

MICHIGAN VEHICLE CODE (EXCERPT)
Act 300 of 1949

257.241 Electronic lien title system; establishment, implementation, and operation; contracts; participation of secured parties; inclusion of secured interest or other information in electronic file; execution of release; delivery; assignment of ownership by vehicle dealer; admissibility as evidence of security interest; determination of requirements by secretary of state; establishment, implementation, and operation by July 1, 2016; information to be entered beginning October 1, 2016; definitions.

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.

History: Add. 2014, Act 292, Eff. Mar. 31, 2015.

Compiler's note: Former MCL 257.241 which pertained to cancellation of certificate of title for dismantled or wrecked car was repealed by Act 507 of 1978, Eff. July 1, 1979.