition to consumers and potential purchasers.

Sec. 248. (1) A person shall not carry on or conduct the business of buying, selling, brokering, or dealing in vehicles of a type required to be titled under this act unless the person obtains a dealer license from the secretary of state authorizing the carrying on or conducting of that business. Until July 1, 1994, a person shall not carry on or conduct the business of buying, selling, brokering, or dealing in distressed, late model motor vehicles or salvageable parts unless the person obtains a used or secondhand vehicle parts dealer license from the secretary of state or is an insurance company admitted to conduct business in this state, except that a motor vehicle repair facility registered under the motor vehicle service and repair act, Act No. 300 of the Public Acts of 1974, being sections 257.1301 to 257.1340 of the Michigan Compiled Laws, may purchase salvageable parts and salvage vehicles for the purposes of using acquired parts and vehicles in the repair of other vehicles. A person shall not carry on or conduct the business of buying vehicles to process into scrap metal or store or display vehicles as an agent or escrow agent of an insurance company unless the person obtains a dealer license from the secretary of state. A vehicle scrap metal processor who does not purchase vehicles from unlicensed persons is not required to obtain a dealer license. Until July 1, 1994, a person from another state shall not purchase, sell, or otherwise deal in distressed, late model motor vehicles or salvageable parts unless the person obtains a foreign salvage vehicle dealer license from the secretary of state as prescribed under section 248b. The secretary of state shall investigate and seek prosecution, if necessary, of persons allegedly conducting a business without a license. This subsection applies until July 1, 1994.

(2) The application for a dealer license shall be in the form prescribed by the secretary of state and shall be signed by the applicant. In addition to other information as may be required by the secretary of state, the application shall include all of the following:

(a) Name of applicant.

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

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

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

(e) Name and address of each owner or partner and, if a corporation, the name of the principal officers.

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

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

(h) A statement of the previous history, record, and associations of the applicant and of each owner, partner, officer, and director, which statement shall be sufficient to establish to the satisfaction of the secretary of state the business reputation and character of the applicant.

(i) A statement showing whether the applicant has previously applied for a license, the result of the application, and whether the applicant has ever been the holder of a dealer license which was revoked or suspended.

(j) If the applicant is a corporation or partnership, a statement showing whether a partner, employee, officer, or director has been refused a license or has been the holder of a license which was revoked or suspended.

(k) Until July 1, 1994, if the application is for a used or secondhand vehicle parts dealer, all of the following:

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

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

(iii) Evidence of workers' compensation insurance coverage for employees classified under the standard industrial classification number 4015, entitled "motor vehicle parts — used" or under the national council on compensation insurance code number 3821, entitled "automobile dismantling", if applicable.

(3) A person shall make a separate application for a dealer license for each county in which business is to be conducted, and a dealer, before moving 1 or more of his or her places of business or opening an additional place of business, shall apply to the secretary of state for and obtain a supplemental dealer license for which a fee shall not be charged. The dealer license entitles the dealer to conduct in the county covered by the license the business of buying, selling, and dealing in vehicles. This subsection does not apply to a person licensed as a foreign salvage vehicle dealer under section 248b. This subsection applies until July 1, 1994.

(4) The secretary of state may divide the calendar year into quarters and the total number of dealer licensees into approximately convenient quarter segments. Each dealer license granted under subsection (1) shall expire on the last day of the month in the quarter for the business year in which the license was issued and may be renewed upon application and payment of the fee required by section 807.

(5) A license shall not be granted until an investigation is made of the applicant's qualifications under this act, except that this subsection does not apply to license renewals. The secretary of state shall make the investigation within 15 days after receiving the application and make a report on the investigation.

(6) This subsection applies until July 1, 1994. The secretary of state shall classify and differentiate vehicle dealers according to the type of activity they perform. A dealer shall not engage in activities of a particular classification as provided in this act unless the dealer is licensed in that classification. An applicant may apply for a dealer license in 1 or more of the following classifications:

(a) New vehicle dealer.

(b) Used or secondhand vehicle dealer.

(c) Used or secondhand vehicle parts dealer.

(d) Vehicle scrap metal processor.

(e) Vehicle salvage pool operator.

(f) Distressed vehicle transporter.

(g) Broker.

(h) Until July 1, 1994, a foreign salvage vehicle dealer.

(7) An applicant for a new vehicle dealer or a used or secondhand vehicle dealer or broker license shall accompany the application with a properly executed bond or renewal certificate. If a renewal certificate is used, the bond shall be considered as renewed for each succeeding year in the same amount and with the same effect as an original bond. The bond shall be in the sum of \$10,000.00 with good and sufficient surety to be approved by the secretary of state. The bond shall be conditioned to indemnify or reimburse a purchaser, seller, financing agency, or governmental agency for monetary loss caused through fraud, cheating, or misrepresentation in the conduct of the vehicle business whether the fraud, cheating, or misrepresentation was made by the dealer or by an employee, agent, or salesperson of the dealer. The surety is required to make indemnification or reimbursement for a monetary loss only after judgment based on fraud, cheating, or misrepresentation has been entered in a court of record against the licensee. The bond shall also be conditioned to indemnify or reimburse the state for any sales tax deficiency as provided in the general sales tax act, Act No. 167 of the Public Acts of 1933, as amended, being sections 205.51 to 205.78 of the Michigan Compiled Laws, or use

tax deficiency as provided in the use tax act, Act No. 94 of the Public Acts of 1937, as amended, being sections 205.91 to 205.111 of the Michigan Compiled Laws, for the year in which the bond was in force. The surety is required to make indemnification or reimbursement only after final judgment has been entered in a court of record against the licensee. A dealer or applicant who has furnished satisfactory proof that a bond similar to the bond required by this subsection is executed and in force is exempt from the bond provisions set forth in this subsection. The aggregate liability of the surety shall not exceed the sum of the bond. The surety on the bond may cancel the bond upon giving 30 days' notice in writing to the secretary of state and thereafter is not liable for a breach of condition occurring after the effective date of the cancellation.

(8) An applicant for a new vehicle dealer or a used or secondhand vehicle dealer license shall accompany the application with an application for not less than 2 dealer plates as provided by section 245, accompanied by the proper fee as provided by section 803.

(9) A dealer required to be licensed under this section, as a condition precedent to the granting of a license, shall file with the secretary of state an irrevocable written stipulation, authenticated by the applicant, stipulating and agreeing that legal process affecting the dealer, served on the secretary of state or a deputy of the secretary of state, has the same effect as if personally served on the dealer. This appointment remains in force as long as any liability of the dealer remains outstanding within this state.

(10) A person shall not carry on or conduct the business of buying, selling, brokering, or dealing in vehicles of a type required to be titled under this act unless the person obtains a dealer license from the secretary of state authorizing the carrying on or conducting of that business. A person shall not carry on or conduct the business of buying, selling, brokering, or dealing in distressed, late model vehicles or salvageable parts unless the person obtains a used or secondhand vehicle parts dealer, an automotive recycler, or a salvage pool license from the secretary of state or is an insurance company admitted to conduct business in this state. A person shall not carry on or conduct the business of buying vehicles to process into scrap metal or store or display vehicles as an agent or escrow agent of an insurance company, unless the person obtains a dealer license from the secretary of state. A vehicle scrap metal processor who does not purchase vehicles or salvageable parts from unlicensed persons shall not be required to obtain a dealer license. A person from another state shall not purchase, sell, or otherwise deal in distressed, late model vehicles or salvageable parts unless the person obtains a foreign salvage vehicle dealer license from the secretary of state as prescribed under section 248b. A person, including a dealer, shall not purchase or acquire a distressed, late model vehicle or a salvageable part through a salvage pool, auction, or broker without a license as a salvage vehicle agent. The secretary of state shall investigate and seek prosecution, if necessary, of persons allegedly conducting a business without a license. This subsection applies on and after July 1, 1994.

(11) This subsection applies on and after July 1, 1994. The application for a dealer license shall be in the form prescribed by the secretary of state and shall be signed by the applicant. In addition to other information as may be required by the secretary of state, the application shall include all of the following:

- (a) Name of applicant.
- (b) Location of applicant's established place of business in this state.
- (c) The name under which business is to be conducted.
- (d) If the business is a corporation, the state of incorporation.
- (e) Name, address, date of birth, and social security number of each owner or partner and, if a corporation, the name, address, date of birth, and social security numbers of each of the principal officers.
- (f) The county in which the business is to be conducted and the address of each place of business in that county.
- (g) If new vehicles are to be sold, the make to be handled. Each new vehicle dealer shall send with the application for license a certification that the dealer holds a bona fide contract to act as factory representative, factory distributor, or distributor representative to sell at retail (the make of vehicle to be sold).
- (h) A statement of the previous history, record, and associations of the applicant and of each owner, partner, officer, and director, which statement shall be sufficient to establish to the satisfaction of the secretary of state the business reputation and character of the applicant.
- (i) A statement showing whether the applicant has previously applied for a license, the result of the application, and whether the applicant has ever been the holder of a dealer license which was revoked or suspended.
- (j) If the applicant is a corporation or partnership, a statement showing whether a partner, employee, officer, or director has been refused a license or has been the holder of a license which was revoked or suspended.
- (k) If the application is for a used or secondhand vehicle parts dealer or an automotive recycler, all of the following:
 - (i) Evidence that the applicant maintains or will maintain an established place of business.
 - (ii) Evidence that the applicant maintains or will maintain a police book and vehicle parts purchase and sales records as required under this act.

(iii) Evidence of worker's compensation insurance coverage for employees classified under the standard industrial classification number 4015, entitled "motor vehicle parts — used" or under the national council on compensation insurance code number 3821, entitled "automobile dismantling", if applicable.

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

(12) This subsection applies on and after July 1, 1994. A person shall make a separate application for a dealer license for each county in which business is to be conducted and a dealer, before moving 1 or more of his or her places of business, or opening an additional place of business, shall apply to the secretary of state for and obtain a supplemental dealer license, for which a fee shall not be charged. The dealer license shall entitle the dealer to conduct in the county covered by the license the business of buying, selling, and dealing in vehicles or salvageable parts. This subsection shall not apply to a person licensed as a foreign salvage vehicle dealer under section 248b.

(13) This subsection applies on and after July 1, 1994. The secretary of state shall classify and differentiate vehicle dealers according to the type of activity they perform. A dealer shall not engage in activities of a particular classification as provided in this act unless the dealer is licensed in that classification. An applicant may apply for a dealer license in 1 or more of the following classifications:

- (a) New vehicle dealer.
- (b) Used or secondhand vehicle dealer.
- (c) Used or secondhand vehicle parts dealer.
- (d) Vehicle scrap metal processor.
- (e) Vehicle salvage pool operator.
- (f) Distressed vehicle transporter.
- (g) Broker.
- (h) Foreign salvage vehicle dealer.
- (i) Automotive recycler.

Sec. 248b. (1) A person from a foreign state shall not purchase, sell, or otherwise deal in distressed late model motor vehicles or salvageable parts unless the person first obtains a foreign salvage vehicle dealer license from the secretary of state.

(2) The application for a foreign salvage vehicle dealer license shall be in the form prescribed by the secretary of state and shall be signed by the applicant. The application shall include the following:

- (a) Name of applicant.
- (b) Location of applicant's established place of business in a foreign state.
- (c) The name under which business is to be conducted.
- (d) If the business is a corporation, the state of incorporation and a copy of the articles of incorporation filed in that state.
- (e) Name, address, date of birth, and social security number of each owner or partner and, if a corporation, the name of the principal officers.
- (f) A statement of the previous history, record, and associations of the applicant and of each owner, partner, officer, and director, which statement shall be sufficient to establish to the satisfaction of the secretary of state the business reputation and character of the applicant.
- (g) A statement showing whether the applicant has previously applied for a license in any other state, the result of the application, and whether the applicant has ever been the holder of a license that was revoked or suspended.
- (h) If the applicant is a corporation or partnership, a statement showing whether a partner, employee, officer, or director has been refused a license or has been the holder of a license that was revoked or suspended.
- (i) Evidence that the applicant holds the appropriate license to buy, sell, or otherwise deal in distressed, late model vehicles or salvageable parts in a foreign state and actually engages in the business of buying, selling, or otherwise dealing in distressed, late model motor vehicles or salvageable parts in the foreign state.
- (j) Evidence that the applicant maintains or will maintain an established place of business.
- (k) Evidence that the applicant maintains or will maintain a police book and vehicle parts purchase and sales records as required under this act.

(l) Evidence of worker's compensation insurance coverage for employees classified under the standard industrial classification number 4015, entitled "motor vehicle parts — used" or under the national council on compensation insurance code number 3821, entitled "automobile dismantling", if applicable.

(m) Federal employer tax identification number.

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

(3) The secretary of state may divide the calendar year into quarters and the total number of dealer licensees into approximately convenient quarter segments. Each dealer license granted under subsection (1) shall expire on the last day of the month in the quarter for the business year in which the license was issued, and may be renewed upon application and payment of the fee required by section 807.

(4) A license shall not be granted until an investigation is made of the applicant's qualifications under this act and a criminal history investigation of the applicant is conducted through a law enforcement informational network. This subsection does not apply to license renewals. The secretary of state shall make the investigations within 15 days after receipt of the application and make a report on the investigations.

(5) A dealer required to be licensed under this section, as a condition precedent to the granting of a license, shall file with the secretary of state an irrevocable written stipulation, authenticated by the applicant, stipulating and agreeing that legal process affecting the dealer, served on the secretary of state or a deputy of the secretary of state, has the same effect as if personally served on the dealer. This appointment remains in force as long as any liability of the dealer remains outstanding within this state.

Sec. 248c. (1) A vehicle salvage pool or broker shall not sell, transfer, or release a distressed, late model vehicle to anyone other than 1 or more of the following:

- (a) The vehicle's former owner.
- (b) A used or secondhand vehicle parts dealer.
- (c) A vehicle scrap metal processor.
- (d) A foreign salvage vehicle dealer licensed under this act.
- (e) A registered motor vehicle repair facility engaging in body work.

(2) Subsection (1) applies until July 1, 1994.

(3) A vehicle salvage pool, auction, or broker shall not sell, transfer, or release a distressed, late model vehicle to anyone other than 1 or more of the following:

- (a) The vehicle's former owner.
- (b) A licensed salvage agent of an automotive recycler.
- (c) A licensed salvage agent of a foreign salvage vehicle dealer.
- (4) Subsection (3) applies beginning July 1, 1994.

Sec. 248e. (1) Beginning January 1, 1994, a person, including a dealer, shall not purchase, acquire, sell, or otherwise deal in distressed, late model vehicles or salvageable parts through a salvage pool without a salvage vehicle agent license from the secretary of state. Only a licensed automotive recycler, licensed used or secondhand vehicle parts dealer, or a licensed foreign salvage vehicle dealer may apply to the secretary of state for a salvage vehicle agent license. A dealer shall not have more than 2 individuals, including himself or herself, licensed as a salvage vehicle agent.

(2) The application for a salvage vehicle agent license shall be in the form prescribed by the secretary of state and shall be signed by both the agent and the dealer who is appointing the individual as a salvage vehicle agent. In addition to other information as may be required by the secretary of state, the application shall include all of the following:

- (a) Business name, address, and dealer license number of the dealer-applicant.
- (b) Name, address, social security number, and date of birth of the agent-applicant.
- (c) A statement of the previous history, record, and associations of the agent, which statement shall be sufficient to establish to the satisfaction of the secretary of state the business reputation and character of the agent.
- (d) A statement showing whether the agent has previously applied for a dealer license or an agent's license, the result of the application, and whether the agent has ever been the holder of a dealer license or agent's license that was revoked or suspended in this state or any other state.

(e) A certification that the agent is not acting as the alter ego or in the place or on the behalf of any other person or persons in seeking the license. For the purpose of this subdivision, "alter ego" means a person who acts for and on behalf of, or in the place of, another person for purposes of obtaining a salvage vehicle agent license.

(3) A dealer shall make a separate application for each agent license and forward the application to the secretary of state along with the application of the dealer for a dealer license. A fee of \$50.00 shall accompany each application for an agent license. The license of an agent issues, renews, and expires with the issuance, renewal, and expiration of the license of a dealer. If necessary, a dealer may apply for the license for an agent at any time during the time period that the dealer license is valid.

(4) A license for an agent shall not be granted until an investigation is made of the agent's qualifications under this act, except that this subsection does not apply to license renewals. The secretary of state shall make the investigation within 15 days after receiving the application and make a report on the investigation.

(5) The secretary of state shall issue a license to an agent bearing a full-face photograph of the agent and the following information:

- (a) Agent's name and address.
- (b) Physical description.
- (c) The agent's signature.
- (d) The agent's license number.
- (e) Name, address, and dealer license number of the dealer for whom the agent may conduct business.

(6) The secretary of state shall maintain a copy or a negative of the photograph for purposes of renewing or issuing duplicate salvage vehicle agent licenses.

(7) A dealer shall immediately notify the secretary of state in writing if there is any factual or material change in the information stated in an agent's license or application for the license.

(8) A dealer may cancel the license of an agent at any time. If a dealer cancels the license of an agent, the dealer shall notify, in writing, the secretary of state within 5 days of the cancellation and forward the canceled license to the secretary of state along with this notice. The dealer shall advise each salvage pool or salvage auction where the dealer does business of the cancellation. An agent's license is automatically canceled, by operation of law, at the end of the employment of the agent by the dealer.

(9) Within 5 days of the cancellation, expiration, suspension, or revocation of the license of an agent, the agent shall surrender the license to the dealer or secretary of state.

(10) If an agent's license becomes lost, mutilated, or illegible, the dealer shall promptly apply to the secretary of state for the issuance of a duplicate license. Application shall be made on a form as prescribed by the secretary of state and be accompanied by a fee of \$50.00 and the mutilated or illegible license.

(11) A dealer shall indemnify the secretary of state and any member of the public who suffers or sustains any loss by reason of any violation of this act by an agent that occurs within the actual or apparent scope of the agent's authority during the period that the agent's license is valid.

(12) An agent required to be licensed under this section, as a condition precedent to the granting of a license, shall file with the secretary of state an irrevocable written stipulation, authenticated by the agent applicant, stipulating and agreeing that legal process affecting the agent, served on the secretary of state or a deputy of the secretary of state, has the same effect as if personally served on the agent. This appointment remains in force as long as any liability of the agent remains outstanding within this state.

Sec. 248f. (1) The secretary of state shall investigate the criminal history of each person required to be named on an application for a vehicle dealer or salvage vehicle agent license.

(2) Each person required to be named on an application shall submit to the secretary of state 2 sets of his or her fingerprints which shall have been taken by a law enforcement official for investigation under this section. One set of fingerprints shall be submitted on a form furnished by the department of state police and be accompanied by a check or money order made payable to the state of Michigan for the fee the department of state police requires to process the prints. The other set of fingerprints shall be submitted on a form furnished by the federal bureau of investigation and be accompanied by a check or money order made payable to the federal bureau of investigation for the fee the federal bureau of investigation requires to process the prints.

(3) Each set of fingerprints required in order to process an application for a vehicle dealer or salvage vehicle agent license shall be submitted to the secretary of state with the application.

(4) The secretary of state shall forward the fingerprints on the department of state police form with the required fees to the department of state police for the purpose of receiving the information maintained by the department of state police of the fingerprint owner's conviction and nonconviction criminal history record. The secretary of state shall forward the fingerprints on the federal bureau of investigation form with the required fees to the federal bureau of investigation or other agency designated by the federal bureau of investigation for the purpose of receiving the information maintained by the federal bureau of investigation of the fingerprint owner's conviction and nonconviction criminal history record.

(5) This section does not apply to a person whose fingerprints have previously been investigated by the secretary of state and who is applying for the renewal of a vehicle dealer license.

Sec. 248g. A salvage vehicle agent shall comply with this act and shall do all of the following:

(a) Purchase or acquire salvage vehicles only for the dealer indicated upon his or her agent's license. A salvage vehicle agent shall not be an agent for more than 1 licensed dealer at a given time.

(b) Prominently display his or her agent's license on his or her person at all times when he or she is present at a place where salvage vehicles are purchased, sold, or offered for sale.

(c) Upon demand, immediately display his or her agent's license to a peace officer or an authorized representative of the secretary of state.

(d) Immediately contact the dealer if there is any factual or material change in the information stated in his or her agent's license or license application.

(e) Upon the cancellation, cessation, or transfer of his or her employment, immediately surrender his or her license to the dealer who shall mail the license to the secretary of state for cancellation.

Sec. 248h. (1) A person who has engaged in conduct prohibited by subsection (2) is subject to 1 or more of the following penalties:

(a) Placement of a limitation on the person's license.

(b) Suspension or revocation of a license.

(c) Denial of an original or renewal application.

(d) A civil fine paid to the department in an amount not to exceed \$25,000.00.

(e) Condition of probation.

(f) A requirement to take affirmative action, including payment of restitution.

(g) A letter of censure.

(2) The secretary of state may deny the application of a dealer after an appropriate hearing for the licensing of an individual as a salvage vehicle agent and refuse to issue or renew the license of an agent or may suspend or revoke an agent's license already issued if the secretary of state finds that the dealer, applicant agent, or licensed agent has done 1 or more of the following:

(a) Made a false statement of a material fact in the agent's application.

(b) Violated this chapter or a rule promulgated under this chapter, or assisted others in the violation of this chapter or a rule promulgated under this chapter.

(c) Purchased or acquired a salvage or scrap vehicle or salvageable part for a dealer for whom the agent is not licensed, or functioned as an agent for himself or herself alone and without respect to any dealer.

(d) Committed a fraudulent act in connection with purchasing or acquiring or otherwise dealing in vehicles of a type required to be registered under this act or in salvage or scrap vehicles or in vehicle parts.

(e) Engaged in a method, act, or practice that is unfair or deceptive, including the making of an untrue statement of a material fact.

(f) Violated a condition of probation.

(g) Failed to comply with the terms of a final cease and desist order.

(h) Failed to pay over funds or to surrender or return property received in the course of employment to a dealer or other person entitled to the funds or property.

(i) Acted as a dealer's agent by purchasing, acquiring, selling, or disposing of a vehicle while employed by a licensed dealer without reporting the purchase, acquisition, sale, or disposing of the vehicle to the dealer.

(j) Served in a managerial capacity for a dealer during the time another agent or employee of that dealer, acting under the direction and control of the dealer or licensed agent, committed a violation of this chapter or of a rule promulgated under this chapter or of a similar law in another state or jurisdiction.

(k) Acted for more than 1 party in a transaction without the knowledge of the other parties.

(l) Permitted an unlawful use of the agent's license.

(m) Accepted a commission, bonus, or other valuable consideration for the sale of a vehicle from a person other than the dealer under whom the agent is licensed.

(n) Possessed a vehicle or a vehicle part that has been confiscated under section 415 of the Michigan penal code, Act No. 328 of the Public Acts of 1931, being section 750.415 of the Michigan Compiled Laws, or of a similar law in another state or jurisdiction.

(3) Upon receipt of the appropriate abstract of conviction and without an opportunity for a hearing, the secretary of state shall deny the application of a person for a license as a salvage vehicle agent or immediately revoke the license of a person as a salvage vehicle agent for not less than 5 years after the date of the person's last conviction if the applicant or licensee, or a stockholder, officer, director, or partner of the applicant or licensee, has been convicted of a violation or attempted violation of section 254 of this act or of section 413, 414, 415, 535, or 535a of the Michigan penal code, Act No. 328 of the Public Acts of 1931, being sections 750.413, 750.414, 750.415, 750.535, and 750.535a of the Michigan Compiled Laws, or has been convicted in federal court or in another state of a violation or attempted violation of a law substantially corresponding to section 254 of this act or of section 413, 414, 415, 535, or 535a of Act No. 328 of the Public Acts of 1931.

(4) Upon receipt of the appropriate abstract of conviction from the court and without an opportunity for a hearing, the secretary of state shall deny the application of a person for a license as a salvage vehicle agent or immediately revoke the license of a person as a salvage vehicle agent and shall never issue the person a salvage vehicle agent license if the applicant or licensee has any combination of 2 or more convictions of a violation or attempted violation of section 254 of this act or of section 413, 414, 415, 535, or 535a of Act No. 328 of the Public Acts of 1931, being sections 750.413, 750.414, 750.415, 750.535, and 750.535a of the Michigan Compiled Laws, or has been convicted in federal court or in another state of a violation or attempted violation of a law substantially corresponding to section 254 of this act or of section 413, 414, 415, or 535a of Act No. 328 of the Public Acts of 1931.

Sec. 248i. Except for department of state personnel, insurance company representatives, governmental officials, or law enforcement personnel, a person shall not attend a pool or auction selling salvage or scrap titled vehicles unless the person is licensed under this act as a salvage vehicle agent.

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

- (a) The applicant or licensee has made a false statement of a material fact in his or her application.
- (b) The applicant or licensee has not complied with the provisions of this chapter or a rule promulgated under this chapter.
- (c) The applicant or licensee has sold or offered for sale a new vehicle of a type required to be registered under this act without having authority of a contract with a manufacturer or distributor of the new vehicle.
- (d) The applicant or licensee has been guilty of a fraudulent act in connection with selling or otherwise dealing in vehicles of a type required to be registered under this act.
- (e) The applicant or licensee has entered into or is about to enter into a contract or agreement with a manufacturer or distributor of vehicles of a type required to be registered under this act, which is contrary to any provision of this act.
- (f) The applicant or licensee has no established place of business which is used or will be used for the purpose of selling, displaying, and offering for sale or dealing in vehicles of a type required to be registered, and does not have proper servicing facilities.
- (g) The applicant or licensee is a corporation or partnership, and a stockholder, officer, director, or partner of the applicant or licensee has been guilty of any act or omission that would be cause for refusing, revoking, or suspending a license issued to the stockholder, officer, director, or partner as an individual.
- (h) The applicant or licensee has possessed a vehicle or a vehicle part that has been confiscated under section 415 of the Michigan penal code, Act No. 328 of the Public Acts of 1931, as amended, being section 750.415 of the Michigan Compiled Laws. The secretary of state shall conduct a hearing pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws, before the secretary of state takes any action under this subdivision.
- (i) The applicant or licensee has been convicted under section 415 of Act No. 328 of the Public Acts of 1931, as amended.
- (j) The applicant or licensee has been convicted of violating Act No. 119 of the Public Acts of 1986, being sections 257.1351 to 257.1355 of the Michigan Compiled Laws.

Sec. 249a. (1) The secretary of state may deny the application of a person for a license as an automotive recycler, a used or secondhand vehicle parts dealer, a vehicle scrap metal processor, or a foreign salvage vehicle dealer and refuse that person a license as an automotive recycler, a used or secondhand vehicle parts dealer, a vehicle scrap metal processor, or a foreign salvage vehicle dealer, or may suspend or revoke a license already issued, if the secretary of state finds that 1 or more of the following apply:

- (a) The applicant or licensee has made a false statement of a material fact in his or her application.
- (b) The applicant or licensee has not complied with this act or a rule promulgated under this chapter.

(c) The applicant or licensee has been convicted of violating Act No. 119 of the Public Acts of 1986, being sections 257.1351 to 257.1355 of the Michigan Compiled Laws.

(d) If the applicant or licensee is a foreign salvage vehicle dealer, has had his or her dealer license in another state expire, or has had his or her dealer license in another state revoked, suspended, or canceled.

(e) If the applicant or licensee is an automotive recycler, a used or secondhand vehicle parts dealer, or a foreign salvage vehicle dealer and has no established place of business used for the purpose of selling, displaying, or offering for sale used or secondhand vehicle parts or does not have a vehicle dismantling facility or does not have evidence of worker's compensation insurance coverage for employees classified under the standard industrial classification number 4015, entitled "motor vehicle parts — used" or under the national council on compensation insurance code number 3821, entitled "automobile dismantling", if applicable.

(2) The secretary of state shall deny the application of a person for a license as an automotive recycler, a used or secondhand vehicle parts dealer, a vehicle scrap metal processor, or a foreign salvage vehicle dealer and refuse that person a license as an automotive recycler, a used or secondhand vehicle parts dealer, a vehicle scrap metal processor, or a foreign salvage vehicle dealer, or shall suspend or revoke a license already issued, if the secretary of state finds that 1 or more of the following apply:

(a) The applicant or licensee has been guilty of a fraudulent act in connection with selling or otherwise dealing in major component parts or vehicles of a type required to be registered under this act.

(b) The applicant or licensee has possessed a vehicle or a vehicle part which has been confiscated under section 415 of the Michigan penal code, Act No. 328 of the Public Acts of 1931, being section 750.415 of the Michigan Compiled Laws. The secretary of state shall conduct a hearing pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, before the secretary of state takes any action under this subdivision.

(c) The applicant or licensee has been convicted under section 413, 415, 535, 535a, or 536a of Act No. 328 of the Public Acts of 1931, being sections 750.413, 750.415, 750.535, 750.535a, and 750.536a of the Michigan Compiled Laws, or has been convicted in a foreign state of a law or a local ordinance substantially corresponding to section 413, 415, 535, 535a, or 536a of Act No. 328 of the Public Acts of 1931.

(d) The applicant or licensee is a corporation or partnership, and a stockholder, officer, director, or partner of the applicant or licensee has been guilty of any act or omission that would be cause for refusing, revoking, or suspending a license issued to the stockholder, officer, director, or partner as an individual.

(e) Effective July 1, 1994, the applicant or licensee has removed a scrap vehicle from this state for the purpose of rebuilding it or has sold or transferred the vehicle as a unit for purposes of rebuilding it.

Sec. 251. (1) Each new vehicle dealer and used vehicle dealer shall maintain a record in form as prescribed by the secretary of state of each vehicle of a type subject to titling under this act that is bought, sold, or exchanged by the dealer or received or accepted by the dealer for sale or exchange.

(2) Each record shall contain the date of the purchase, sale, or exchange or receipt for the purpose of sale, a description of the vehicle, together with the name and address of the seller, the purchaser, and the alleged owner or other persons from whom the vehicle was purchased or received, or to whom it was sold or delivered. The record shall contain a copy of all odometer mileage statements received by the dealer upon purchasing or acquiring a vehicle and a copy of the odometer mileage statement furnished by the dealer upon sale of a vehicle as prescribed in section 233a. A dealer shall retain for not less than 5 years each odometer mileage statement the dealer receives and each odometer mileage statement furnished by the dealer upon the sale of a vehicle. The description of the vehicle, in the case of a motor vehicle, shall also include the vehicle identification number and other numbers or identification marks as may be on the vehicle, and shall also include a statement that a number has been obliterated, defaced, or changed, if that is the fact. For a trailer or semitrailer, the record shall include the vehicle identification number and other numbers or identification marks as may be on the trailer or semitrailer.

(3) Not more than 20 days after the delivery of the vehicle, the seller shall deliver to the buyer in person or by mail to the buyer's last known address a duplicate of a written statement, on a form prescribed by the secretary of state in conjunction with the department of treasury, describing clearly the name and address of the seller, the name and address of the buyer, the vehicle sold to the buyer, the cash sale price of the vehicle, the cash paid down by the buyer, the amount credited the buyer for a trade-in, a description of the trade-in, the amount of the finance charge, the amount charged for vehicle insurance, stating the types of insurance covered by the insurance policy, the amount of any other charge and specifying its purpose, the net balance due from the buyer, the terms of the payment of the net balance, and a summary of insurance coverage to be affected. If the vehicle sold is a new motor home, the written statement shall contain a description, including the year of manufacture, of every major component part of the vehicle that has its own manufacturer's certificate of origin. The written statement shall disclose if the vehicle sold is a vehicle that the seller had loaned to a political subdivision of this state for use as a driver education vehicle. The written statement shall be dated, but not later than the actual date of delivery of the vehicle to the buyer. The original and all copies of the

prescribed form shall contain identical information. The statement shall be furnished by the seller, shall be signed by the seller or the seller's agent and by the buyer, and shall be filed with the application for new title or registration. Failure of the seller to deliver this written statement to the buyer does not invalidate the sale between the seller and the buyer.

(4) A retail vehicle sale is void unless both of the following conditions are met:

(a) The sale is evidenced by a written memorandum that contains the agreement of the parties and is signed by the buyer and the seller or the seller's agent.

(b) The agreement contains a place for acknowledgment by the buyer of the receipt of a copy of the agreement or actual delivery of the vehicle is made to the buyer.

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

(6) A dealer licensed as a distressed vehicle transporter shall maintain records in a form as prescribed by the secretary of state. The records shall identify each distressed vehicle that is bought, acquired, and sold by the dealer. The record shall identify the person from whom a distressed vehicle was bought or acquired and the dealer to whom the vehicle was sold. The record shall indicate whether a certificate of title or salvage certificate of title was obtained by the dealer for each vehicle.

(7) A dealer licensed as a vehicle salvage pool operator or broker shall maintain records in a form as prescribed by the secretary of state. The records shall contain a description of each vehicle stored by the dealer, the insurance company storing the vehicle, the period of time the vehicle was stored, and the person acquiring the vehicle. In addition, a dealer licensed as a broker shall maintain a record of the odometer mileage reading of each vehicle sold pursuant to an agreement between the broker and the buyer or the broker and the seller. The record of odometer mileage shall be maintained for 5 years and shall contain all of the information required by section 233a. This subsection applies until July 1, 1994.

(8) A dealer licensed as a used vehicle parts dealer shall maintain records in a form prescribed by the secretary of state. The records shall contain the date of purchase or acquisition of the vehicle, a description of the vehicle including the color, and the name and address of the person from whom the vehicle was acquired. If the vehicle is sold, the record shall contain the date of sale and the name and address of the purchaser. The record shall indicate if the certificate of title or salvage or scrap certificate of title was obtained by the dealer. In the case of a late model vehicle, a record of the purchase or sale of a major component of the vehicle shall be maintained identifying the part purchased or sold, the name and address of the seller or purchaser, the date of the purchase or sale, and the identification number assigned to the part by the dealer. The record of the purchase or sale of a part shall be maintained in or attached to the dealer's police book or hard copy of computerized data entries and reference codes and shall be accessible at the dealer's location. This subsection applies until July 1, 1994.

(9) A dealer licensed as a vehicle scrap metal processor shall maintain records as prescribed by the secretary of state. As provided in section 217c, the records shall contain for a vehicle purchased from a dealer a copy of the scrap vehicle inventory, including the name and address of the dealer, a description of the vehicle acquired, and the date of acquisition. If a vehicle is purchased or acquired from a person other than a dealer, the record shall contain the date of acquisition, the name and address of the person from whom the vehicle was acquired, and whether a certificate of title or salvage certificate of title was obtained by the dealer. This subsection applies until July 1, 1994.

(10) A dealer licensed as a foreign salvage vehicle dealer shall maintain records in a form prescribed by the secretary of state. The records shall contain the date of purchase or acquisition of each distressed vehicle, a description of the vehicle including the color, and the name and address of the person from whom the vehicle was acquired. If the vehicle is sold, the record shall contain the date of sale and the name and address of the purchaser. The record shall indicate if the certificate of title or salvage certificate of title was obtained by the dealer. In the case of a late model vehicle, a record of the purchase or sale of each major component part purchased or acquired in this state shall be maintained and the record shall contain the date of purchase or acquisition of the part, a description of the part, the identification number assigned to the part, and the name and address of the person to or from whom the part was purchased, acquired, or sold. The record of the sale, purchase, or acquisition of a part shall be maintained in the dealer's police book. The police book shall only contain vehicles and major component parts purchased in this state or used in the repair of a vehicle purchased in this state. The police book and the records of vehicle part sales, purchases, or acquisitions shall be made available at a location within the state for inspection by the secretary of state within 48 hours after a request by the secretary of state. This subsection shall apply until July 1, 1994.

(11) The secretary of state shall make periodic unannounced inspections of the records, facilities, and inventories of used or secondhand vehicle parts dealers. This subsection shall apply until July 1, 1994.

(12) A dealer licensed under this act shall maintain records for a period of 5 years. The records shall be made available for inspection by the secretary of state or other law enforcement officials. The secretary of state shall inspect a dealer once every 4 years and as determined necessary by the secretary of state or a law enforcement officer. The

secretary of state may issue an order summarily suspending the license of a dealer pursuant to section 92 of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being section 24.292 of the Michigan Compiled Laws, based on an affidavit by a person familiar with the facts set forth in the affidavit that the dealer has failed to maintain the records required by this act or failed to provide the records for inspection as requested by the secretary of state, or has otherwise hindered, obstructed, or prevented the inspection of records authorized under this section. The dealer to whom the order is directed shall comply immediately, but on application to the department shall be afforded a hearing within 30 days pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws. On the basis of the hearing, the summary order shall be continued, modified, or held in abeyance not later than 30 days after the hearing.

(13) Each dealer record of the purchase, acquisition, sale, receipt, or acceptance for the purpose of sale, delivery, or exchange of a vehicle shall contain the vehicle dealer license number of the dealer from whom the vehicle was obtained and of the dealer to whom the vehicle was sold or delivered.

(14) A dealer licensed as a vehicle salvage pool operator or broker shall maintain records in a form as prescribed by the secretary of state. The records shall contain a description of each vehicle or salvageable part stored by the dealer, the name and address of the insurance company or person storing the vehicle or salvageable part, the period of time the vehicle or salvageable part was stored, and the person acquiring the vehicle or salvageable part. In the case of a late model vehicle, a record of the purchase or sale of a major component part of the vehicle shall be maintained identifying the part purchased or sold, the name and address of the seller or purchaser, the date of the purchase or sale, and the identification number assigned to the part by the dealer. The record of the purchase or sale of a part shall be maintained in or attached to the dealer's police book or hard copy of computerized data entries and reference codes and shall be accessible at the dealer's location. In addition, a dealer licensed as a broker shall maintain a record of the odometer mileage reading of each vehicle sold pursuant to an agreement between the broker and the buyer or the broker and the seller. The record of odometer mileage shall be maintained for 5 years and shall contain all of the information required by section 233a. This subsection applies on and after July 1, 1994.

(15) A dealer licensed as a used vehicle parts dealer or an automotive recycler shall maintain records in a form prescribed by the secretary of state. The records shall contain the date of purchase or acquisition of the vehicle, a description of the vehicle including the color, and the name and address of the person from whom the vehicle was acquired. If the vehicle is sold, the record shall contain the date of sale and the name and address of the purchaser. The record shall indicate if the certificate of title or salvage or scrap certificate of title was obtained by the dealer. In the case of a late model vehicle, a record of the purchase or sale of a major component of the vehicle shall be maintained identifying the part purchased or sold, the name and address of the seller or purchaser, the date of the purchase or sale, and the identification number assigned to the part by the dealer, except that a bumper remanufacturer is not required to maintain a record of the purchase of a bumper. However, a bumper remanufacturer shall assign and attach an identification number to a remanufactured bumper and maintain a record of the sale of the bumper. The record of the purchase or sale of a part shall be maintained in or attached to the dealer's police book or hard copy of computerized data entries and reference codes and shall be accessible at the dealer's location. This subsection applies on and after July 1, 1994.

(16) A dealer licensed as a vehicle scrap metal processor shall maintain records as prescribed by the secretary of state. As provided in section 217c, the records shall contain for a vehicle purchased from a dealer a copy of the scrap vehicle inventory, including the name and address of the dealer, a description of the vehicle acquired, and the date of acquisition. If a vehicle is purchased or acquired from a person other than a dealer, the record shall contain the date of acquisition, a description of the vehicle, including the color, the name and address of the person from whom the vehicle was acquired, and whether a certificate of title or salvage or scrap certificate of title was obtained by the dealer. This subsection applies on and after July 1, 1994.

(17) A dealer licensed as a foreign salvage vehicle dealer shall maintain records in a form prescribed by the secretary of state. The records shall contain the date of purchase or acquisition of each distressed vehicle, a description of the vehicle including the color, and the name and address of the person from whom the vehicle was acquired. If the vehicle is sold, the record shall contain the date of sale and the name and address of the purchaser. The record shall indicate if the certificate of title or salvage or scrap certificate of title was obtained by the dealer. In the case of a late model vehicle, a record of the purchase or sale of each salvageable part purchased or acquired in this state shall be maintained and the record shall contain the date of purchase or acquisition of the part, a description of the part, the identification number assigned to the part, and the name and address of the person to or from whom the part was purchased, acquired, or sold. The record of the sale, purchase, or acquisition of a part shall be maintained in the dealer's police book. The police book shall only contain vehicles and salvageable parts purchased in this state or used in the repair of a vehicle purchased in this state. The police book and the records of vehicle part sales, purchases, or acquisitions shall be made available at a location within the state for inspection by the secretary of state within 48 hours after a request by the secretary of state. This subsection applies on and after July 1, 1994.

(18) The secretary of state shall make periodic unannounced inspections of the records, facilities, and inventories of automotive recyclers and used or secondhand vehicle parts dealers. This subsection applies on and after July 1, 1994.

(19) The secretary of state may promulgate rules to implement this section pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

Sec. 806. (1) A fee of \$10.00 shall accompany each application for a certificate of title required by this act or for a duplicate of a certificate of title. An additional fee of \$5.00 shall accompany an application if the applicant requests that the application be given special expeditious treatment.

(2) A fee of \$10.00 shall accompany an application for a special identifying number as provided in section 230.

(3) In addition to paying the fees required by subsection (1), for a period of 5 years beginning January 1, 1991, each person who applies for a certificate of title, a salvage vehicle certificate of title, or beginning July 1, 1994 a scrap certificate of title under this act shall pay a tire disposal surcharge of 50 cents for each certificate of title or duplicate of a certificate of title that person receives. The secretary of state shall deposit money it receives under this subsection into the scrap tire regulatory fund created in the scrap tire regulatory act, Act No. 133 of the Public Acts of 1990, being sections 299.561 to 299.572 of the Michigan Compiled Laws.

Sec. 807. (1) An application for a license under section 248 shall be accompanied by the following fee:

Full year's license.....	\$ 10.00
Half year's license (after June 30).....	5.00

(2) An application for a used or secondhand vehicle parts dealer, an automotive recycler, or foreign salvage vehicle dealer license shall be accompanied by the following fees:

Full year's license.....	\$ 100.00
Half year's license (after June 30).....	50.00

Sec. 810a. The secretary of state shall collect an assessment of 50 cents in connection with the issuance of a salvage vehicle certificate of title, a certificate of title, or beginning July 1, 1994 a scrap certificate of title. The assessment shall be collected in the same manner and at the same time as fees collected by the secretary of state pursuant to sections 217c and 806. Each assessment collected shall be deposited in a vehicle theft prevention account to be expended for purposes of developing a vehicle theft prevention program, including the administration, inspection, and enforcement of antitheft procedures, as described in this act.

Section 2. (1) Sections 2a, 217h, and 248e as added and sections 17a, 27a, 33, 41a, 56b, 78a, 217, 217c, 217f, 248b, 248c, 249, 249a, 806, 807, and 810a as amended by this amendatory act shall take effect January 1, 1994.

(2) Sections 56c, 57d, 57e, 248f, 248g, 248h, and 248i as added and sections 12a, 222, 248, and 251 as amended by this amendatory act shall take effect July 1, 1994.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved _____

Governor.