

# SENATE BILL No. 917

April 29, 2014, Introduced by Senators BIEDA, ANANICH and MEEKHOF and referred to the Committee on Transportation.

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 238 (MCL 257.238).

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

1           Sec. 238. (1) ~~(a)~~—When an owner named in a certificate of  
2 title creates a security interest in the vehicle described in ~~such~~  
3 **THE** certificate or in any accessory ~~thereon~~**ON THE VEHICLE, ALL OF**  
4 **THE FOLLOWING APPLY:**

5           **(A)** ~~(1)~~—The owner shall immediately execute an application in  
6 the form prescribed by the department to name the holder of the  
7 security interest on the certificate of title, showing the name and  
8 address of ~~such~~**THE** holder and deliver the certificate of title,  
9 application and the required fee together with a copy of ~~such~~**THE**  
10 application, ~~which need not be signed,~~ to the holder of the

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1 security interest.

2 (B) ~~(2)~~—The holder of the security interest shall cause the  
3 certificate of title, application and fee and the copy of ~~such~~**THE**  
4 application to be mailed or delivered to the department.

5 (C) ~~(3)~~—The department shall indicate on the copy of ~~such~~**THE**  
6 application the date and place of filing of the application. ~~and~~  
7 ~~return said copy to the person presenting the same.~~

8 (D) ~~(4)~~—Upon receipt of the certificate of title, application  
9 and the required fee, the department shall issue a new certificate  
10 in the form provided by section 222 setting forth the name and  
11 address of each holder of a security interest in the vehicle or in  
12 any accessory ~~thereon~~**ON THE VEHICLE** for which a termination  
13 statement has not been filed and the date on which the application  
14 first stating ~~such~~**THE** security interest was filed, and mail the  
15 certificate to the owner. **HOWEVER, AS PROVIDED UNDER THIS SECTION,**  
16 **THE SECRETARY OF STATE IS NOT REQUIRED TO ISSUE A TITLE TO THE**  
17 **OWNER OF A VEHICLE IF THE TITLE IS SUBJECT TO A SECURITY INTEREST.**

18 (2) ~~(b)~~~~(1)~~—A holder of any kind of a security interest may  
19 assign, absolutely or otherwise, ~~his~~**THE HOLDER'S** security interest  
20 in the vehicle or any accessory thereon to a person other than the  
21 owner without affecting the interest of the owner or the validity  
22 of the security interest, but any person without notice of the  
23 assignment is protected in dealing with the holder of the security  
24 interest as the holder thereof.

25 (3) ~~(2)~~—The assignee **OF A SECURITY INTEREST** may have the  
26 certificate of title indorsed with the assignee named as the holder  
27 of the security interest by providing the department with a copy of

1 the assignment instrument, but the failure of the assignee to do so  
2 shall not affect the validity of the security interest of ~~the~~**THAT**  
3 assignment. ~~thereof.~~

4 (4) ~~(c) (1) Whenever~~**IF** there is no outstanding obligation and  
5 no commitment to make advances, incur obligations, or otherwise  
6 give value ~~,~~secured or to be secured by a security interest in a  
7 vehicle ~~,~~or an accessory ~~thereon,~~**ON THE VEHICLE**, for which the  
8 certificate of title is in possession of a secured party, ~~such~~**THE**  
9 secured party shall, ~~within 10~~**MAY, NOT MORE THAN 14** days after  
10 satisfaction of the obligation, and, ~~in any event within 30 days,~~  
11 execute a termination statement in the form prescribed by the  
12 department and mail or deliver the termination statement to the  
13 owner or ~~such other~~**ANOTHER** person as the owner may direct. The  
14 ~~owner other than a dealer holding the vehicle for resale, shall~~  
15 ~~promptly cause the certificate, all termination agreements, and an~~  
16 ~~application for certificate of title accompanied by the proper fee,~~  
17 ~~to be mailed or delivered to the department, which shall issue a~~  
18 ~~new certificate.~~

19 (5) ~~(2) Whenever~~**IF** there is no outstanding obligation and no  
20 commitment to make advances, incur obligations, or otherwise give  
21 value ~~,~~secured or to be secured by a security interest in a  
22 vehicle ~~,~~or an accessory ~~thereon,~~**ON THE VEHICLE**, for which the  
23 certificate of title is in the possession of another person, the  
24 secured party shall, within ~~10~~**14** days after demand and ~~in any~~  
25 ~~event within~~**BUT NOT MORE THAN 30** days **AFTER DEMAND**, execute a  
26 termination statement in the form prescribed by the department and  
27 mail or deliver the termination statement to the owner or ~~such~~

1 ~~either~~ ANOTHER person as the owner may direct.

2           (6) THE DEPARTMENT MAY REQUIRE THAT ALL TRANSACTIONS  
3 CONCERNING VEHICLE TITLE LIENS AND SECURITY INTERESTS BE CONDUCTED  
4 BY ELECTRONIC MEANS, AS DETERMINED BY THE DEPARTMENT. AFTER ALL  
5 LIENS HAVE BEEN TERMINATED, OR FOR PURPOSES OF RETITLING THE  
6 VEHICLE IN ANOTHER STATE OR ANY OTHER PURPOSE DEEMED APPROPRIATE BY  
7 THE DEPARTMENT, THE DEPARTMENT MAY ISSUE A PAPER COPY OF THE  
8 VEHICLE TITLE TO THE VEHICLE'S OWNER.

9           (7) A VEHICLE SALE TRANSACTION IN WHICH A SECURITY INTEREST IS  
10 ENTERED BY ELECTRONIC MEANS SHALL INCLUDE A DOCUMENT RECORDING  
11 ENTRY OF THE ELECTRONIC SECURITY INTEREST AND INFORMATION REGARDING  
12 THE FINANCIAL INSTITUTION THAT HOLDS THE SECURITY INTEREST. AT THE  
13 TIME A SECURITY INTEREST IS PRESENTED WITH PAYMENT IN SATISFACTION  
14 OF THE SECURITY INTEREST, A SECURED RECEIPT IN A FORM APPROVED BY  
15 THE DEPARTMENT AND PRODUCED AT THE TIME THE SECURITY INTEREST IS  
16 PRESENTED WITH PAYMENT IN SATISFACTION OF THE SECURITY INTEREST MAY  
17 BE SUBMITTED TO THE DEPARTMENT IN LIEU OF THE TITLE FOR PURPOSES OF  
18 TRANSFERRING OWNERSHIP IN THE VEHICLE.

19           Enacting section 1. This amendatory act does not take effect  
20 unless both of the following bills of the 97th Legislature are  
21 enacted into law:

22           (a) Senate Bill No.916

23           .

24           (b) Senate Bill No.918

25           .