

Act No. 292
Public Acts of 2014
Approved by the Governor
September 30, 2014
Filed with the Secretary of State
September 30, 2014

EFFECTIVE DATE: 91st day after final adjournment of 2014 Regular Session

**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senators Brandenburg and Marleau

ENROLLED SENATE BILL No. 918

AN ACT to amend 1949 PA 300, entitled "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 manufacturers, the manufacturers of automated technology, upfitters, owners, and operators of vehicles and service of process on residents and nonresidents; to regulate the introduction and use of certain evidence; 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 impose liability upon the state or local agencies; to provide appropriations for certain purposes; 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," (MCL 257.1 to 257.923) by adding section 241.

The People of the State of Michigan enact:

Sec. 241. (1) The secretary of state may enter into 1 or more contracts under this section to establish, implement, and operate an electronic lien title system to process the notification and release of security interests through electronic file transfers, or as otherwise determined by the secretary of state, in lieu of the issuance and maintenance of paper documents otherwise required by law. The contract shall contain language that requires the protection of proprietary information contained in the electronic lien title system, and shall ensure that the contract provides for the protection of a competitive free market.

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

(3) For the purposes of this act, any requirement that a security interest or other information appear on a certificate of title is satisfied by the inclusion of that information in an electronic file maintained in an electronic lien title system. The satisfaction of a security interest may be electronically transmitted to the secretary of state. A secured party shall execute a release of its security interest in a motor vehicle in a manner prescribed by the department not more than 14 days after the secured party receives the payment in satisfaction of the security interest in a motor vehicle. If the certificate of title is in the possession of the motor vehicle owner, the secured party shall deliver the release to the owner of the motor vehicle or as otherwise directed by the owner. However, if the certificate of title is held electronically as provided under section 238, the secured party shall deliver the release of security interest to the department, and the department shall cancel the security interest. If the secured party fails to comply with these requirements for the release of a secured interest, the secured party is liable to the vehicle owner for all damages sustained by the owner

due to the failure to comply. The electronic lien title system shall provide a mechanism by which a vehicle dealer may assign ownership of a motor vehicle without proof that the prior security interest was satisfied existing on the electronic lien title system. However, the dealer warrants that the title is free and clear of all liens and assumes responsibility for the satisfaction of the security interest.

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

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

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

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

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

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

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

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

(8) As used in this section:

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

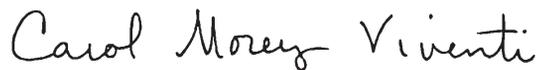
(b) "Electronic lien title system" means a system to process the notification and release of security interests through electronic file transfers that is established and implemented under this section.

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

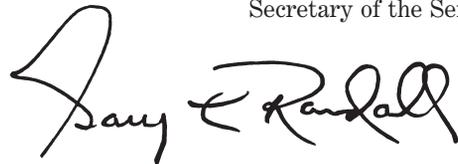
Enacting section 1. This amendatory act does not take effect unless both of the following bills of the 97th Legislature are enacted into law:

(a) Senate Bill No. 916.

(b) Senate Bill No. 917.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor