

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4738

A bill to amend 1949 PA 300, entitled
"Michigan vehicle code,"
by amending section 251 (MCL 257.251), as amended by 1993 PA
300.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 251. (1) Each new vehicle dealer, ~~and~~ used vehicle
2 dealer, AND BROKER shall maintain a record in ~~form as~~ A MANNER
3 prescribed by the secretary of state of each vehicle of a type
4 subject to titling under this act that is bought, sold, or
5 exchanged by the dealer or received or accepted by the dealer for
6 sale or exchange.
7 (2) Each record shall contain the date of the purchase,
8 sale, or exchange or receipt for the purpose of sale, a
9 description of the vehicle, together with the name and address of
10 the seller, the purchaser, and the alleged owner or other persons

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

2

1 from whom the vehicle was purchased or received, or to whom it
2 was sold or delivered. The record shall contain a copy of all
3 odometer mileage statements received by the dealer upon purchas-
4 ing or acquiring a vehicle and a copy of the odometer mileage
5 statement furnished by the dealer upon sale of a vehicle as pre-
6 scribed in section 233a. IF THE VEHICLE IS PURCHASED, SOLD,
7 LEASED, OR EXCHANGED THROUGH A BROKER, THE RECORD SHALL INCLUDE
8 THE BROKER'S NAME AND DEALER LICENSE NUMBER AND THE AMOUNT OF THE
9 BROKER'S FEE, COMMISSION, COMPENSATION, OR OTHER VALUABLE CONSID-
10 ERATION PAID BY THE PURCHASER OR LESSEE OR PAID BY THE DEALER, OR
11 BOTH. THE RECORDS OF ALL VEHICLES PURCHASED, SOLD, LEASED, OR
12 EXCHANGED THROUGH A BROKER MAINTAINED BY THE SECRETARY OF STATE
13 SHALL BE IN AN ELECTRONIC FORMAT DETERMINED BY THE SECRETARY OF
14 STATE. A dealer shall retain for not less than 5 years each odom-
15 eter mileage statement the dealer receives and each odometer
16 mileage statement furnished by the dealer upon the sale of a
17 vehicle. The description of the vehicle, in the case of a motor
18 vehicle, shall also include the vehicle identification number and
19 other numbers or identification marks as may be on the vehicle,
20 and shall also include a statement that a number has been oblit-
21 erated, defaced, or changed, if that is the fact. For a trailer
22 or semitrailer, the record shall include the vehicle identifica-
23 tion number and other numbers or identification marks as may be
24 on the trailer or semitrailer.

25 (3) Not more than 20 days after the delivery of the vehicle,
26 the seller shall deliver to the buyer in person or by mail to the
27 buyer's last known address a duplicate of a written statement, on

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

3

1 a form prescribed by the secretary of state in conjunction with
2 the department of treasury, describing clearly the name and
3 address of the seller, the name and address of the buyer, the
4 vehicle sold to the buyer, the cash sale price of the vehicle,
5 the cash paid down by the buyer, the amount credited the buyer
6 for a trade-in, a description of the trade-in, the amount of the
7 finance charge, the amount charged for vehicle insurance, stating
8 the types of insurance covered by the insurance policy, the
9 amount of any other charge and specifying its purpose, the net
10 balance due from the buyer, the terms of the payment of the net
11 balance, and a summary of insurance coverage to be affected. If
12 the vehicle sold is a new motor home, the written statement shall
13 contain a description, including the year of manufacture, of
14 every major component part of the vehicle that has its own
15 manufacturer's certificate of origin. The written statement
16 shall disclose if the vehicle sold is a vehicle that the seller
17 had loaned to a political subdivision of this state for use as a
18 driver education vehicle. The written statement shall be dated,
19 but not later than the actual date of delivery of the vehicle to
20 the buyer. The original and all copies of the prescribed form
21 shall contain identical information. The statement shall be fur-
22 nished by the seller, shall be signed by the seller or the
23 seller's agent and by the buyer, and shall be filed with the
24 application for new title or registration. Failure of the seller
25 to deliver this written statement to the buyer does not invali-
26 date the sale between the seller and the buyer.

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

4

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

3 (a) The sale is evidenced by a written memorandum that con-
4 tains the agreement of the parties and is signed by the buyer and
5 the seller or the seller's agent.

6 (b) The agreement contains a place for acknowledgment by the
7 buyer of the receipt of a copy of the agreement or actual deliv-
8 ery of the vehicle is made to the buyer.

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

14 (6) A dealer licensed as a distressed vehicle transporter
15 shall maintain records in a form as prescribed by the secretary
16 of state. The records shall identify each distressed vehicle
17 that is bought, acquired, and sold by the dealer. The record
18 shall identify the person from whom a distressed vehicle was
19 bought or acquired and the dealer to whom the vehicle was sold.
20 The record shall indicate whether a certificate of title or sal-
21 vage certificate of title was obtained by the dealer for each
22 vehicle.

23 ~~(7) A dealer licensed as a vehicle salvage pool operator or~~
24 ~~broker shall maintain records in a form as prescribed by the sec-~~
25 ~~retary of state. The records shall contain a description of each~~
26 ~~vehicle stored by the dealer, the insurance company storing the~~
27 ~~vehicle, the period of time the vehicle was stored, and the~~

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

5

1 ~~person acquiring the vehicle. In addition, a dealer licensed as~~
2 ~~a broker shall maintain a record of the odometer mileage reading~~
3 ~~of each vehicle sold pursuant to an agreement between the broker~~
4 ~~and the buyer or the broker and the seller. The record of odome-~~
5 ~~ter mileage shall be maintained for 5 years and shall contain all~~
6 ~~of the information required by section 233a. This subsection~~
7 ~~applies until July 1, 1994.~~

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

26 ~~(9) A dealer licensed as a vehicle scrap metal processor~~
27 ~~shall maintain records as prescribed by the secretary of state.~~

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

6

1 ~~As provided in section 217c, the records shall contain for a~~
2 ~~vehicle purchased from a dealer a copy of the scrap vehicle~~
3 ~~inventory, including the name and address of the dealer, a~~
4 ~~description of the vehicle acquired, and the date of~~
5 ~~acquisition. If a vehicle is purchased or acquired from a person~~
6 ~~other than a dealer, the record shall contain the date of acqui-~~
7 ~~sition, the name and address of the person from whom the vehicle~~
8 ~~was acquired, and whether a certificate of title or salvage cer-~~
9 ~~tificate of title was obtained by the dealer. This subsection~~
10 ~~applies until July 1, 1994.~~

11 ~~(10) A dealer licensed as a foreign salvage vehicle dealer~~
12 ~~shall maintain records in a form prescribed by the secretary of~~
13 ~~state. The records shall contain the date of purchase or acqui-~~
14 ~~sition of each distressed vehicle, a description of the vehicle~~
15 ~~including the color, and the name and address of the person from~~
16 ~~whom the vehicle was acquired. If the vehicle is sold, the~~
17 ~~record shall contain the date of sale and the name and address of~~
18 ~~the purchaser. The record shall indicate if the certificate of~~
19 ~~title or salvage certificate of title was obtained by the~~
20 ~~dealer. In the case of a late model vehicle, a record of the~~
21 ~~purchase or sale of each major component part purchased or~~
22 ~~acquired in this state shall be maintained and the record shall~~
23 ~~contain the date of purchase or acquisition of the part, a~~
24 ~~description of the part, the identification number assigned to~~
25 ~~the part, and the name and address of the person to or from whom~~
26 ~~the part was purchased, acquired, or sold. The record of the~~
27 ~~sale, purchase, or acquisition of a part shall be maintained in~~

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

7

1 ~~the dealer's police book. The police book shall only contain~~
2 ~~vehicles and major component parts purchased in this state or~~
3 ~~used in the repair of a vehicle purchased in this state. The~~
4 ~~police book and the records of vehicle part sales, purchases, or~~
5 ~~acquisitions shall be made available at a location within the~~
6 ~~state for inspection by the secretary of state within 48 hours~~
7 ~~after a request by the secretary of state. This subsection shall~~
8 ~~apply until July 1, 1994.~~

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

13 (7) ~~-(12)-~~ A dealer licensed under this act shall maintain
14 records for a period of 5 years. The records shall be made
15 available for inspection by the secretary of state or other law
16 enforcement officials. The secretary of state shall inspect a
17 dealer once every 4 years and as determined necessary by the sec-
18 retary of state or a law enforcement officer. The secretary of
19 state may issue an order summarily suspending the license of a
20 dealer pursuant to section 92 of the administrative procedures
21 act of 1969, ~~Act No. 306 of the Public Acts of 1969, being sec-~~
22 ~~tion 24.292 of the Michigan Compiled Laws 1969 PA 306, MCL~~
23 ~~24.292, based on an affidavit by a person familiar with the facts~~
24 ~~set forth in the affidavit that the dealer has failed to maintain~~
25 ~~the records required by this act or failed to provide the records~~
26 ~~for inspection as requested by the secretary of state, or has~~
27 ~~otherwise hindered, obstructed, or prevented the inspection of~~

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

8

1 records authorized under this section. The dealer to whom the
2 order is directed shall comply immediately, but on application to
3 the department shall be afforded a hearing within 30 days pursu-
4 ant to the administrative procedures act of 1969, ~~Act No. 306 of~~
5 ~~the Public Acts of 1969, being sections 24.201 to 24.328 of the~~
6 ~~Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO 24.328. On
7 the basis of the hearing, the summary order shall be continued,
8 modified, or held in abeyance not later than 30 days after the
9 hearing.

10 (8) ~~(13)~~ Each dealer record of the purchase, acquisition,
11 sale, receipt, or acceptance for the purpose of sale, delivery,
12 or exchange of a vehicle shall contain the vehicle dealer license
13 number of the dealer from whom the vehicle was obtained and of
14 the dealer to whom the vehicle was sold or delivered.

15 (9) ~~(14)~~ A dealer licensed as a vehicle salvage pool oper-
16 ator or broker shall maintain records in a form as prescribed by
17 the secretary of state. The records shall contain a description
18 of each vehicle or salvageable part stored by the dealer, the
19 name and address of the insurance company or person storing the
20 vehicle or salvageable part, the period of time the vehicle or
21 salvageable part was stored, and the person acquiring the vehicle
22 or salvageable part. In the case of a late model vehicle, a
23 record of the purchase or sale of a major component part of the
24 vehicle shall be maintained identifying the part purchased or
25 sold, the name and address of the seller or purchaser, the date
26 of the purchase or sale, and the identification number assigned
27 to the part by the dealer. The record of the purchase or sale of

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

9

1 a part shall be maintained in or attached to the dealer's police
2 book or hard copy of computerized data entries and reference
3 codes and shall be accessible at the dealer's location. In addi-
4 tion, a dealer licensed as a broker shall maintain a record of
5 the odometer mileage reading of each vehicle sold pursuant to an
6 agreement between the broker and the buyer or the broker and the
7 seller. The record of odometer mileage shall be maintained for 5
8 years and shall contain all of the information required by sec-
9 tion 233a. This subsection applies on and after July 1, 1994.

10 (10) ~~(15)~~ A dealer licensed as a used vehicle parts dealer
11 or an automotive recycler shall maintain records in a form pre-
12 scribed by the secretary of state. The records shall contain the
13 date of purchase or acquisition of the vehicle, a description of
14 the vehicle including the color, and the name and address of the
15 person from whom the vehicle was acquired. If the vehicle is
16 sold, the record shall contain the date of sale and the name and
17 address of the purchaser. The record shall indicate if the cer-
18 tificate of title or salvage or scrap certificate of title was
19 obtained by the dealer. In the case of a late model vehicle, a
20 record of the purchase or sale of a major component of the vehi-
21 cle shall be maintained identifying the part purchased or sold,
22 the name and address of the seller or purchaser, the date of the
23 purchase or sale, and the identification number assigned to the
24 part by the dealer, except that a bumper remanufacturer is not
25 required to maintain a record of the purchase of a bumper.
26 However, a bumper remanufacturer shall assign and attach an
27 identification number to a remanufactured bumper and maintain a

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

10

1 record of the sale of the bumper. The record of the purchase or
2 sale of a part shall be maintained in or attached to the dealer's
3 police book or hard copy of computerized data entries and refer-
4 ence codes and shall be accessible at the dealer's location.

5 This subsection applies on and after July 1, 1994.

6 (11) ~~-(16)-~~ A dealer licensed as a vehicle scrap metal pro-
7 cessor shall maintain records as prescribed by the secretary of
8 state. As provided in section 217c, the records shall contain
9 for a vehicle purchased from a dealer a copy of the scrap vehicle
10 inventory, including the name and address of the dealer, a
11 description of the vehicle acquired, and the date of
12 acquisition. If a vehicle is purchased or acquired from a person
13 other than a dealer, the record shall contain the date of acqui-
14 sition, a description of the vehicle, including the color, the
15 name and address of the person from whom the vehicle was
16 acquired, and whether a certificate of title or salvage or scrap
17 certificate of title was obtained by the dealer. This subsection
18 applies on and after July 1, 1994.

19 (12) ~~-(17)-~~ A dealer licensed as a foreign salvage vehicle
20 dealer shall maintain records in a form prescribed by the secre-
21 tary of state. The records shall contain the date of purchase or
22 acquisition of each distressed vehicle, a description of the
23 vehicle including the color, and the name and address of the
24 person from whom the vehicle was acquired. If the vehicle is
25 sold, the record shall contain the date of sale and the name and
26 address of the purchaser. The record shall indicate if the
27 certificate of title or salvage or scrap certificate of title was

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

11

1 obtained by the dealer. In the case of a late model vehicle, a
2 record of the purchase or sale of each salvageable part purchased
3 or acquired in this state shall be maintained and the record
4 shall contain the date of purchase or acquisition of the part, a
5 description of the part, the identification number assigned to
6 the part, and the name and address of the person to or from whom
7 the part was purchased, acquired, or sold. The record of the
8 sale, purchase, or acquisition of a part shall be maintained in
9 the dealer's police book. The police book shall only contain
10 vehicles and salvageable parts purchased in this state or used in
11 the repair of a vehicle purchased in this state. The police book
12 and the records of vehicle part sales, purchases, or acquisitions
13 shall be made available at a location within the state for
14 inspection by the secretary of state within 48 hours after a
15 request by the secretary of state. This subsection applies on
16 and after July 1, 1994.

17 (13) ~~-(18)-~~ The secretary of state shall make periodic unan-
18 nounced inspections of the records, facilities, and inventories
19 of automotive recyclers and used or secondhand vehicle parts
20 dealers. This subsection applies on and after July 1, 1994.

21 (14) ~~-(19)-~~ The secretary of state may promulgate rules to
22 implement this section pursuant to ~~Act No. 306 of the Public~~
23 ~~Acts of 1969, as amended, being sections 24.201 to 24.328 of the~~
24 ~~Michigan Compiled Laws~~ THE ADMINISTRATIVE PROCEDURES ACT OF
25 1969, 1969 PA 306, MCL 24.201 TO 24.328.

HB 4738, As Passed Senate, June 4, 1998

House Bill No. 4738

12

1 Enacting section 1. This amendatory act does not take
2 effect unless House Bill No. 4740 of the 89th Legislature is
3 enacted into law.